

VILLAGE OF WELLINGTON, FLORIDA

LONG TERM FINANCIAL PLAN

2017 - 2022



 THE VILLAGE OF
ELLINGTON



Village of Wellington

Village Council

Anne Gerwig, Mayor

John T. McGovern, Vice Mayor

Michael Drahos, Councilman

Michael J. Napoleone, Councilman

Tanya Siskind, Councilwoman

Senior Leadership Team

Paul Schofield

Jim Barnes

Tanya Quickel

Chevelle Nubin

Bob Basehart

Shannon LaRocque

Tom Lundeen

Village Manager

Assistant Village Manager

Director of Administrative & Financial Services

Village Clerk

Planning, Zoning & Building Director

Utilities Director

Village Engineer

Project Director

Tanya Quickel

Director of Administrative & Financial Services

Project Team

Jim Barnes

Assistant Village Manager

Ana Acevedo

Controller

Michael O'Dell

Assistant Planning & Zoning Director

Jennifer Puronen

Manager of Financial Reporting

Jose Reyes

Financial Analyst

Bill Silliman

Chief Information Officer

Christine Wadleigh

Budget & Reporting Director



Village of Wellington



Vision

A Great Hometown:

Great Neighborhoods ★ Great Schools ★ Great Parks



Mission

To provide high quality services
that create economic,
environmental
and social sustainability for
residents

Five Fundamentals

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



Financial Plan Elements

1. Executive Summary

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

2. Financial Trend & Market Analysis

The presentation and analysis of historical financial performance. A rating of the Village's fiscal health is provided using the International City Management Association's (ICMA) Financial Trend Monitoring System.

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.

3. Revenue and Expenditure Forecast

Using assumptions based on the Economic & Financial Trend Analysis, a forecast of all revenues and expenditures is prepared for the General Fund and Special Revenue Funds. The forecast is presented in summary with fund balance impacts. (PUBLICATION APRIL 2017)

4. 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.

5. Capital Improvement Program

An analysis of approved capital projects and future projects that may present funding challenges and considerable impacts. The analysis includes estimated funding requirements, impact on the operating budget, and timing determination based on funding availability.

6. Financial Policies

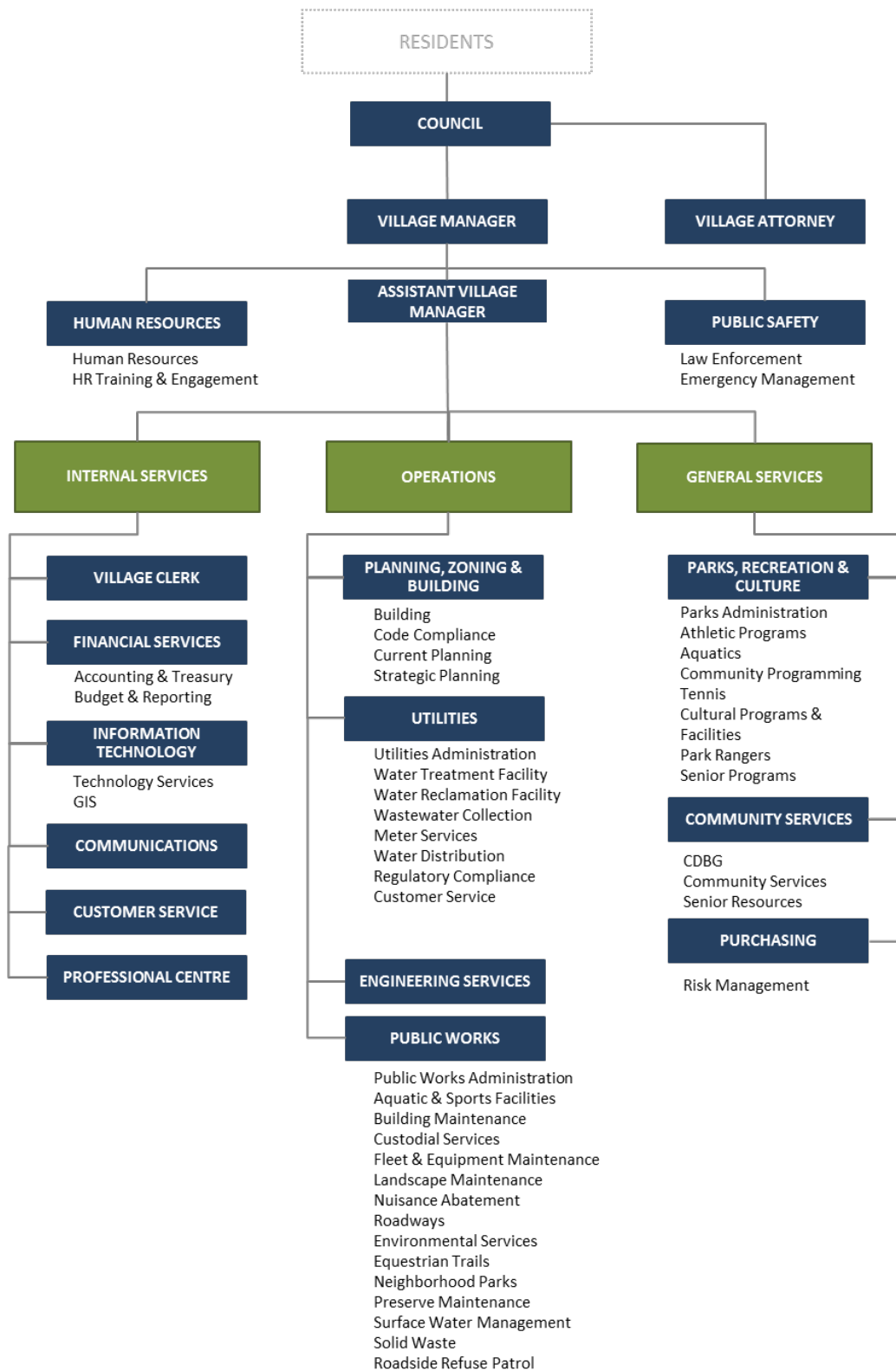
A review of the Village's pertinent financial policies and identification of recommended changes or additions.

7. Village Plans & Studies

Summary statements of significant plans, programs and studies which affect Village operations: comprehensive planning, legislative or regulatory compliance and infrastructure maintenance. Includes a schedule of plan updates, and any expected financial impacts as applicable.



Organizational Chart



Long Term Financial Plan

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 impacting 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 Five-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-term financial plan, the plan will be presented to Council for adoption at a noticed public meeting.



Executive Summary



Long Term Financial Plan

Council

Anne Gerwig, Mayor
John T. McGovern, Vice Mayor
Michael Drahos, Councilman
Michael J. Napoleone, Councilman
Tanya Siskind, Councilwoman

Manager
Paul Schofield

To the Council and Residents of Wellington:

I am pleased to present to you the draft Long Term Financial Plan (LTFP) for Fiscal Years 2017-2018 through 2021-2022. The plan serves to identify the major considerations, policies, strategies and resources required to ensure financial sustainability and service delivery into the future. It is the compilation of financial analysis and planning tools to help our Village leaders map the future of Wellington.

Long term financial planning is considered a best practice for governments and the plan is updated annually. Wellington has continuously completed the financial analysis and forecasting that is included in the LTFP, and the results are presented with the annual budget process and planning workshops. However, the LTFP goes further by incorporating long term plans maintained in other functional areas, such as Planning & Zoning and Public Works. The LTFP also provides specific recommendations for corrective or preventative action to ensure completion of the plans, future financial health and continued service delivery. Now all of these elements appear in one document in summary and in detail to allow Village leaders to consider the information as a whole.

The 2016-2021 LTFP included recommendations to restore the Emergency Reserve, establish and Infrastructure Reserve and to apply budgetary decisions to address the increase in facility maintenance needs resulting from added or aging governmental facilities. All of the recommendations were approved by Council in the FY 2017 budget process.

The 2017-2022 LTFP provides an update of Wellington's financial condition and financial future. The recommendations that arise from the LTFP analyses and Directions workshop planning include:

- Increase Emergency Reserve by \$1.0 million to \$4.0 million total
- Commit or assign excess FY 2016 audited fund balance to Insurance Reserves, Facility & Infrastructure Reserve and the ERP Replacement Project

The LTFP is an integral part of our annual Directions workshop(s) and budget process, and I look forward to incorporating these recommendations in our annual budget. It is another step to ensure that Wellington is a viable, vibrant, and great hometown into the long-term future.

Sincerely,



Paul Schofield

2017 Long Term Financial Plan



Executive Summary

The Executive Summary provides a synopsis of the financial analysis, forecast and recommendations included in this Financial Plan. Additional detail to support the summary findings is provided in each document section.

There are five central areas that will be summarized in the LTFP Executive Summary to be finalized after Council Directions workshop:

Five Year Goals and Projects – our goals for the next five years, with associated projects and programs, linked to the five Wellington Fundamentals

Long Term 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

Financial Forecast – a brief presentation of the five-year forecast results

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

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

- ✓ Initiate Major Maintenance programs in the operating budgets to shift costs from capital and approve the programs for budget roll forward from year to year - 2015
- ✓ 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
- ✓ Establish a Facility & Infrastructure Reserve to ensure available funds for unexpected repairs, replacement or rehabilitation of Village facilities, roads, technology systems or other infrastructure - 2017



Long Term Financial Plan Review







In future plan updates, a summary of the status of long term financial planning issues and initiatives will be provided in a summary format. The table below will be 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 ICMA Financial Trend Monitoring System focusing on the General Fund.	Complete through FY 2016; next update March 2018.
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.	Continual monitoring throughout the year and publication in annual budget documents.
Financial Forecast	Status
The annual projection of revenues and expenditures for the next five to ten years is updated and presented in conjunction with annual budget development.	Completed for the FY 2016-17 budget development; next update April 2017 .
Reserve Analysis	Status
Fund balances in all governmental funds, but primarily the General Fund, are examined in depth.	Recommendations for use of unassigned reserves will be presented during the budget process. Additional recommendations will be developed in Directions and budget workshops.
Capital Improvement Program	Status
To examine planned projects compared to future revenues to help determine the timing of projects to coincide with available funding.	Projects in the recommended FY 2017 – FY 2021 capital improvement plan are included for Council adoption. Projects to be considered for the 1-cent sales surtax are presented in the section. Staff will continue to identify and make recommendations on future projects through the CIP program.
Financial Policies	Status
Review accounting, purchasing and financial policies every three (3) years in order to identify appropriate changes, additions or deletions.	Review complete. Recommended changes to the capital asset policy are underway and will be brought to Council at a later date.
Plans & Studies	Status
Utility Rate Study Update	A comprehensive study is currently underway with presentation to Council during the FY 2018 budget process.
Water Control Plan	The 2016 update was adopted by the Acme Board of Supervisors on March 14, 2017. Next review is scheduled for 2021.



Current Financial Condition

The Village Long Term Financial Plan (LTFP) 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 are analyzed to create a picture of the Village's financial performance. Findings are presented to interpret the trend direction and to support recommendations.

TREND LEGEND					
Trend Direction	INCREASING 	STABLE Little or no change over time 	DECREASING 		
Trend Finding	FAVORABLE The trend is or can be beneficial to the Village financial position 	ADVISORY Changes in the trend will be monitored for future action 	UNFAVORABLE The trend has a negative effect on the Village financial position; action needed 		

Indicator	Significance	Warning Trend	Trend
Village Population	Growth signifies the need for expanded municipal services and facilities.	Decreases may be caused by economic or environmental conditions and impacts tax revenues	
FINANCIAL TRENDS			
Revenues per Capita	Determines amount of total revenue collected per resident	Decreasing net operating revenues per capita (constant dollars)	
Expenditures per Capita	Reflects the cost burden per resident	Increasing operating expenditures per capita not explained by one-time costs	
Unassigned Fund Balance	Measures the Village's ability to maintain reserves consistent with financial policies.	Continuing trend that is not addressed by policy or spending changes	
Intergovernmental Revenues	Revenues received from other governmental entities are highly subjective to economic, budgetary and legislative impacts	Increasing intergovernmental revenues as a percentage of gross revenues leaves the Village vulnerable to fluctuations	
Elastic Revenues	Yields of elastic revenues are highly responsive to changes in the economic base and inflation.	Decreasing amount of elastic operating revenues as a percentage of net operating revenues	
Tax Revenues	Property tax revenue is the most significant source of revenue for most municipalities in the State of Florida	Declining property tax revenues (in constant dollars)	
Operating Ratio	Total revenues divided by total expenditures indicates a government's ability to generate enough revenues to fund and maintain its levels of service	Decreasing ratio and/or a ratio less than 1.00 <div style="text-align: right;"> Governmental Funds General Fund Acme Improvement District Fund Enterprise Funds </div>	   
Revenue Overage	Examines the percentage difference between budgeted revenues and actual revenue receipts	Increasing revenue shortfalls as a percentage of net operating revenues, or a negative ratio	
FTEs per Capita	Measures the number of full-time employees per 1,000 residents; indicates efficiency of service delivery	Increasing FTEs per capita without corresponding increase in services	



Indicator	Significance	Warning Trend	Trend
Personnel Expenditures %	The cost of wages and fringe benefits as a percent of total expenditures and of salaries	Increasing percentages without corresponding increase in level of service	
Capital Outlay	Capital outlay as a percentage of total operating expenditures indicates investment in capital replacements and improvements	Three or more year decline in percentage	
Debt per Capita	Fixed costs as a percentage of total operating expenses affects the adaptability to economic changes	Increasing debt service (fixed) costs as a percentage of net operating expenditures	
Current Ratio	Current assets divided by current liabilities shows the government's ability to meet short-term financial obligations using current assets	Decreasing amount of cash and short-term investments as a percentage of current liabilities Governmental Funds Enterprise Funds	 
MARKET TRENDS			
Building Permits	Permitting types and activity level are indicators of local economic conditions and can impact future tax revenues	Declining new construction permits and building permit revenues 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	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	
Municipal Cost Index	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 to operations, the forecasts focus on the General Fund and major operating funds. The projections for FY 2017 through FY 2021 show:

- General Fund revenues increase at approximately the same rate as operating expenditures over the next five years. However, since expenditures remain higher than revenues, the continued use of fund balance in the General Fund will deplete reserves over time at a constant millage rate. Also, added expenditures for future facility expansions are not included in the forecast
- Gas tax revenues and state revenue sharing proceeds do not cover the costs of ongoing road maintenance and the General Fund is required to increasingly fund road maintenance operations through an inter fund transfer each year
- The Acme per-unit assessment rate is not sufficient to cover ongoing operations and maintenance

The FY 2018 through FY 2022 projections are currently in progress for completion in April, 2017. The results and recommendations arising from the forecast will be presented during the FY 2018 budget process.

Recommendations

Recommendations 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. Any recommendations provided in the detail sections of the long-term financial plan are summarized in the following:

- *Approve recommendations of the 2017 Utility Rate Study to increase rates in FY 2018 to fund the utility capital plan and program annual increases based on the local are CPI (FY 2018 budget adoption)*
- *Policy update:*
 - *Update the Reserve Policy to include a provision which provides 20% of excess Undesignated fund balance be assigned to the Facility & Infrastructure Reserve upon annual audit (2018 calendar year), commit \$1.1 million from excess fund balance at 9.30.16 (FY 2018 budget process)*
- *Sufficient General Fund Undesignated fund balance exists to do the following:*
 - *Assign \$4.0 million to the ERP Replacement Project, based on initial cost projections. Funds will be allocated to the project by Council on contract award when actual costs are negotiated. (FY 2018 budget process)*
 - *Amend the Emergency Reserve in the general fund to \$4.0 million (FY 2018 budget adoption)*



- *Commit \$80,000 to the Insurance Reserve as a result of the 2017 hybrid insurance plan and an additional \$300,000 in anticipation of rate increases in 2018 (FY 2017 amendment and FY 2018 budget adoption)*

Any other recommendations that arise from reviews in progress, Council Directions discussions and budget workshops will be incorporated into the LTFP for presentation during the FY 2018 budget process.



Financial Trend Analysis



Long Term Financial Plan









Financial Trend Analysis



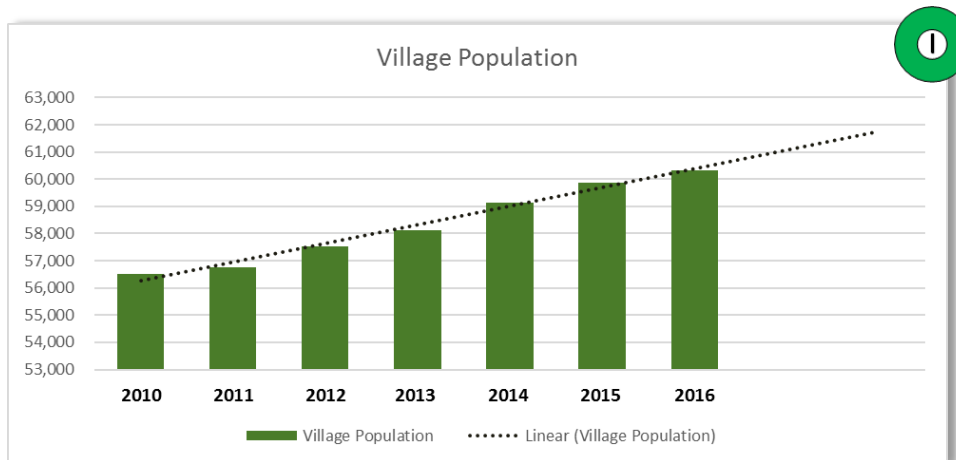
Wellington has maintained an outstanding financial position despite economic fluctuations while providing a consistently high level of service to residents. Wellington is currently in excellent fiscal health, enjoying a low debt level and strong fund reserves as compared to other area municipalities.

Financial ratios and indicators are used 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 confirm excellent financial performance. The analysis may also reveal areas of concern that can be addressed early in order to ensure the Village's fiscal sustainability.

TREND LEGEND						
Trend Direction	INCREASING		STABLE Little or no change over time		DECREASING	
Trend Finding	FAVORABLE The trend is or can be beneficial to the Village financial position		ADVISORY Changes in the trend will be monitored for future action		UNFAVORABLE The trend has a negative effect on the Village financial position; action needed	

Population

Significance: The population charts include a forecast trend line to illustrate the expected changes in population in the short term. The challenge in meeting the needs of an increasing population is to expand services and associated costs only to the point of sustainability. The Village's budget prioritization approach assists in meeting this challenge in that core services are identified and funded prior to optional services.

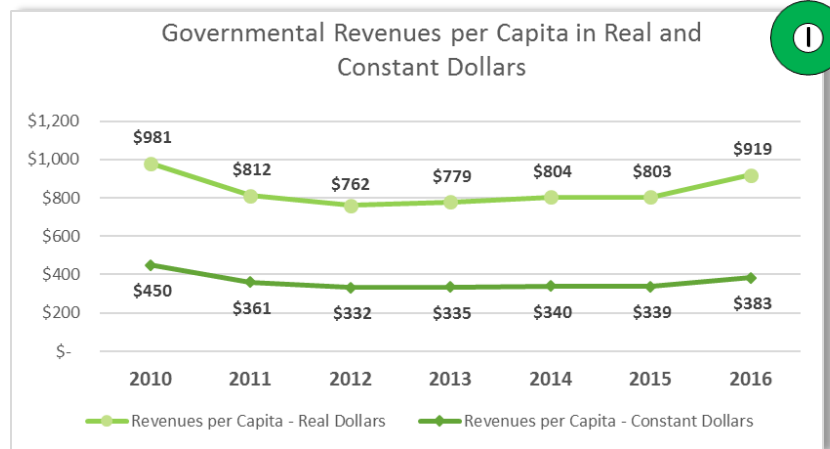


Trend: Village population since 2010 has steadily increased by an average annual rate of 1.3%. The trend is expected to slow or level off as buildable property inventory is exhausted



Revenues per Capita

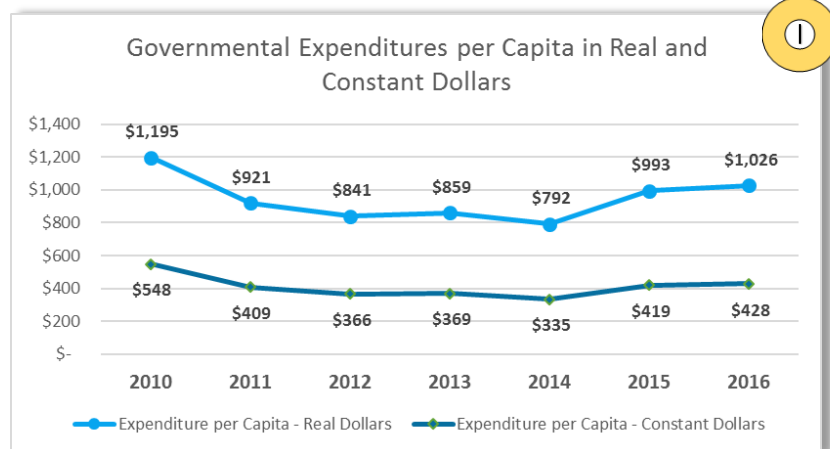
Significance: The indicator shows changes in revenues relative to changes in population. Showing the results in constant dollars normalizes the measure to inflation. As population increases, it is expected that the level of per capita revenues would remain at least constant in real dollars. If per capita revenues are decreasing, it may signal an inability to maintain existing service levels without expanded revenue sources.



Trend: Per capita operating revenues have decreased overall since 2010, when ad valorem tax and grant revenues were highest for the years shown. The annual increases from 2012 to 2014 are reflective of the economic recovery positively impacting intergovernmental revenue collections and property values. The trend is increasing for the last four years with 2016 revenue increases due to federal and state grants received for road and facilities improvements, special assessments for Saddle Trail neighborhood improvements, impact fees for the Isle Verde development and an increase in ad valorem taxes related to a \$600 million increase in taxable property values from 2015 to 2016.

Expenditures per Capita

Significance: The ratio measures the total governmental expenditures (excluding transfers) per permanent resident in current dollars, and in “constant” dollars adjusted for inflation. Increases in the indicator that are not explained by one-time costs, added services or inflation may suggest a need to review spending and productivity to initiate cost-control measures.



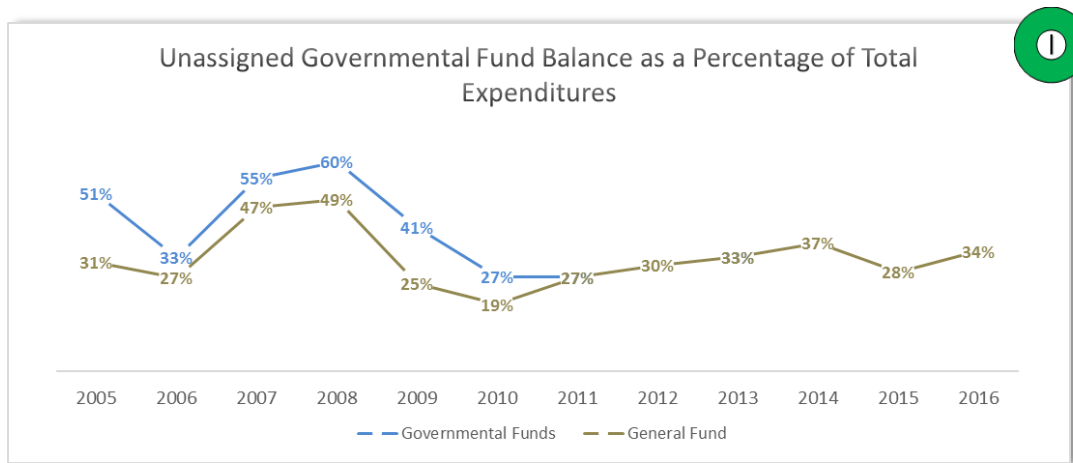
Trend: Subsequent to a high point in 2010 for one-time capital expenditures, expenditures per resident decreased through 2014. For 2015 and 2016, the per capita expenditure rate escalated due to capital expenditures (tennis center, WCC, Southshore Boulevard, Saddle Trail, Stribling roundabout and utility



projects) and debt principal reduction resulting from bond refunding. While the trend leads to an Advisory status, all additional expenditures in FY 2015 and FY 2016 were funded by excess revenues and grants.

Unassigned Fund Balances

Significance: The chart examines the amount of unreserved fund balance for governmental funds and the general fund as a percentage of total expenditures in the governmental funds. Decreasing percentages over time, either because expenditures are increasing at a greater rate than revenues or fund balance is being assigned for budget balancing, will affect future available funds for one-time expenditures and could negatively impact the municipal bond rating. The Village goal is to maintain 25% to 29% of total expenditures as unreserved fund balance in the governmental funds. The Village has been able to meet its fund balance goals due to local new construction and population inflows during the growth period and prudent budgeting and spending practices during economic downturns.



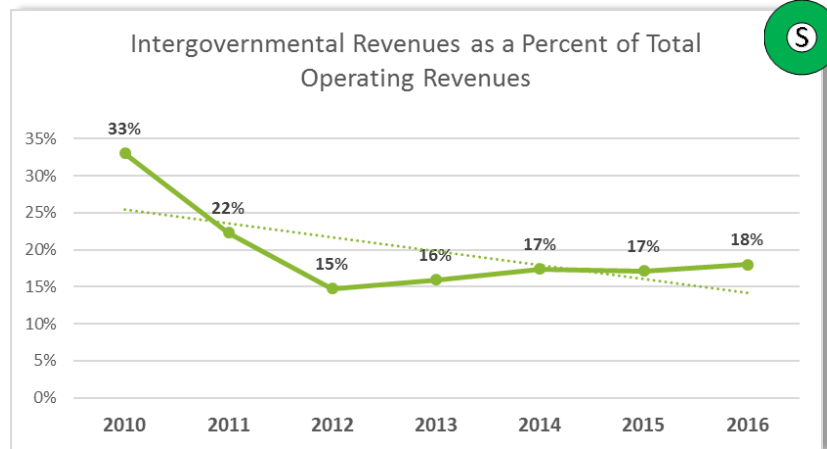
Trend: During times of growth and economic downturns, the Village has been able to maintain or exceed its unassigned fund balance goal. The annual changes in the percentage of General Fund unassigned fund balance since 2005 has several explanations. In high expenditure years, such as 2010 when the municipal complex and Section 24 were under construction, the percentage will compute lower. Conversely, total expenditures in 2008 were low compared to other years. Additionally, improved reporting of fund balances was introduced resulting in the use of excess fund balance in subsequent years for one-time expenditures. The increase in the FY 2016 ending fund balance is a result of reporting changes, where the budgeted use of the Rate Stabilization Reserve to balance the FY 2017 budget was not included in the Unassigned Fund Balance.

Please note: in 2009, the Governmental Accounting Standards Board (GASB) issued a statement (No. 54) redefining fund balance classifications, which is fully evidenced in 2011 on the accompanying chart. The *Unassigned* classification is applied only to the General Fund from this period forward.

Intergovernmental Revenues

Significance: This indicator examines the level of revenues received from other governmental agencies, including grants for specific projects and CDBG funds, as a percentage of total Governmental Fund revenues. Intergovernmental revenues are susceptible to the overall economy. As the state economy declines, so too has the Village's portion of state shared revenues, half-cent sales tax, local option fuel taxes, and the new sales surtax. Conservative budget estimates have been utilized to ensure that the Village is not overly dependent on intergovernmental revenues that may not be realized due to declining economic conditions. Since 2009, the Village has been proactive in maximizing grant revenues for various projects. Intergovernmental revenues are closely monitored to ensure that the Village is managing its share of these revenues properly.

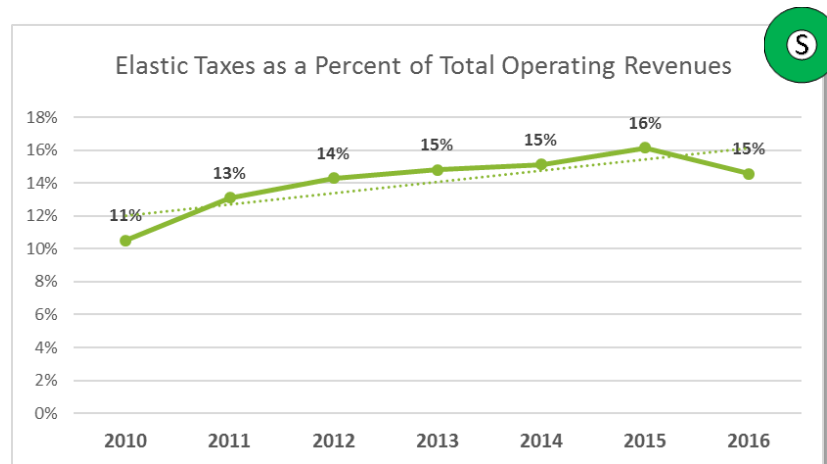




Trend: Intergovernmental revenues as a percentage of total operating revenues are decreasing since a high period in 2010 and 2011. Grant revenues during this period account for the increase in intergovernmental revenues, primarily stimulus funds for Forest Hill Boulevard improvements; a one-time expense. Federal and state grant revenue for FY 2016 totaled \$1.8 million.

Elastic Revenues

Significance: State shared revenues, half-cent sales tax, and local option fuel taxes are primarily dependent on consumer spending. These revenues are sensitive to changing economic conditions and are considered to be elastic revenues. As the economic base expands or inflation rises, elastic revenues rise in proportion to inelastic revenues (such as permit fees and recreation charges). A balance between elastic and inelastic revenues is desirable to mitigate the effects of growth or decline. During inflation, a high percentage of elastic revenues is preferred because inflation pushes up the revenue yield, allowing the government to keep pace with rising costs. During a recessionary period, a higher percentage of inelastic revenues is an advantage to insulate the tax base from the reduced yield.

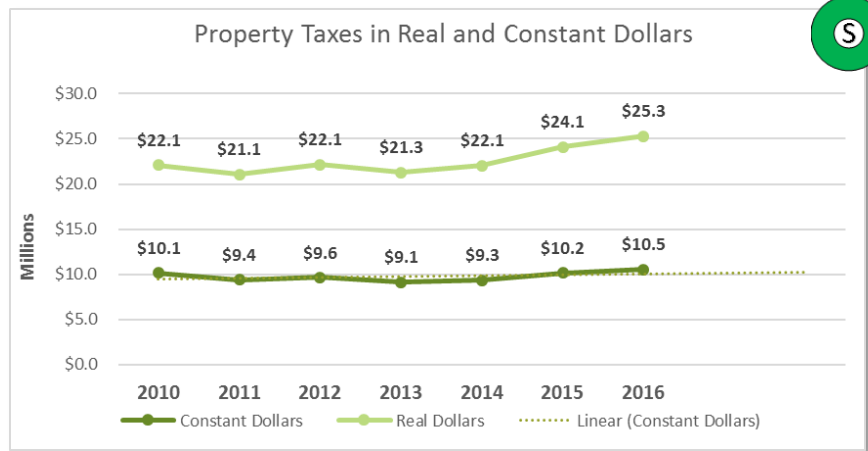


Trend: The portion of total revenues that are considered elastic taxes is increasing since 2010 from 11% to 15%. This is primarily due to half-cent sales tax and state shared revenues increasing \$2.1 million during the period; a direct result of statewide economic improvement and inflation increases. Elastic revenues are expected to increase from 2017 to 2026 resulting from the one-penny sales surtax revenue.



Property Taxes and Assessments

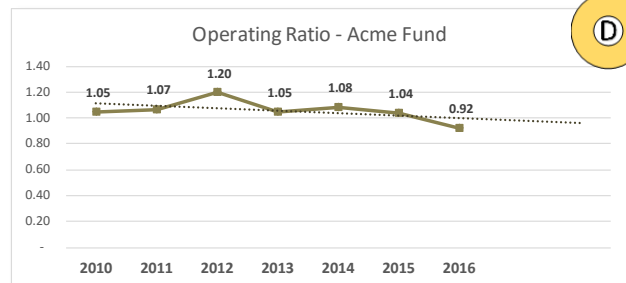
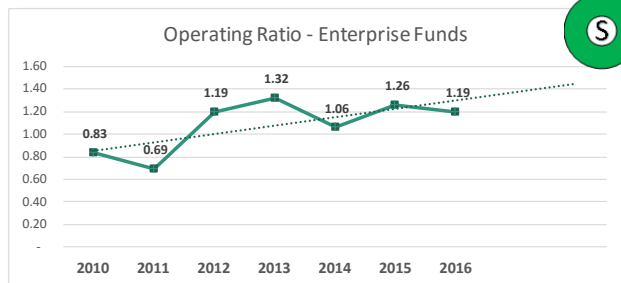
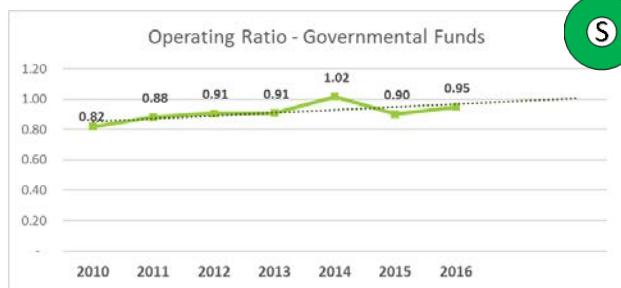
Significance: The chart examines all property tax revenues including ad valorem taxes, Acme assessments and Wellington Solid Waste assessments in real and “constant” dollars adjusted for inflation. Assessed taxable value, ad-valorem millage rates, and non-ad valorem assessment rates are the determining factors for property tax revenues. The Village's taxable value is now at almost the same level as the peak value of 2008, although the current taxable value includes new construction additions for the same period.



Trend: The seven-year trend is stable though property taxes and assessments in real and constant dollars have increased annually since 2013 approximating pre-recession levels in constant dollars. The indicator is expected to remain stable with low future increases in property values, consistent Acme assessments and lower Solid Waste assessments. During FY 2015 and FY 2016 Acme assessments were increased by \$30 per unit to fund the Acme R & R capital program which was approved for a 10-year period to expire in 2024.

Operating Ratio

Significance: The ratio measures total revenues to total expenditures and can indicate the solvency and short-term financial condition of the government. A ratio greater than 1.00 indicates a surplus and the ability to cover expenditures each year. A persistent deficit situation or declining surplus condition provides the opportunity for correction to prevent deficits over the long term.



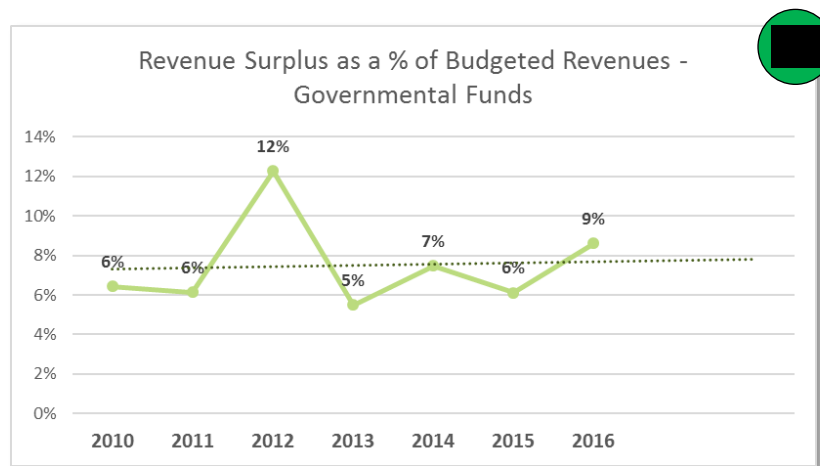
Please note: In the previous charts, the Acme Fund expenditures include transfers out for indirect costs and capital as these are considered actual costs of operation. FY 2015 revenue and expenditure totals include debt refinancing.

Trend: The governmental funds as a group have remained below 1.00 since 2010, with the exception of 2014, which indicates that these funds are operating on a deficit. This is due to the capital project funds and one-time expenditures for major construction such as the municipal complex, town center facilities, South Shore widening, the Boys & Girls Club, and roadway improvements. The General Fund is operating in a surplus condition, with a slight increase in the ratio in 2016. The Acme Fund shifted to a deficit position in 2016, and warrants as Advisory trend warning. The unfavorable trend in the Acme Fund is primarily due to O & M expenditures rising faster than revenues. For this reason, expenditures for the Neighborhood Parks were shifted to the General Fund in FY 2017.

The Enterprise Funds operating ratio remains in a favorable position.

Revenue Surplus (Shortfall)

Significance: The ratio uses the revenue surplus or shortfall divided by budgeted operating revenues to measure the overage or shortage of budget to actual revenues. Major discrepancies that continue year to year can indicate a declining economy, inefficient collection procedures, or inaccurate estimating techniques. Discrepancies may also indicate that high revenue estimates are being made to accommodate political pressures. The Village has utilized conservative estimating techniques to ensure a moderate surplus position and prevent deficits.

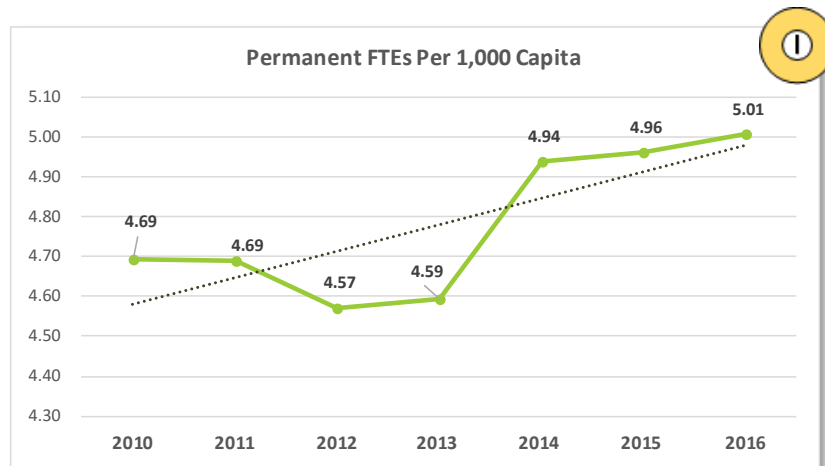


Trend: The Village maintains a stable trend in budget to actual revenues from 5% - 7% each year. In 2012 and 2016, the Village experienced higher than expected building activity; increasing building permit revenues as well as impact fee receipts for the year while budget estimates remained conservative. Additionally, in FY 2016 the Village received capital project grants, state elastic revenues and Saddle Trail prepayments in excess of initially budgeted amounts.



Full-Time Equivalent (FTE) Employees per Capita

Significance: The number of employees per 1,000 residents measures the efficiency of service delivery and is a good comparative indicator for benchmarking to other cities. An increase in the FTEs per capita without a corresponding increase in service delivery may be a sign of operating inefficiencies.

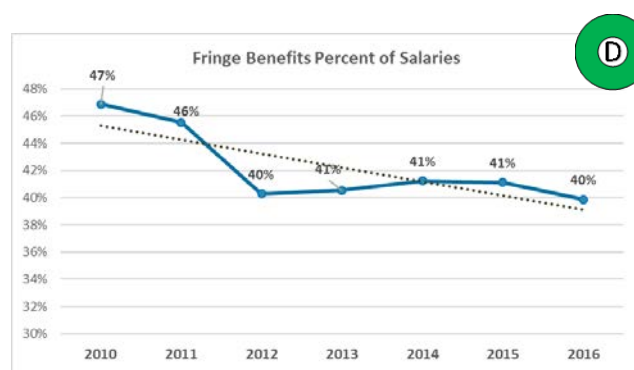
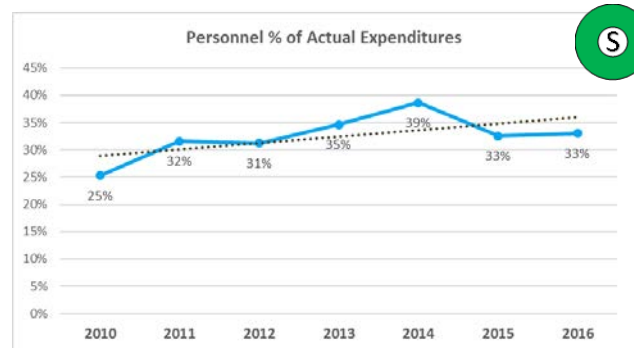


Trend: The amount of full-time Wellington employees per capita now exceeds the 2009 level of 4.97. With additional positions approved for fiscal year 2017, this indicator is increasing. Staffing levels have risen from 2012 to provide for: maintenance of added facilities, such as the new community center; increased utility services for new neighborhoods (Saddle Trail); added recreation and equestrian trail services; leasing activities of the LWPC; new tennis facility operations; the required legal, IT and administrative activities supporting the growth in services and operations; and the planned ERP implementation project. The Village Manager has stated that the Village will focus on reducing total staff by 2021.

Personnel Expenditures

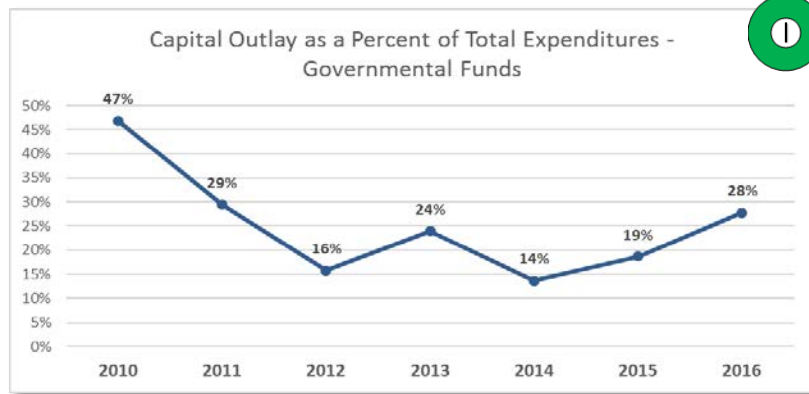
Significance: The percentage of personnel costs compared to total expenditures fluctuates with the total of all expenditures, including capital. While this may explain a one or more outlying years, the multi-year trend is significant in that it may indicate personnel costs are not under control and efforts should be made to stabilize increases or improve efficiencies. A consistent or declining percentage over time is desirable, reflecting an entity's ability to maintain or increase efficiency of service delivery.

Trend: The seven-year trend for total personnel expenditures as a percent of all actual expenditures is stable at 33% which approximates the 7-year average of 32.4% though these expenditures increased in 2014 with the addition of headcount and declined from 2014 to 2015 as a result of lowered medical insurance premiums. The low percentage of salaries in 2010 compared to overall expenditures was due to a higher amount of overall expenditures in 2010 as compared to other years resulting from capital expenditures for construction of the municipal complex, wastewater treatment plant improvements and construction of Section 24.



Capital Outlay

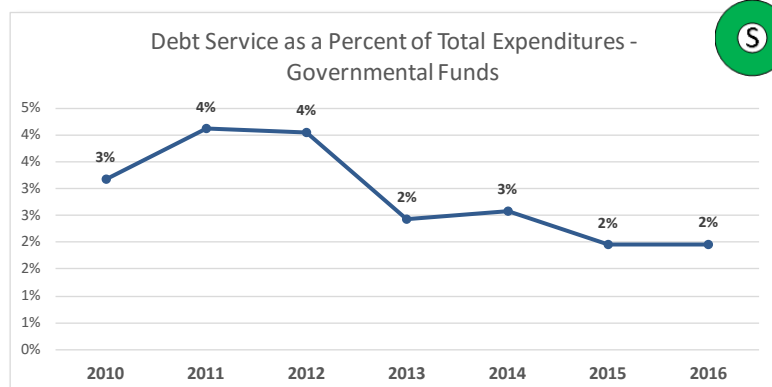
Significance: Capital outlay items include large capital projects that require Council approval and fixed assets with a useful life greater than one year and an initial cost above \$5,000. The chart represents total capital outlay expenditures as a percentage of total operating expenditures in the governmental funds. Capital outlay can fluctuate based on approved projects and multi-year projects. Short-term (one to three years) declines in the ratio may indicate that capital needs are temporarily satisfied. A decline over three or more consecutive years may indicate that capital outlay expenditures are being deferred, which can lead to future funding issues.



Trend: The increase from 2009 to 2010 are related to expenditures for the construction of the new Municipal Complex and the Section 24 projects, both completed in 2011. Fluctuations in the indicator since 2011 are typical of capital expenditures since the equipment and improvements last more than a year and needs are cyclical. This Village has not experienced a persistent decline in the ratio over 3 or more years, and in recent years the relationship of capital outlay to operating expenditures has been consistent. Although it increased in FY 2016 due to community center improvements, Saddle Trail improvements and various roadway and utility improvements, the trend continues to have a favorable rating as expenditures are in a comparable range as several previous years and capital outlays for FY 2016 represent normal replacement of operating assets and expected expenditures for capital improvements. Significant capital expenditures are expected in future years in the Utilities Fund for Water and Wastewater Treatment Facilities Renewal and Replacement projects estimated to be in the \$25 million plus range.

Debt Service

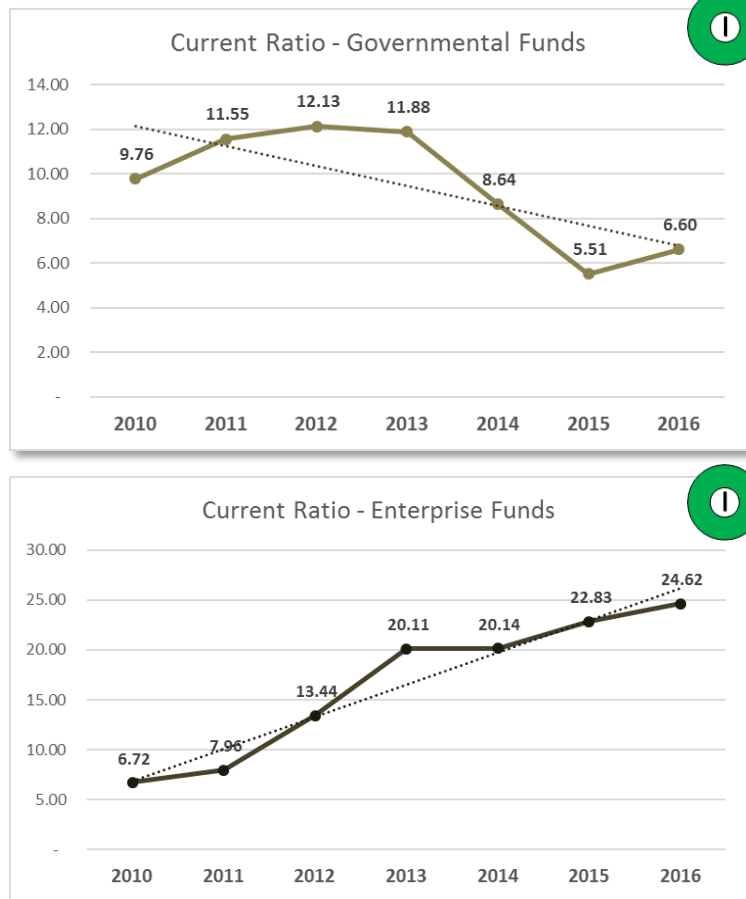
Significance: This chart details the Village's debt service expenditures as a percentage of total operating expenditures in the governmental funds. Debt service costs are fixed costs over which officials have very little short-run control. Fixed expenditures are especially important during periods of economic decline as revenues to cover such costs are affected by economic fluctuations. The higher the level of fixed expenditures, the less freedom officials have to adjust spending in response to economic changes.



Trend: The percentage of governmental debt service expenditures to total expenditures is decreasing in part due to refunding of debt in 2012 and 2015. In conjunction with the Village's low debt-per-capita ratio, the declining annual debt service expenditure indicator leads to a Favorable rating and includes \$3,235,000 of special assessment bonds issued in FY 2016 to fund Saddle Trail improvements although principal payments on this bond will not begin until FY 2018. The credit position for Wellington is very strong, and its Aa2 rating is above the U.S. city median of Aa3. The rating reflects a robust financial position, supported by an extremely small debt liability, a moderate pension burden and a substantial tax base with a strong socioeconomic profile.

Current Ratio

Significance: The current ratio measures the liquidity of a government by comparing the amount of cash and short-term investments (current assets) to its short-term obligations (current liabilities). A financial condition assessment includes the ability of a government to cover its liabilities in the event of unanticipated revenue shortfalls. A ratio of less than 1.0 indicates an unhealthy financial situation.



Trend: The coverage of cash and investments to current liabilities is over 6.0, or 600% coverage and higher than 2015, and therefore is Favorable for governmental funds. The current ratio of the enterprise funds is more than 24 times liabilities and rising, therefore the trend is also Favorable.



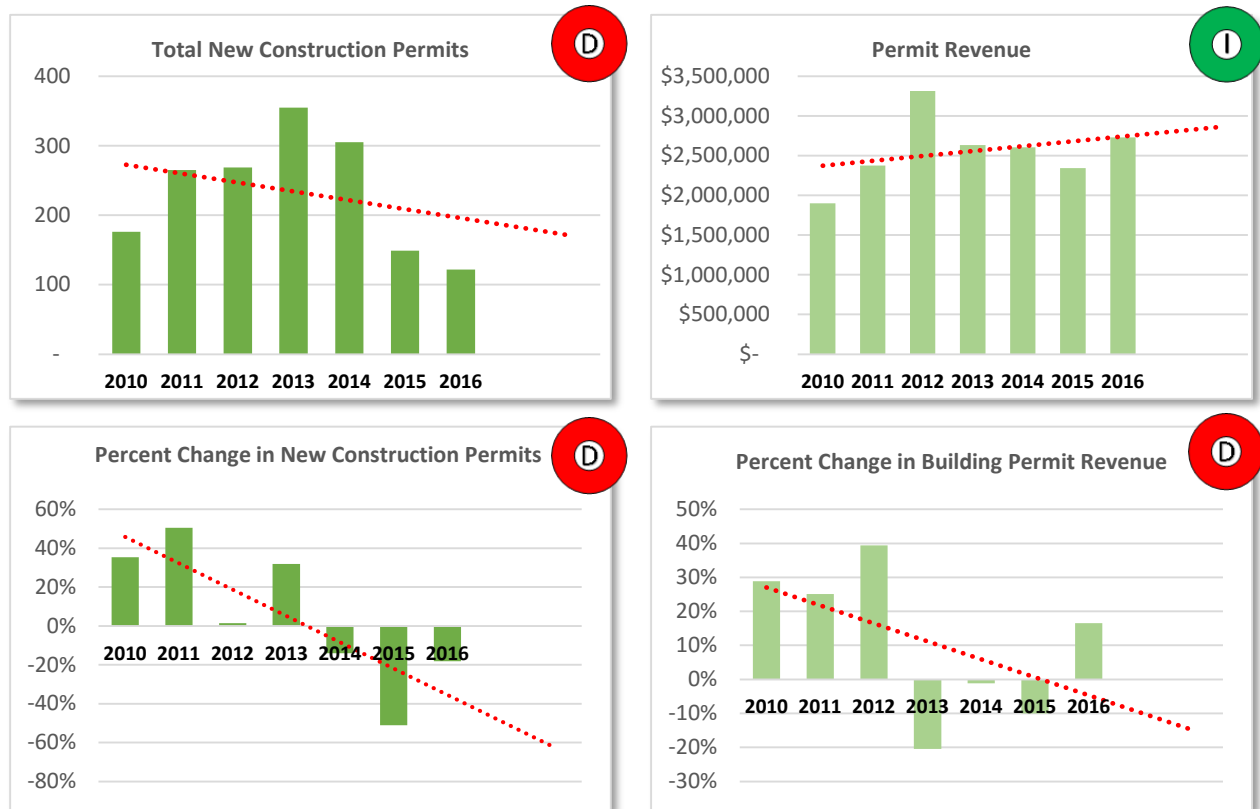
Market Analysis



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 along with any surpluses and shortfalls as a result of 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.

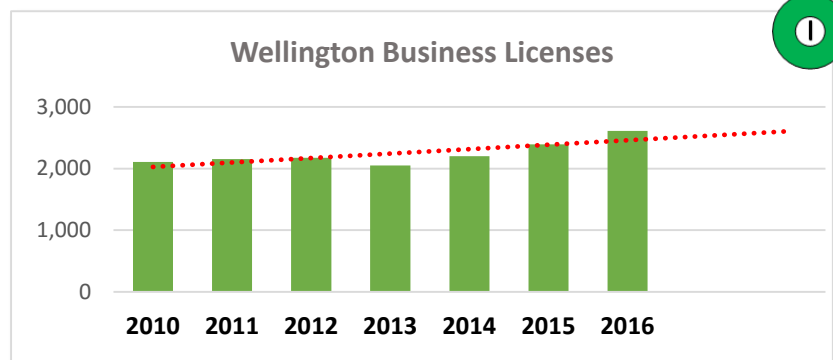


Trend: New construction in the Village is declining significantly, with higher permit revenue due to property renovations and improvements. Both, permits and revenue changes, are expected to continue trending downward with fewer buildable parcels in the Village each year. Although revenues are anticipated to shift downward, they will decline at a slower pace due to continuing permit activity for renovations and property improvements.



Business Licenses

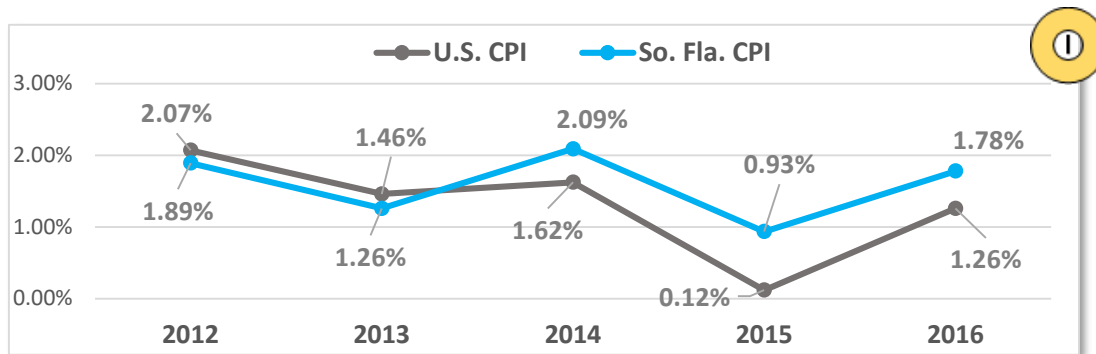
Significance: Businesses choosing to establish within the Village create jobs, attract outside visitors and keep profits within the local economy. Business tax receipts are a significant revenue source for the Village, topping out at \$945,000 in 2016. Future increases in business licenses will affect other elastic revenues as well.



Trend: Business tax receipts issued to businesses with a Wellington address have been increasing since 2013. The multi-year trend is for gradual gains in the short-term without changes to the current method of business taxation. However, pending legislation during the 2017 session seeks to limit the allowable revenue per taxpayer to \$25. If enacted, Wellington's BTR revenue would be reduced from approximately \$1 million to less than \$100,000 per year.

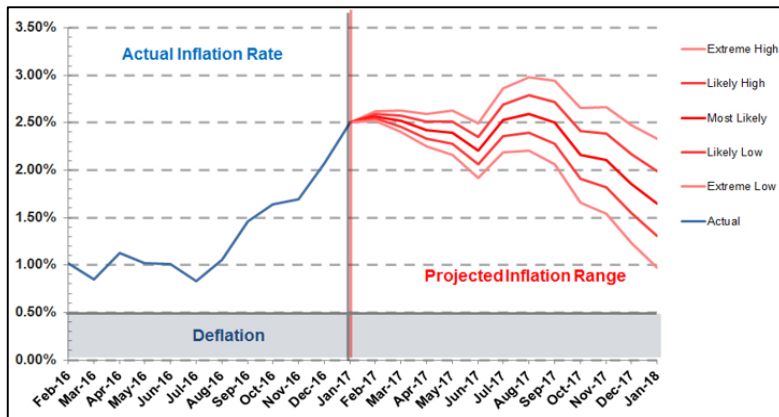
Consumer Price Index

Significance: The Consumer Price Index (CPI) is a measure of changes in the prices of goods over time and is used to measure the inflation rate. 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.



Trend: After a low in 2015, the annual inflation rate increased to 1.78% for South Florida in 2016 compared to 1.26% for the US. The increase in inflation rate from prior year is due to increases in oil price and personal consumption of goods and services.



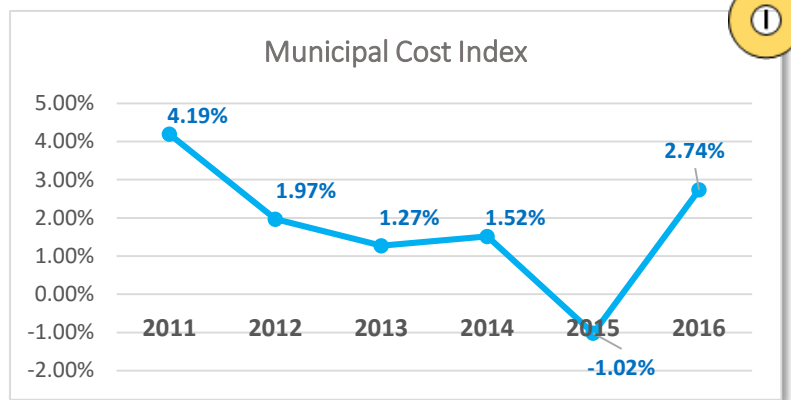


Moore Inflation Predictor (MIP)®
 James Moore
 Prepared By Timothy McMahon, Editor
 ©Financial Trend Forecaster
 Created 2/15/2017
<http://fintrend.com/charts/moore-inflation-predictor-mip/>

Inflation Forecast: The national CPI is predicted to decrease to approximately 1.5% by January 2018 from the current rate of 2.5%. This prediction will be incorporated into projection assumptions for the 10-year forecast of revenues and expenditures included in the LTFP.

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 staff to help analyze price trends for expense forecasting prior to budget development.

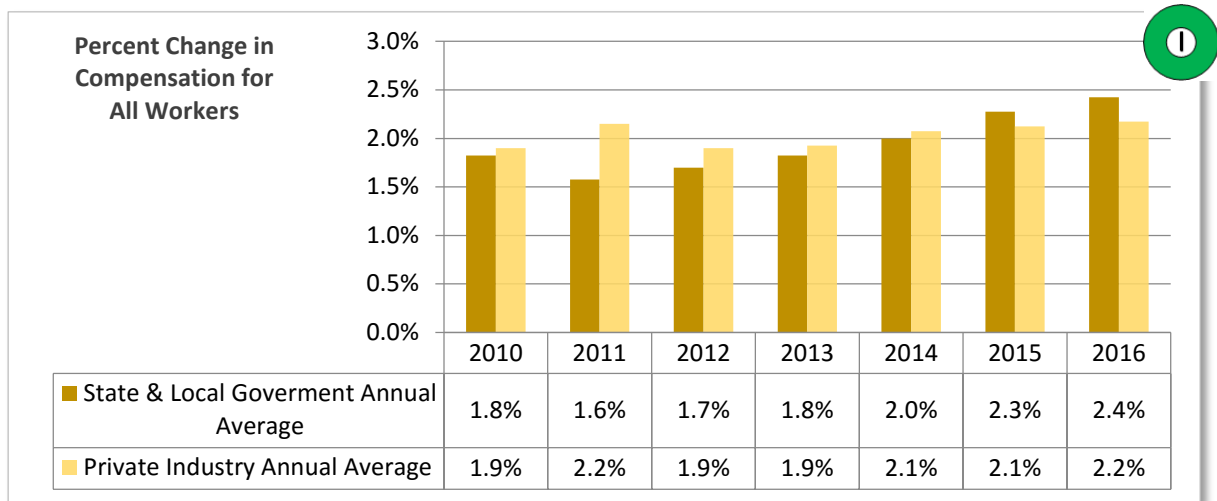


Trend: The MCI increased to 2.75% in 2016 from -1.02% in 2015 which was anticipated in prior forecasts. As CPI continues to trend upward, MCI will follow since the two indicators move in tandem. The Village will factor the upward trend in MCI when preparing current and future expenditures as price increases translate to higher costs of providing municipal services.

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 its high retention rate.

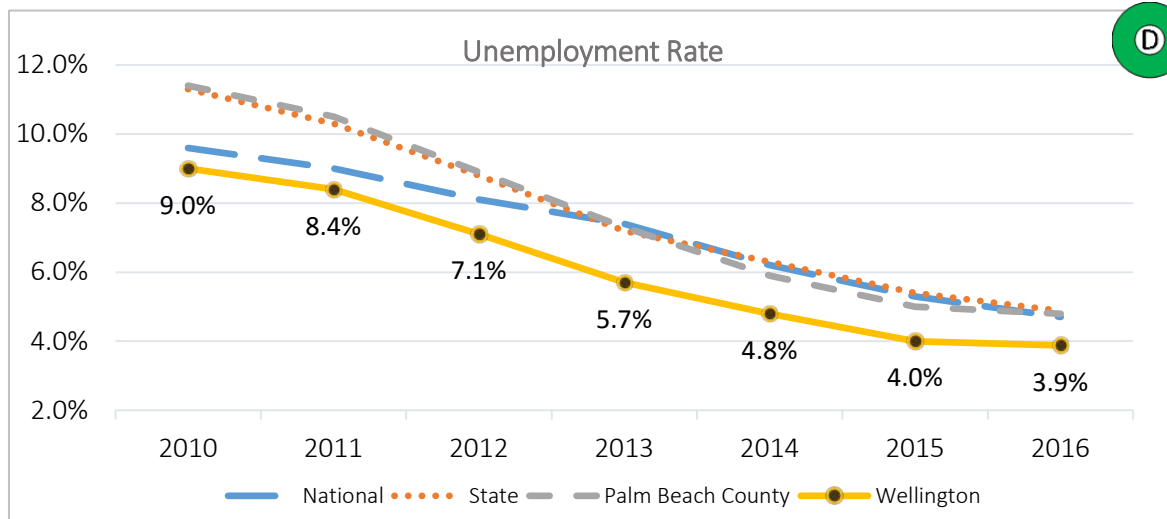




Trend: The rise in compensation for private industry workers exceeded compensation for government industry workers from 2010 to 2014. During 2015 and 2016, the increase in government wages has risen to 2.3% and 2.4%, respectively, and is above that of private industry for both years. The wage increase has allowed state and local governments to remain competitive within the labor market in order to attract and retain employees with the talents, skills, and experience it needs to operate effectively.

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. High employment impacts a municipality's ability to raise revenue and, therefore, the municipality's fiscal health.



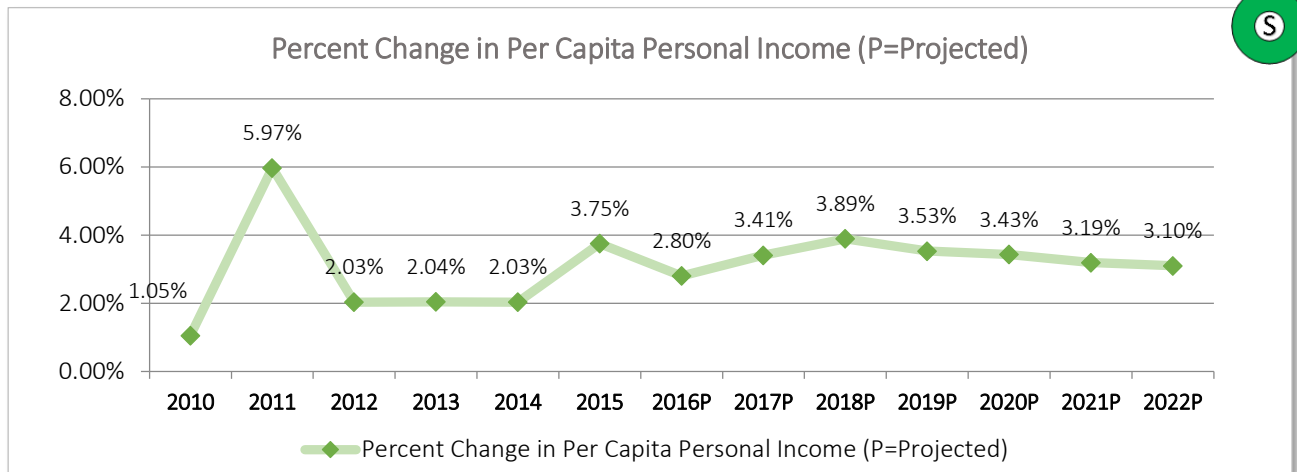
Trend: The unemployment rate continues to decline in Wellington, indicating an improving economy and strong labor market. With an unemployment rate below that of the nation, state and county, this indicator is very Favorable.

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. Also, the rate of change in personal income for the State of Florida directly affects future ad valorem



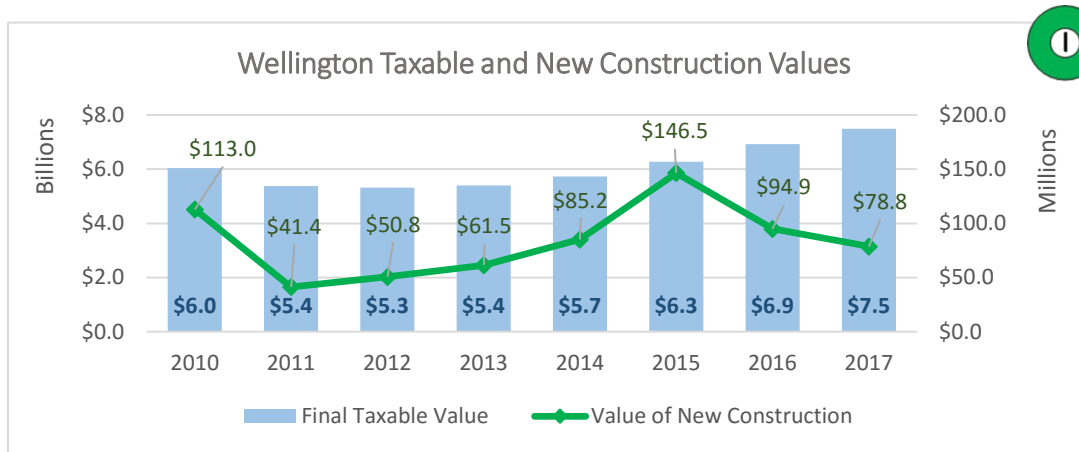
tax receipts. Statutes limit the annual increase in the maximum millage rate for a Florida government to the change in personal income without a super majority vote.



Trend: The Florida Office of Economic and Demographic Research published data for Florida personal income showing a slight weakening in the third quarter of 2016 compared to the second quarter of 2016. The 2016 yearly personal income growth was 2.80%, the growth rate used for TRIM millage calculations. Forecasts by the EDR for per capita personal income change show gradual income growth through 2019 and growth thereafter at a slower pace. The EDR forecasts are used for assumptions in the long term financial plan.

Property Value

Significance: As a primarily residential community, Wellington property values are an indicator of economic conditions and 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 which the millage rate is applied to when determining property tax revenue. The value of new construction adds to the total tax base.



Trend: The taxable value of Wellington properties has steadily increased since the recessionary period of 2009 – 2013, with significant gains in 2015 and 2016 of 10% - 11% per year. The annual increases in value allowed for reductions in the millage rate in 2013, 2015 and 2017. This pace of recovery in values is not expected to be sustained in the short term and budget forecasts will include assumptions for modest property value increases.



The new construction trend in Wellington is declining. As the Village approaches full build-out, the additions to its tax base each year will be reduced.

Wellington Millage, Taxable Value and New Construction

Fiscal Year	Adopted Millage Rate	Final Taxable Value	% Change in Taxable Value	Value of New Construction
2010	2.50	\$6,044,475,598	-15.1%	\$112,973,513
2011	2.50	\$5,382,217,796	-10.7%	\$41,449,131
2012	2.50	\$5,321,076,907	-0.2%	\$50,752,604
2013	2.47	\$5,399,943,566	1.9%	\$61,489,341
2014	2.47	\$5,738,067,063	6.6%	\$85,189,075
2015	2.45	\$6,273,246,369	10.0%	\$146,540,479
2016	2.45	\$6,922,766,608	10.7%	\$94,920,393
2017	2.44	\$7,494,877,365	8.3%	\$78,804,293

2017 Final Taxable Value is an the certified value. Final taxable value after VAB adjustments was not available at the time this analysis was performed.





Long Term Financial Plan

Fund Balance Analysis



Long Term 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.

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 29% 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, 11-16% of Wellington's revenues have been elastic, which is based on economic factors and growth estimates that can easily deviate from projections
- Increases in expenditures: there exists a potential for increases to anticipated expenditures based on bid results, litigation, contract renewals, additional services, etc.
- 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.

The following table summarizes the fund, fund balance classification and type, the audited balances as of September 30, 2016, and the estimated balances as of September 30, 2017.

GOVERNMENTAL FUND BALANCES

Fund Balances	Special Revenue Funds					Capital Projects Funds	Total
	General Fund	Building	Acme	Gas Tax Operations	Debt Service		
NONSPENDABLE							
Prepaid Expenditures	412,495	27,838	6,181	3,974			450,488
Inventories & Deposits	230,100						230,100
Long-term Notes Receivable	812,208						812,208
Advances to Other Funds	-						-
RESTRICTED		4,769,737	2,326,887	969,271	50,063		8,115,958
COMMITTED							
Rate Stabilization	2,785,000						2,785,000
Insurance	1,150,000						1,150,000
Emergencies	3,000,000						3,000,000
ASSIGNED							
Contracts	683,463		235,434	5,687		2,348,231	3,272,815
Capital Projects	500,000	200,000				5,444,248	6,144,248
Subsequent Year Operating (Carry Forward)	-						-
Subsequent Year Exp (Budgeted Use)	1,561,374	628,492	774,560		44,649	1,217,138	4,226,213
UNASSIGNED	21,238,612						21,238,612
AUDITED BALANCES 9.30.16	\$ 32,373,252	\$ 5,626,067	\$ 3,343,062	\$ 978,932	\$ 94,712	\$ 9,009,617	\$ 51,425,642
FY 2017 FUND BALANCE AMENDMENTS							
None to Date	-						-
PROJECTED BALANCES 9.30.17	\$ 32,373,252	\$ 5,626,067	\$ 3,343,062	\$ 978,932	\$ 94,712	\$ 9,009,617	\$ 51,425,642

The unassigned general fund balance at September 30, 2016 comprised 48% of FY 2017 budgeted General Fund expenditures. This is in excess of the target fund balance percentage adopted by the Village Council. The following recommendations are made to reduce the excess unassigned fund balance:

- ☐ **Commit an additional \$80,000 to meet F.S. requirements for FY 2017 and to the Insurance Reserve \$300,000 in anticipation of rate increases in FY 2018**
- ☐ **Commit 20% of the excess Unassigned Fund Balance from FY 2016 to the Facility & Infrastructure Reserve. This is approximately \$1.1 million**
- ☐ **Assign \$4 million of Unassigned Fund Balance to the ERP Replacement Project. Funds will not be budgeted until Council adoption of final vendor contract**
- ☐ **Commit an additional \$1.0 million to the Emergency Reserve**



These actions combined bring the Undesignated Fund Balance to a projected **31%** of budgeted expenditures at 9.30.17.

Reserve Analysis – Governmental Funds

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 and recommendations for each reserve as applicable.

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 in the amount of \$2.3 million and later increased to \$3.0 million. While approximately \$1.3 million of these reserves were budgeted for use in fiscal years 2014 and 2015, a net of only \$215,000 was ultimately required to offset litigation costs in those years.

Wellington budgeted \$1.6 million in Rate Stabilization Reserve use in the FY 2017 budget.

Insurance Reserve Current Balance \$1,150,000

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 has adjusted the initial Insurance Reserve to meet the statutory requirement in FY 2015 and FY 2016 to a total of \$1.15 million.

The FY 2017 health insurance renewal requires an additional \$80,000 to maintain the statutory 60-days of claims requirement. A budget amendment will be brought to Council for approval to commit this amount to the Insurance Reserve. Also, it is recommended that an additional \$300,000 in unassigned reserves be committed to the Insurance Reserve upon FY 2018 budget adoption in anticipation of rate increases in the FY 2018 plan.

Emergency Reserves Current Balance \$3,000,000

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 Frances, Jeanne and Wilma required 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 restored to its original balance in 2016 after expenditures for Tropical Storm Isaac.

T.S. Isaac was the most recent major storm event to affect the area, occurring in 2012. If a stronger storm were to impact Wellington, the mitigation, response and debris management costs would likely exceed the Reserve amount established in 2007.

It is recommended to commit \$1,000,000 in unassigned fund balance to the Emergency Reserve to mitigate cost increases in emergency event response since 2007 and bring the total balance to \$4.0 million.

Facility & Infrastructure (F&I) Reserve Current Balance \$1,000,000

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.

It is recommended to consider using excess revenues from prior years to contribute annually to the Facility & Infrastructure Reserve. An annual contribution percentage of 20% of excess fund balance does not burden the General Fund or prevent the full replenishment of other reserve accounts. This would amount to the assignment of \$1.1 million from FY 2016 excess fund balance to the Reserve.

The chart below shows the cumulative effect of all recommended assignments of the excess Unassigned FY 2016 fund balance, resulting in a projected 31% fund balance ratio.

	Change Amount	Resulting GF Unassigned Fund Balance	% of FY 2017 Expenditures
Unassigned Fund Balance 09.30.16		\$ 21,238,612	48%
Commitment to Facility & Infrastructure Reserve	(\$1,000,000)	\$20,238,612	45%
Recommended actions:			
Commit to Insurance Reserve - 2017 claims	(\$80,000)	\$20,318,612	45%
Commit to Insurance Reserve - 2018 expected	(\$300,000)	\$20,018,612	45%
Commit 20% excess to F & I Reserve	(\$1,100,000)	\$18,918,612	42%
Assignment to ERP Replacement Project	(\$4,000,000)	\$14,918,612	33%
Commit to increase Emergency Reserve	(\$1,000,000)	\$13,918,612	31%
Projected Unassigned FB Recommended Changes		\$ 13,918,612	31%



5 Year Capital Improvement Plan



 THE VILLAGE OF
ELLINGTON
Long Term 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 to acquire and construct 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 future funding requirements and may be adjusted each year according to Village Council goals and the economic environment.

Capital Process

The key components of the CIP budget process included in Village budget planning calendar are:

- CIP Development Meetings with department managers
- CIP Review Meetings
- Preliminary CIP presentation to Village Manager
- CIP Workshop(s) with Village Council
- Adoption hearings for the Capital Improvement Element (CIE) of the Comprehensive Plan

Prior to inclusion in the preliminary CIP, each project is also reviewed in relation to five distinct requirements:

- Preservation of long-term assets
- Reduction of operating costs
- Protection of public infrastructure and/or utilities
- Preservation of property values and creation of jobs
- Regulatory and contractual obligations



Capital Financing

The multiyear planning approach allows Wellington to use a pay-as-you-go strategy by assigning funds annually to a future project to minimize the impact in one fiscal year. Once projects are approved for inclusion in the capital plan, funding sources are determined based on the scope of the project.

The Village has five capital funds that reflect the various funding sources available solely for capital improvements. Restrictions for the uses of the capital revenues sources in each fund are imposed by statute and/or Village ordinance. Where projected capital revenues fall short of the funding requirements for the approved projects and/or debt service, a transfer out of one of the operating funds may be required.

Gas Tax Capital Fund – accounts for capital projects related to roadway and landscape improvements; to separate road capital revenue and expenditures from maintenance & operations reflected in the Gas Tax Operations Fund and expansion projects in the Road Impact fund. Revenue sources are Local Option Fuel Taxes (1 – 5 cent option on motor fuel only), grants and interest income.

Recreation and Road Impact Funds – accounts for expenditures of recreation and transportation impact fees for specific capital projects related to growth. Revenue sources are impact fees, grants and interest income.

Governmental Capital Fund – accounts for the financial activity applicable to governmental capital expenditures funded from governmental operating revenues. These expenditures are funded by the General Fund and Acme Improvement District Fund through operating transfers as well as grants.

Saddle Trail Park Capital Subfund – a subsidiary to the Governmental Capital Fund for the sole purpose of accounting for Saddle Trail Park Neighborhood Improvement expenses.

Sales Surtax Fund – accounts for capital projects funded by the one cent sales surtax increase approved by voters in 2016. The sale surtax revenue can only be used to fund capital projects that equip, construct and repair roads, bridges, signals, streetlights, sidewalks, parks, drainage, shoreline and wastewater infrastructure, recreational and governmental facilities. A budget amendment allocated a partial year of the surtax revenues to FY 2017, though no specific projects have yet been identified to commence in the current year.

Water and Wastewater projects and Solid Waste are budgeted in the Enterprise Funds and presented in the annual budget as part of the Water/Wastewater and Solid Waste Funds.



Capital Funding Sources

Revenue sources which may be used solely for funding of capital infrastructure improvements include impact fees, capacity fees, a portion of local option gas taxes (grants may be acquired for specific expansion projects), the new sales surtax and future borrowing. Wellington impact fees and capacity fee revenues were at their highest point in the period from 2003 – 2006 and will continue declining until no further developable land is available. Local option gas taxes which may be used for road improvements remain flat each year at about \$500,000 annually. As a result, future capital projects whose costs exceed the annual revenue stream require transfers in from the General and Acme Improvement Funds in order to complete them.

GOVERNMENTAL CAPITAL SOURCES & USES FY 2017

	Capital Funds					TOTAL
	Recreation Impact	Gas Tax Capital	Road Impact	Governmental Capital	Sales Surtax	
Fund Reserves 9/30/16	\$1,248,267	\$1,174,246	\$680,044	\$402,841		\$3,505,398
Estimated Sources FY 2017						\$0
State Shared Revenues						\$0
Fuel Taxes		500,000				\$500,000
Impact Fees	\$600,000		\$240,000			\$840,000
Miscellaneous & Interest		17,000	12,000	\$35,000		\$64,000
Intergovernmental & Grants						\$0
Transfer in from General Fund & Building				2,410,000		\$2,410,000
Transfer in from Acme Fund				1,540,000		\$1,540,000
Budget Amendments					2,470,000	\$2,470,000
Capital Reserves	353,375	536,173	327,590			\$1,217,138
Total Sources	\$953,375	\$1,053,173	\$579,590	\$3,985,000	\$2,470,000	\$9,041,138
Expenses FY 2017						
2014 Acme Renewal & Replacement Prgm				740,000		\$740,000
Communications & Technology Investment				400,000		\$400,000
Village-owned Facility Improvements				350,000		\$350,000
Neighborhood Parks Program				220,000		\$220,000
Neighborhood Trails Program				300,000		\$300,000
Parks Capital Improvements				200,000		\$200,000
Public Works Facility Improvements				750,000		\$750,000
Road & Pathway Circulation Expansion			500,000			\$500,000
Safe Neighborhoods				225,000		\$225,000
Streetscape Project						\$0
SWM System Improvements				800,000		\$800,000
Turn Lanes & Traffic Engineering		1,000,000				\$1,000,000
Debt Service	953,375	53,173	79,590			\$1,086,138
Addition to Reserves						\$0
Total Uses	\$953,375	\$1,053,173	\$579,590	\$3,985,000	\$0	\$6,571,138
Ending Fund Balance	\$894,892	\$638,073	\$352,454	\$402,841	\$2,470,000	

Note: Transfers in from the General Fund and Acme Fund to fund capital projects are italicized in the chart for emphasis



Major Maintenance & Operating Impact of Capital Projects

A significant expenditure category was introduced in the FY 2016 budget and capital plan titled Major Maintenance. As Wellington approaches build-out and growth-related revenues decline, the investment in expansion projects of past years has shifted to a need to fund the maintenance of the expanded facilities and infrastructure. The capital project budgets of previous years did fund major maintenance, but the recurring, rehabilitative nature of the expenses defines them as operational expenses. Therefore, the governmental operating budgets bears the costs of these Major Maintenance Programs.

The maintenance programs are budgeted and tracked for each function or maintenance type and a five-year cost projection is made to determine maintenance needs over time. Any remaining budget for Major Maintenance Programs remains with the program from year to year (is rolled forward between fiscal years) to minimize the impact of fluctuations in annual Major Maintenance costs.

MAJOR MAINTENANCE PROGRAMS FY 2017 -2022 – GOVERNMENTAL FUNDS

Governmental Maintenance Program	FY 2017 Budget	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected
Village-owned Facilities	\$75,000	\$100,000	\$110,000	\$115,000	\$120,000	\$125,000
Parks - Community	\$300,000	\$300,000	\$310,000	\$310,000	\$310,000	\$320,000
Bridge R & M	\$25,000	\$25,000	\$25,000	\$30,000	\$30,000	\$30,000
Guardrail Refurbishment	\$100,000	\$75,000	\$50,000	\$50,000	\$50,000	\$50,000
Roads & Pathways	\$1,300,000	\$1,100,000	\$1,100,000	\$1,150,000	\$850,000	\$900,000
Shellrock Maintenance	\$130,000	\$130,000	\$140,000	\$140,000	\$150,000	\$150,000
Sidewalk Repair	\$75,000	\$75,000	\$75,000	\$100,000	\$100,000	\$100,000
Neighborhood Parks	\$200,000	\$210,000	\$210,000	\$220,000	\$220,000	\$225,000
Neighborhood (Equest.) Trails	\$75,000	\$105,000	\$105,000	\$110,000	\$110,000	\$115,000
Surface Water Mgmt. System	\$1,075,000	\$1,075,000	\$1,000,000	\$600,000	\$620,000	\$640,000
Swales	\$160,000	\$160,000	\$170,000	\$170,000	\$180,000	\$180,000
Total	\$3,515,000	\$3,355,000	\$3,295,000	\$2,995,000	\$2,740,000	\$2,835,000



MAJOR MAINTENANCE PROGRAMS FY 2017 – ENTERPRISE FUNDS

Enterprise Maintenance Program	FY 2017 Budget	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected	FY 2021 Projected	FY 2022 Projected
Professional Centre	\$175,000	\$26,000	\$26,520	\$27,050	\$27,591	\$27,591
Utilities Administration	\$150,000	\$153,000	\$156,060	\$159,181	\$159,181	\$162,365
Water Treatment Facility	\$326,800	\$333,336	\$340,003	\$346,803	\$346,803	\$353,739
WW Collection Services	\$380,000	\$387,600	\$395,352	\$403,259	\$403,259	\$411,324
WW Treatment Facility	\$649,000	\$661,980	\$675,220	\$688,724	\$688,724	\$702,498
Total Enterprise Funds	\$1,680,800	\$1,561,916	\$1,593,154	\$1,625,017	\$1,625,017	\$1,657,518

While the Major Maintenance category identifies the substantial repair and replacement expenditures that are required to maintain facilities, the departmental operating budgets bear the costs of the ongoing, lower-cost maintenance. Materials, supplies, tools, fuel, and annual contracts for lawn maintenance, equipment repair and aquatics weed control are all allocated in the departmental operating budgets, especially in Public Works. Also, the personnel allocations in the Public Works and Utilities Field Services departments may be considered ongoing maintenance expense for Village facilities and infrastructure.

OPERATING BUDGET IMPACT

The operating budget assumes the cost of maintaining and operating new facilities that are built under the capital budget. The operating budget impact estimates for capital projects are important for future planning and are included in budget projections used in the annual budget process. These costs or savings adjust the annual operating budget in the year the construction of the asset is complete and the asset is operational.

The estimated additional costs and the year in which they will begin to impact the future operating budgets are summarized in the next table. Recently completed projects or those scheduled for completion through FY 2019 are included.



OPERATING BUDGET IMPACT OF PROJECTS

		Net Operating Budget Change				Fund - Department Explanation
Project	Fiscal Year Budget Impact	Revenue (Shown as offset)	Personnel & Operating	Equipment & Major Maintenance	Total Operating Impact	
FY 2017 Budget						
120th Paving & Improvements Road paving and drainage improvements	2017		15,200		\$15,200	Gas Tax Maintenance - Public Works Maintenance and repairs of 5,325 lf of pavement, curb, and guardrail
Aeroclub Pathway Construction of 2.1 miles of 8' multiuse pathway	2017		9,850		\$9,850	Gas Tax Maintenance - Public Works Maintenance and repairs of 2.1 miles of multiuse path
Communications & Technology Investment Improved broadcasting and communications systems	2017		4,000		\$4,000	General Fund - Administration Net additions for maintenance contracts, software licenses and supplies
Huntington Drive Sidewalk Construction of new sidewalk	2017		800		\$800	Gas Tax Maintenance - Public Works Maintenance and repairs of 820' of 4' wide sidewalk
Neighborhood Parks Program Upgrades to neighborhood parks to ensure safety	2017		5,000		\$5,000	General Fund - Public Works Maintenance and replenishment of park upgrades
Neighborhood Trails Program Annual additions to equestrian trail system	2017		11,000		\$11,000	Acme Improvement District - Public Works Maintenance and repairs of footing and fencing for additional equestrian trails
Safe Neighborhoods Acquisition and construction of new neighborhood park	2017		7,700		\$7,700	General Fund- Public Works Maintenance of additional Hawthorne Park facility
Stribling/Pierson Roundabout Construction of traffic control circle at Stribling Way/Fairlane Farms Road and Pierson Road	2017		6,500		\$6,500	General Fund - Public Works Gas Tax Maintenance - Public Works Landscape, roadway and curb maintenance and repairs
WCC Improvements Reconstruction of a larger community center at Town Center	2017	(\$66,000)	411,000	25,000	\$370,000	General Fund - Parks & Recreation Increased rental revenues, add 1 custodial maintenance FTE and additional building maintenance and recreation assistant hours, replacement furnishings
FY 2018 Budget						
C1 Bridle Path Crossing Construct culvert crossing at C1 canal	2018		3,000		\$3,000	General Fund - Public Works Gas Tax Maintenance - Public Works Maintenance and repairs of culvert
Public Works Facility Improvements Construct equipment storage	2018		2,500		\$2,500	General Fund - Public Works Maintenance and repairs of additional facilities
Road & Pathway Circulation Expand bike paths and pathways throughout Village	2019		5,000		\$5,000	Gas Tax Maintenance - Public Works Maintenance and repairs of additional asphalt and striping
Turn Lane Construction Added turn lanes at Big Blue/Wiltshire, Big Blue/Barberry, and Pierson/South Shore	2018		4,000		\$4,000	Gas Tax Maintenance - Public Works Maintenance and repairs of additional lane miles
Saddle Trail Improvements Neighborhood road paving, equestrian trail addition and installation of water utilities service	2018		11,000		\$11,000	Gas Tax Maintenance - Public Works Acme Improvement District - Public Works Maintenance and repairs of additional paved roads and equestrian trails
Streetscape Installation of landscape, hardscape and pedestrian features on key roadways	2019		5,000		\$5,000	General Fund - Public Works Maintenance and replacement of signage and landscape elements
Turn Lane Construction Added turn lanes at Big Blue/Wiltshire, Big Blue/Barberry, and Pierson/South Shore	2018		4,000		\$4,000	Gas Tax Maintenance - Public Works Maintenance and repairs of additional lane miles
Traffic Calming Program Installation of traffic control features at various locations	2019		1,500		\$1,500	Gas Tax Maintenance - Public Works Maintenance and repairs of traffic control features
Reuse Water System Expansion	2018		4,500		\$4,500	Water/Wastewater Fund - Utilities Maintenance of added reuse infrastructure
Future Budgets						



FY 2017 – 2022 CAPITAL PLAN

FY 2017 CIP PROJECT LIST	Project Description	Adopted FY 2017 New CIP Budget Additions	Budget Additions FY 2018 - 2021
Total Governmental Projects:		\$5,485,000	\$14,821,000
2014 Acme Renewal & Replacement Program	Maintenance program to improve conveyance and drainage funded by added \$30 per unit assessment initiated in 2014	\$740,000	\$2,960,000
Communications and Technology Investment	Upgraded replacement of major technology equipment, cabling, systems, wireless communications, broadcasting and telephone equipment. Funded from General Revenues, Building Permits and Water & Wastewater operations	\$400,000	\$1,076,000
Village-owned Facility Improvements	Ongoing improvements to upgrade municipal buildings and facilities to prolong facility usefulness. FY 2017 to include improvements to Greenbriar complex buildings	\$350,000	\$1,215,000
Multiuse Path & Bike Lane Expansion	Enhancements to the Village transportation system, focusing on non-vehicular connections to key destinations	\$500,000	\$2,000,000
Neighborhood Parks Program	Scheduled park improvements and upgrades to ensure the safety and usefulness of the neighborhood parks system. Added to FY 2017 is \$120,000 for Scott's Place shade and lighting improvements	\$220,000	\$430,000
Neighborhood Trails Program	Connectivity improvements and trail upgrades to ensure the safety and usefulness of the neighborhood equestrian trails system	\$300,000	\$1,200,000
Parks Capital Improvements	Improvements to fields and major equipment additions to ensure the quality standard of recreational programs and facilities.	\$200,000	\$840,000
Public Works Facility Improvements	Construct equipment storage facility at Public Works complex and fill retention pond	\$750,000	\$0
Safe Neighborhood Improvements	Complete construction of Hawthorne Park and install defensive measures elements (lighting, landscape, sidewalks, etc) in transitional neighborhoods	\$225,000	\$150,000
SWM System Improvements	Annual surface water management infrastructure project(s) to improve flood control, adherence to NPDES requirements and water quality. FY 2017 projects include VFD installations and a trash rake at PSS (grant in progress for \$225,000)	\$800,000	\$1,260,000
Turn Lanes & Traffic Engineering	Construct added turn lanes and rework drainage at Big Blue/Barberry and Big Blue/Wiltshire intersections (add \$750,000 to current budget); Extend turn lane at Pierson and South Shore (\$250,000)	\$1,000,000	\$1,200,000
Total Water & Wastewater Projects:		\$4,665,000	\$42,146,150
Communications and Technology Investment	Upgraded replacement of major technology equipment/systems, cabling, wireless communications, broadcasting and telephone equipment and services. Funded from General Revenues, Acme Assessments, Building Permit Revenue and Water & Wastewater operations	\$750,000	\$588,000
Water Treatment Plant Improvements	Major upgrades to the water treatment plant to comply with regulatory requirements and maintain expected levels of service and reliability	\$780,000	\$13,500,000
Water Distribution & Transmission Improvements	Renew and replace distribution piping, services lines, meters, meter boxes, fire hydrants and valves for reliable water distribution facilities.	\$2,900,000	\$6,770,700
Gravity Collection System	Upgrade and renew existing manholes and gravity pipes	\$85,000	\$1,687,250
WWTP Improvements	Major upgrades to existing wastewater treatment facilities to continue providing safe and reliable wastewater service and disposal.	\$150,000	\$10,000,000
TOTAL BUDGET ADDITIONS FOR CAPITAL PROJECTS		\$10,150,000	\$56,967,150
Replacement Assets		\$1,657,282	
New Assets		\$309,000	
TOTAL CAPITAL OUTLAY BUDGET ADDITIONS		\$12,116,282	\$56,967,150

Projects in Progress and Upcoming

Projects in progress utilizing existing capital budgets include:

- C-25 Canal Widening
- ERP Replacement Project
- ACME Culvert Replacement/Road Elevation
- Multi-Use Path & Bike Lane Expansion
- Water Treatment Plant Improvements
- Water Reclamation Facility R & R
- Neighborhood Trails & Parks Programs



Capital Projects for Discussion

SALES SURTAX PROJECTS

On November 2016, voters approved an additional one-cent sales surtax in Palm Beach Country for a ten-year Period. The one cent surtax is expected to raise \$2.7 billion over the ten-year period and may only be used for capital projects. Of the \$2.7 billion, Wellington can expect \$3.2 - \$3.8 million per year for 10 years. Potential projects for Wellington are presented herein and for discussion by the Village Council for inclusion in current and future budgets.

GOVERNMENTAL PROJECTS - POTENTIAL SALES TAX FUNDING

Project	Project Description	Future Operating Budget Increases	Project Est.
LAND ACQUISITION			
Stribling	Create passive park on property along Stribling Way	Maintenance of added park facilities	\$500,000
PARKS & RECREATION			
Community Park Renovation	Renovate existing park facilities and fields; add restrooms	Maintenance of added features & equipment	\$4,000,000
Dog Park	Add Bermuda grass open space	Field Maintenance	\$1,000,000
Olympia Field Renovations	Renovate the existing multipurpose field and track	NA	\$1,000,000
Pool Relocation	Move pool complex to Birkdale Civic Site, add lazy river	Maintenance of expanded aquatics facilities	\$10,000,000
Wellington Green Park Improvements	Construct bathrooms and storage facilities; add lighting at 10-acre site	Maintenance of additional buildings, equipment and	\$1,000,000
FACILITIES			
Public Works Facility	Renovate facility and add storage	Facility Maintenance	\$4,000,000
Public Safety Facility	Build Sheriff's substation and facilities on new site	Facility Maintenance	\$4,000,000
Village Signage	Implement signage plan to enhance Villagewide signs	NA	\$1,000,000
Walls/ Fencing	Install walls, hedges or fencing along Village thoroughfares	Facility Maintenance	\$1,000,000
TOTAL OF PROJECTS			\$27,500,000

OTHER PROJECTS

Project	Project Description	Future Operating Budget Increases	Project Est.
Aquatics Complex & LWPC Master Plan	Prepare master plan for use/relocation of aquatics complex and LWPC	NA	\$50,000
Streetscape	Landscaping of Stribling Way North of SR 7	Landscape Maintenance	\$100,000
Tennis Center Parking	Expand parking	Asphalt Maintenance	\$500,000
Wellington Environmental Preserve	Permanent storage structure to replace sheds	Building maintenance	\$500,000
Wellington Marketing Plan	Prepare marketing plan to promote Wellington	NA	\$50,000
TOTAL OF PROJECTS			\$1,200,000



FY 2017 New, Replacement and Deferred Assets

	BUDGETED				NOT BUDGETED
	QTY	New	QTY Replacement	Total	Deferred Total
Governmental					
Computers >\$5,000		\$ 29,000		\$ 29,000	
Vehicles	1	\$ 25,000	11 \$ 720,000	\$ 745,000	\$ 996,628
Other Equipment		\$ 200,000	\$ 383,000	\$ 583,000	\$ 2,903,830
Total Governmental		\$ 254,000	\$ 1,103,000	\$ 1,357,000	\$ 3,900,458
Enterprise Funds					
Computers >\$5,000				\$ -	
Vehicles			3 \$ 67,000	\$ 67,000	\$ 661,728
Other Equipment		\$ 55,000	\$ 487,282	\$ 542,282	\$ 1,299,045
Total Enterprise Funds		\$ 55,000	\$ 554,282	\$ 609,282	\$ 1,960,773
Grand Totals		\$ 309,000	\$ 1,657,282	\$ 1,966,282	\$ 5,861,231

- Total new and replacement TPP budget of \$1,966,282, up \$106,000 from prior year budget of \$1,859,800 due to increases in other equipment and vehicles that was offset by decreases in computers and software.

NEW & REPLACEMENT ASSET EXPENDITURES AND BUDGET FY 2013 – FY 2017

	Actual FY13	Actual FY14	Actual FY15	Budget FY16	Budget FY17	Total Five Years
General Fund	\$232,999	\$704,511	\$689,501	\$937,910	\$642,000	\$3,206,921
Emergency Operations	-	11,920	-	15,000	144,000	\$170,920
Public Safety	11,781	14,095	21,864	-	-	\$47,740
Building	1,493	19,097	120,205	100,000	47,000	\$287,795
Acme Improvement	117,713	263,581	185,347	217,390	202,000	\$986,031
Road Maintenance	-	429,249	58,958	33,500	322,000	\$843,707
Total Governmental	\$363,986	\$1,442,453	\$1,075,875	\$1,303,800	\$1,357,000	\$5,543,114
Professional Centre	-	4,476	2,771	-	-	\$7,247
Solid Waste	-	-	46,405	-	18,500	\$64,905
Water & Wastewater	249,744	341,606	197,801	556,000	590,782	\$1,935,933
Total Enterprise	\$249,744	\$346,082	\$246,977	\$556,000	\$609,282	\$2,008,085
TOTALS	\$613,730	\$1,788,534	\$1,322,852	\$1,859,800	\$1,966,282	\$7,551,198



10 YEAR CAPITAL IMPROVEMENT PLAN INCLUDING PROJECTS IN PROGRESS

Funding Source	Capital Project/Program	Budget Carry Forward	In Progress (Encumbered)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	5-Year Budget		
GOVERNMENTAL	GENERAL REVENUES	Communications & Technology Investment	\$ -	\$ 49,765	\$ 400,000	\$ 262,500	\$ 262,500	\$ 275,500	\$ 275,500	\$1,525,765	
		Village-owned Facility Improvements	-	32,916	350,000	300,000	303,000	305,000	307,000	\$1,597,916	
		Neighborhood Parks Program	155,000	-	220,000	105,000	105,000	110,000	110,000	\$805,000	
		Neighborhood Trails Program	460,000	-	300,000	300,000	300,000	300,000	300,000	\$1,960,000	
		Park Maintenance Complex	-	-	-	750,000	-	-	-	\$750,000	
		Parks Capital Improvements	475,000	-	200,000	200,000	210,000	210,000	220,000	\$1,515,000	
		Public Works Facility Improvements	-	-	750,000	-	-	-	-	\$750,000	
		Olympia Park Field Renovation	-	-	-	50,000	500,000	500,000	-	\$1,050,000	
		Safe Neighborhood Improvements	-	14,051	225,000	75,000	75,000	-	-	\$389,051	
		WCC Improvements	367,000	523,671	-	-	-	-	-	\$890,671	
		SUBTOTAL GENERAL REVENUE PROJECTS	\$1,457,000	\$620,403	\$2,445,000	\$2,042,500	\$1,755,500	\$1,700,500	\$1,212,500	\$11,233,403	
	GRANTS	C1 Bridle Path Crossing	-	-	-	240,000	-	-	-	\$240,000	
		CDBG Projects	43,000	-	-	-	-	-	-	\$43,000	
		SUBTOTAL GRANT FUNDED PROJECTS	\$43,000	\$0	\$0	\$240,000	\$0	\$0	\$0	\$283,000	
	GAS TAX CAPITAL	Aeroclub Multiuse Path	-	235,388	-	-	-	-	-	\$235,388	
		Roadway Overlay Improvements	290,000	-	-	-	-	-	-	\$290,000	
		Multi-use Path & Bike Lane Expansion	-	-	-	-	500,000	500,000	500,000	\$1,500,000	
		South Shore Phase III Paving	417,000	-	-	-	-	-	-	\$417,000	
		SR 7/US 441 Corridor Improvements	360,000	-	-	-	-	-	-	\$360,000	
		Traffic Calming Program	200,000	-	-	-	-	-	-	\$200,000	
		Turn Lane Construction	289,200	-	1,000,000	300,000	300,000	300,000	300,000	\$2,489,200	
		Streetscape	205,000	-	-	110,000	110,000	115,000	115,000	\$655,000	
		SUBTOTAL GAS TAX CAPITAL FUNDED PROJECTS	\$1,761,200	\$235,388	\$1,000,000	\$410,000	\$910,000	\$915,000	\$915,000	\$6,146,588	
	ROAD IMPACT FEES	Multi-use Path & Bike Lane Expansion	404,500	-	500,000	500,000	-	-	-	\$1,404,500	
		Stribling/Pierson Roundabout	101,726	-	-	-	-	-	-	\$101,726	
		SUBTOTAL ROAD IMPACT FUNDED PROJECTS	\$14,595,826	\$0	\$500,000	\$500,000	\$0	\$0	\$0	\$15,595,826	
	ACME ASSESSMENTS	2014 Acme Renewal & Replacement Program	-	791,744	740,000	740,000	740,000	740,000	740,000	\$4,491,744	
		Communications & Technology Investment	45,000	-	-	-	-	-	-	\$45,000	
		Parks Master Plan	176,000	-	-	-	-	-	-	\$176,000	
		South Shore Phase III Drainage Improvements	170,000	-	-	-	-	-	-	\$170,000	
		SWM System Improvements	70,000	-	800,000	500,000	200,000	350,000	210,000	\$2,130,000	
		SUBTOTAL ACME ASSESSMENT FUNDED PROJECTS	\$461,000	\$791,744	\$1,540,000	\$1,240,000	\$940,000	\$1,090,000	\$950,000	\$7,012,744	
TOTAL GOVERNMENTAL PROJECTS		\$25,362,826	\$1,647,535	\$5,485,000	\$4,432,500	\$3,605,500	\$3,705,500	\$3,077,500	\$47,316,361		
BOND	Saddle Trail Park Neighborhood Improvements	38,224	1,517,687	-	-	-	-	-	\$1,555,911		
	TOTAL BOND FUNDED PROJECTS	\$38,224	\$1,517,687	\$0	\$0	\$0	\$0	\$0	\$1,555,911		
Funding Source	Enterprise Capital Project/Program	Budget Carry Forward	In Progress (Encumbered)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	5-Year Budget		
ENTERPRISE	CAPACITY FEES	Reuse Transmission Expansion	1,879,000	-	-	-	-	-	\$1,879,000		
		Water Plant Capacity Expansion	-	-	-	-	5,700,000	-	\$5,700,000		
		Wellfield Expansion	-	-	-	1,800,000	-	-	\$1,800,000		
		SUBTOTAL W/WW CAPACITY FEE FUNDED PROJECTS	\$1,879,000	\$0	\$0	\$0	\$1,800,000	\$5,700,000	\$0	\$9,379,000	
	WATER WASTEWATER OPERATING REVENUES	Communications & Technology Investment	85,000	-	750,000	-	190,000	196,000	202,000	\$1,423,000	
		General Facilities Improvements	20,000	-	-	80,000	50,000	100,000	110,000	\$360,000	
		Force Main Improvements	-	-	-	875,000	850,000	-	-	\$1,725,000	
		Lift Station Upgrades	700,000	16,660	-	1,490,000	556,200	573,000	590,000	\$3,925,860	
		Water Storage/Repump Improvements	-	-	60,000	80,000	-	-	-	\$140,000	
		Water Distribution & Transmission	567,000	542,506	2,900,000	3,285,700	-	-	3,485,000	\$10,780,206	
		Gravity Collection System Improvements	360,000	-	85,000	375,000	386,250	398,000	528,000	\$2,132,250	
		Water Meter Replacement	-	-	-	-	1,272,000	1,310,000	1,350,000	\$3,932,000	
		Water Supply Improvements	92,000	57,150	160,000	75,000	77,000	80,000	82,000	\$623,150	
		WTP 2017 Renewal & Replacement	11,531,000	114,574	560,000	-	-	-	-	\$12,205,574	
		WTP - Generator Set	-	-	-	950,000	-	-	-	\$950,000	
		WTP - Lime Softening Plant Replacement	-	-	-	-	-	-	4,400,000	\$4,400,000	
		WTP - Residuals Handling Upgrades	-	-	-	650,000	-	-	-	\$650,000	
		WWTP 2017 Renewal & Replacement	6,152,000	13,641	150,000	5,800,000	-	-	-	\$12,115,641	
		WWTP - Sludge Press & Dryer Upgrades	-	-	-	-	-	-	3,400,000	\$3,400,000	
		WWTP - Headworks & Aeration Basin Upgrades	-	-	-	-	-	-	-	\$0	
		WWTP - Generator Replacement	-	-	-	-	800,000	-	-	\$800,000	
		SUBTOTAL W/WW SYSTEM REVENUE FUNDED PROJECTS	\$19,507,000	\$744,531	\$4,665,000	\$13,660,700	\$4,181,450	\$2,657,000	\$14,147,000	\$59,562,681	
		TOTAL ENTERPRISE PROJECTS		\$21,386,000	\$744,531	\$4,665,000	\$13,660,700	\$5,981,450	\$8,357,000	\$14,147,000	\$68,941,681
		TOTAL VILLAGE OF WELLINGTON CAPITAL PROJECTS		\$46,787,050	\$3,909,753	\$10,150,000	\$18,093,200	\$9,586,950	\$12,062,500	\$17,224,500	\$117,813,953



FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	10-Year Total Budget	Capital Project/Program	Funding Source
\$ 290,000	\$ 290,000	\$ 305,000	\$ 310,000	\$ 320,000	\$3,040,765	Communications & Technology Investment	GENERAL REVENUES
310,000	315,000	318,000	320,000	322,000	\$3,182,916	Village-owned Facility Improvements	
115,000	115,000	120,000	120,000	125,000	\$1,400,000	Neighborhood Parks Program	
300,000	300,000	300,000	300,000	300,000	\$3,460,000	Neighborhood Trails Program	
-	-	-	-	-	\$750,000	Park Maintenance Complex	
220,000	230,000	230,000	240,000	240,000	\$2,675,000	Parks Capital Improvements	
-	-	-	-	-	\$750,000	Public Works Facility Improvements	
-	-	-	-	-	\$1,050,000	Olympia Park Field Renovation	
-	-	-	-	-	\$389,051	Safe Neighborhood Improvements	
-	-	-	-	-	\$890,671	WCC Improvements	
\$1,235,000	\$1,250,000	\$1,273,000	\$1,290,000	\$1,307,000	\$17,588,403	SUBTOTAL GENERAL REVENUE PROJECTS	GRANTS
-	-	-	-	-	\$240,000	C1 Bridle Path Crossing	
-	-	-	-	-	\$43,000	CDBG Projects	
\$0	\$0	\$0	\$0	\$0	\$283,000	SUBTOTAL GRANT FUNDED PROJECTS	GAS TAX CAPITAL
-	-	-	-	-	\$235,388	Aeroclub Multiuse Path	
-	-	-	-	-	\$290,000	Roadway Overlay Improvements	
500,000	500,000	500,000	500,000	500,000	\$4,000,000	Multi-use Path & Bike Lane Expansion	
-	-	-	-	-	\$417,000	South Shore Phase III Paving	
-	-	-	-	-	\$360,000	SR 7/US 441 Corridor Improvements	
-	-	-	-	-	\$200,000	Traffic Calming Program	
300,000	300,000	300,000	300,000	300,000	\$3,989,200	Turn Lane Construction	
120,000	120,000	125,000	125,000	130,000	\$1,275,000	Streetscape	
\$920,000	\$920,000	\$925,000	\$925,000	\$930,000	\$10,766,588	SUBTOTAL GAS TAX CAPITAL FUNDED PROJECTS	ROAD IMPACT FEES
-	-	-	-	-	\$1,404,500	Multi-use Path & Bike Lane Expansion	
-	-	-	-	-	\$101,726	Stribling/Pierson Roundabout	
\$0	\$0	\$0	\$0	\$0	\$15,595,826	SUBTOTAL ROAD IMPACT FUNDED PROJECTS	ACME ASSESSMENTS
740,000	740,000	740,000	-	-	\$6,711,744	2014 Acme Renewal & Replacement Program	
-	-	-	-	-	\$45,000	Communications & Technology Investment	
-	-	-	-	-	\$176,000	Parks Master Plan	
-	-	-	-	-	\$170,000	South Shore Phase III Drainage Improvements	
220,000	230,000	240,000	250,000	260,000	\$3,330,000	SWM System Improvements	
\$960,000	\$970,000	\$980,000	\$250,000	\$260,000	\$10,432,744	SUBTOTAL ACME ASSESSMENT FUNDED PROJECTS	
\$3,115,000	\$3,140,000	\$3,178,000	\$2,465,000	\$2,497,000	\$58,188,961	TOTAL GOVERNMENTAL PROJECTS	

-	-	-	-	-	\$1,555,911	Saddle Trail Park Neighborhood Improvements	BOND
\$0	\$0	\$0	\$0	\$0	\$1,555,911	TOTAL BOND FUNDED PROJECTS	

FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	10-Year Total Budget	Enterprise Capital Project/Program	Funding Source
-	-	-	-	-	\$1,879,000	Reuse Transmission Expansion	CAPACITY FEES
-	-	-	-	-	\$5,700,000	Water Plant Capacity Expansion	
-	-	-	-	-	\$1,800,000	Wellfield Expansion	
\$0	\$0	\$0	\$0	\$0	\$9,379,000	SUBTOTAL W/WW CAPACITY FEE FUNDED PROJECTS	WATER WASTEWATER OPERATING REVENUES
-	-	-	-	-	\$1,423,000	Communications & Technology Investment	
110,000	120,000	100,000	120,000	120,000	\$930,000	General Facilities Improvements	
400,000	412,000	424,360	437,091	450,204	\$3,848,655	Force Main Improvements	
607,775	626,008	644,788	664,132	684,056	\$7,152,619	Lift Station Upgrades	
420,000	-	-	-	-	\$560,000	Water Storage/Repump Improvements	
3,590,373	3,698,084	3,809,027	3,923,298	4,040,997	\$29,841,985	Water Distribution & Transmission	
543,840	560,155	576,960	594,269	612,097	\$5,019,571	Gravity Collection System Improvements	
1,389,949	-	-	-	-	\$5,321,949	Water Meter Replacement	
84,413	86,946	89,554	92,241	95,008	\$1,071,312	Water Supply Improvements	
-	-	-	-	-	\$12,205,574	WTP 2017 Renewal & Replacement	
-	-	-	-	-	\$950,000	WTP - Generator Set	
-	-	-	-	-	\$4,400,000	WTP - Lime Softening Plant Replacement	
-	-	-	-	-	\$650,000	WTP - Residuals Handling Upgrades	
-	-	-	-	-	\$12,115,641	WWTP 2017 Renewal & Replacement	
-	-	-	-	-	\$3,400,000	WWTP - Sludge Press & Dryer Upgrades	
-	3,200,000	-	-	-	\$3,200,000	WWTP - Headworks & Aeration Basin Upgrades	
-	-	-	-	-	\$800,000	WWTP - Generator Replacement	
\$7,146,350	\$8,703,193	\$5,644,689	\$5,831,031	\$6,002,362	\$92,890,306	SUBTOTAL W/WW SYSTEM REVENUE FUNDED PROJECTS	
\$7,146,350	\$8,703,193	\$5,644,689	\$5,831,031	\$6,002,362	\$102,269,306	TOTAL ENTERPRISE PROJECTS	

\$10,261,350	\$11,843,193	\$8,822,689	\$8,296,031	\$8,499,362	\$162,014,178	TOTAL VILLAGE OF WELLINGTON CAPITAL PROJECTS
--------------	--------------	-------------	-------------	-------------	---------------	--





Long Term Financial Plan

Financial Policies



 THE VILLAGE OF
WELLINGTON 
Long Term 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 Comprehensive Annual 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

Below are general guidelines that are used to assist with the annual budget process:

- In accordance with Florida Statutes 166.241(2) Wellington must adopt a balanced budget whereas planned revenues equal the total appropriations for expenditures.
- Financial results comparing actual versus budgeted revenues and expenditures will be analyzed and published on the Village website.
- 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.
- Wellington shall establish and maintain a standard of accounting practices.
- Except for long-term capital projects and one-time projects in progress, encumbrances will lapse at the end of each fiscal year. Carry forward requests will be analyzed by the Finance Department.
- Current year revenue and expenditure budget to actuals will be reviewed on a monthly basis and reported quarterly 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.
- 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.
- Wellington will strive to fund capital projects on a “pay-as-you-go” basis to minimize borrowing risk and costs
- 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 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.
- Wellington will seek to comply with the suggested criteria of the GFOA in producing a Comprehensive Annual 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.
- Budgetary control is maintained at the department level, with the Finance Department providing support to 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.
- 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 implemented.
- 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.
- Wellington uses the Uniform Accounting System Chart of Accounts developed by the State of Florida Department of Financial Services as an integral part of its accounting system.

Revenues

- Wellington will seek to maintain a diversified and stable revenue base to protect it from short-term fluctuations in any one revenue source.
- Because revenues, especially those of the General Fund, are sensitive to both local and regional economic activities, revenue estimates provided to Council shall be conservative.
- 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 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 insure 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 Improvement District Fund. Such revenues shall only be used to fund operations, maintenance, rehabilitation and improvements of the storm water management system, roads and parks in the AID, 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). The funds necessary to match intergovernmental grants shall not exceed 5% of the net operating revenues.



- 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.
- Wellington will generate investment income by achieving and maintaining a level of cash and investment equal to at least 25% of its total assets.
- An administrative transfer fee shall be paid by the Enterprise Funds & certain special revenue funds to the General Fund for services provided. The fee is reimbursement for the cost of personnel, equipment, materials, construction, facilities or service usage provided by the General Fund's departments. Enterprise funds will transfer 10% of revenues, excluding transfers, to the General Fund.
- To emphasize and facilitate long-range financial planning, Wellington will maintain current projections of revenues for the succeeding five years. Revenue forecasts 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 are 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 to.

Expenditures

- 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 five years shall be all-inclusive and will be reviewed and updated on an as-needed basis, but annually at least annually.

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,
 - ✓ Permit orderly budget adjustments when budgeted estimates for capital projects do not meet actual costs
 - ✓ Provide a local match for public or private grants, or
 - ✓ Meet unexpected small increases in service delivery costs.
- Wellington will maintain a year-to-year "carryover balance" in an amount necessary to maintain adequate cash flow for projects in progress and to reduce the demand for short-term borrowing. The carryover balance shall be separate from the contingency and shall be determined subsequent to the start of the fiscal year.
- The Village will strive to maintain reserves at a level of at least 25% to 29% of Governmental Funds annual operating expenditures excluding transfers.
- The General Fund unassigned fund balance, at year end, will range, at a minimum, between 22% and 30% of the following year's general fund budgeted expenditures.
- Wellington will maintain up to four committed reserve funds, which may be allocated by Council action:
 - ✓ Emergency- to provide sufficient resources to ensure continued operations as well as to fund unplanned expenditures in the event of a hurricane, major storm or other natural or man-made disaster.
 - ✓ Insurance- to offset future premium increases as required by insurer's contract to hold at least 60 days of claims in reserve.
 - ✓ Rate Stabilization - to offset rate increases as approved by Wellington's Council. This amount shall only be used in order to prevent increases to the millage rate to offset short-term economic conditions.
 - ✓ Facility and Infrastructure Reserve – to offset major unexpected facility, equipment and/or infrastructure replacement and rehabilitation.
- Wellington utilizes the fund balance classification established by GASB Statement 54. 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.



Implementing, Monitoring & Amendments – Budget Control

Upon the final adoption of the budget, staff implements the new fiscal year budget and begins 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.

Reports are prepared monthly to 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 meets to review 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 year 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 the Wellington's computerized financial system, and posted to the Village website.

Amendments are prepared annually to roll forward budgets for purchase orders, major maintenance and projects in progress in order to span fiscal years. All other budget amendments are presented to Council for approval via resolution.

Accounting, Auditing and Financial Reporting Policies

A well-designed and properly maintained accounting system is necessary to be able to provide all data that is needed to allow for the timely preparation of financial statements in conformity with generally accepted accounting principles. The official source of generally accepted accounting principles (GAAP) for local governments is the Governmental Accounting Standards Board (GASB). The GASB is an independent, not-for-profit organization that establishes and improves standards of financial accounting for local governments.

In addition, Section 218.33, F.S., requires local governments to follow uniform accounting practices and procedures and a uniform chart of accounts as established by the Florida Department of Financial Services (DFS). To this end, the DFS drafted the Uniform Accounting System Manual. These



requirements are in place to help assure proper accounting and fiscal management as well as to provide consistency in preparing local government annual financial reports.

Cash Management and Investing

Investing public funds is usually a core responsibility of local governments. The main objectives of effective cash management and investing public funds is, in this specific order, to ensure the safety of principal, provide for sufficient liquidity to pay obligations when due and earn a reasonable rate of return on invested funds. Wellington's investment policy describes parameters for investing government funds and identifies the investment objectives, preferences and/or tolerance for risk, constraints and how the program will be managed and monitored.

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

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.

Quarterly financial reports of investment results and portfolio composition are posted to the Village website. Items reported include:

- Types of investments held
- Average rate of return
- Average maturity of portfolio
- Compliance with investment policy
- Comparison of portfolio return with benchmarks
- Interest rate environment changes

Cash Receipts and Accounts Receivable

Wellington collects revenue over the counter and through the mail from the general public in the form of cash, personal checks, credit and debit card transactions, or money orders. Wellington also offers online payment options and direct debit of customers' bank accounts for repetitive payment such as a monthly utility bill.

The Village has established an adequate system of controls to assure that all amounts owed to the government are collected, documented, recorded, and deposited to the bank accounts of the government entity, and to detect and deter error and fraud.

Accounts receivable records, whether manual or computerized are an integral part of the internal control system for the payments received for the provision of services. The records also play an



important role in the preparation of a local government's interim and annual financial statements, and ultimately in the assessment of the local government's financial condition.

Capital Assets

Generally, capital assets are the largest asset of a local government. Capital assets are tangible and intangible assets acquired for use in operations that will benefit the local government for more than a single fiscal period. Typical examples of capital assets include land, land improvements, construction-in-progress, infrastructure/improvements, buildings, furniture, motor vehicles, audio-visual and software. Any asset that benefits more than one fiscal period with an initial individual cost of \$5,000 or more will be capitalized. 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.

Depreciation is the systematic and rational allocation of the cost of a capital asset over its estimated useful life. Wellington uses straight line depreciation. The useful life of an asset is based upon past experience or experiences of other similar governments. 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 a fixed asset system to identify all assets including their cost, depreciation, location and condition.

Capital Planning

Capital Planning prevents scarce resources from being consumed in reaction to crises and provides for critical facilities, infrastructure, and equipment to be replaced as they deteriorate during normal use. The capital planning process will prioritize projects and identify the funding needs.

Wellington adopts a 5-year Capital Improvement Plan (CIP) for proposed projects with costs totaling at least \$5,000 that have useful lives of more than one year. This CIP is typically updated annually during the local government's annual budgeting process. The CIP shall contain a comprehensive description of the sources of project funds, timing of capital projects, future operating and capital budgets, financing arrangements, revenue projections and debt service.

Funding for capital projects could come from various sources, including the general fund or general revenue, grants (possibly with matching requirements), debt proceeds (general obligation or revenue bonds), special taxes or assessments, or impact and user fees.

Debt Management

The issuance of debt instruments can provide significant benefits to the governmental unit, residents, and local businesses alike. To adequately assess, manage, and maintain such obligations, a debt management policy was adopted. Such a policy provides guidelines and procedures to determine



whether debt financing would be a beneficial funding option. The ability to incur debt provides added flexibility and responsiveness that is important in today's ever-changing financial landscape. Sound financial management practices, including continued review and monitoring of existing obligations, enables local governments to enhance the quality of life for its residents and local businesses.

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.

Annual Financial Audit

Most local governments are required to have an independent audit of their financial statements performed in accordance with appropriate professional auditing standards. Properly performed audits play a vital role in the public sector by helping to preserve the integrity of public finance functions and by maintaining citizens' confidence in their elected leaders.

The annual audited financial report could also be required to include a "single audit" in accordance with OMB Circular A-133 or Section 215.97, F.S., and Chapter 10.550, Rules of the Auditor General. The audit shall be performed by an independent certified public accountant in accordance with Section 218.39, F.S., and Chapter 10.550, Rules of the Auditor General. At the conclusion of the audit, the auditor shall discuss all comments that will be included in the audit report with management, each member of the governing body, and each member of an audit committee charged with governance.

Comprehensive Annual Financial Report (CAFR):

Section 218.39, F.S., requires that local governments that meet specific criteria outlined in the chapter shall have an annual financial audit of its accounts and records completed within nine (9) months after the end of its fiscal year. The Government Finance Officers Association of the United States and Canada (GFOA) recommends that a CAFR be issued as a best practice for financial reporting.

The CAFR expands upon the basic financial statements that are required by generally accepted accounting principles by including additional financial information broken down into three sections: Introductory, Financial, and Statistical. The Introductory Section provides general information on the government's structure, services and environment. The Financial Section includes the basic financial statements, notes, and Management's Discussion and Analysis, as well as additional information on all individual funds not reported in the basic financial statements. The Statistical Section provides trend data and non-financial information that assists in the assessment of the government's financial condition.



The GFOA maintains a Certificate of Achievement in Financial Reporting Program designed to encourage and assist local governments to go beyond the minimum requirements of GAAP to prepare comprehensive annual financial reports that evidence the spirit of transparency and full disclosure. Reports submitted to the GFOA for this certificate are reviewed by selected members of the GFOA professional staff and the GFOA Special Review Committee (SRC), which is comprised of individuals with expertise in public sector financial reporting. The certificate of achievement is generally regarded as the highest form of recognition in local government financial reporting and can be viewed as a positive factor by credit rating agencies and others interested in the professionalism of governmental finance. The Village will strive to meet the requirements of the GFOA's Award for Excellence in Financial Reporting program.

Annual Financial Report (AFR)

Local governments are accountable for the manner in which they spend public funds. Annual financial reporting (AFR) is one method of demonstrating accountability. Per Florida Statute 218.32, each local government is required to submit an Annual Financial Report and audited financial report to the Department of Financial Services in a format prescribed by the department.

Popular Annual Financial Report (PAFR)

The GFOA established the Popular Annual Financial Reporting Awards Program (PAFR Program) in 1991 to encourage and assist state and local governments to extract information from their comprehensive annual financial report to produce high quality popular annual financial reports specifically designed to be readily accessible and easily understandable to the general public and other interested parties without a background in public finance and then to recognize individual governments that are successful in achieving that goal. Although the preparation of a PAFR is optional, those Popular annual financial reports submitted to the PAFR Program are reviewed by selected members of the GFOA professional staff and by outside reviewers with experience in governmental accounting and financial reporting and may be eligible for an award by the GFOA.

Recommendations

Wellington's financial policies are reviewed annually for relevance and updated for new GASB statements, GAAP changes and GFOA recommendations. Accounting and financial policies are compiled in detail in the Accounting Manual and summarized in the annual comprehensive budget and financial statement presentations.

The 2016 review of financial policies has been completed. Additional policies and procedures will be examined in preparation for the ERP Project 2020 over the course of the next two years.



Village Plans & Studies



 THE VILLAGE OF
WELLINGTON 
Long Term Financial Plan

Village Plans



Financial planning is dependent on the plans which it is intended to support. Comprehensive plans, studies, and maintenance programs are prepared to allow enough time and resources to complete the required tasks or desired outcomes of the plans. In order to determine if the financial resources will be available at the right time, each plan and study is considered and compared to available funding.

Comprehensive Plan

Wellington adopted its comprehensive plan in 1999 pursuant to the 1985 Local Government Comprehensive Planning Act, which later was replaced by the 2011 Community Planning Act. The comprehensive plan guides future growth and development based upon an overall vision for the community. The Comprehensive Plan consists of 11 chapters or “elements”:

Land Use • Transportation • Housing
Infrastructure • Conservation • Recreation & Open Space
Intergovernmental Coordination
Capital Improvements • Public School Facilities
Education • Equestrian

Local Land Development Regulations (LDRs) are the means to implement the Comprehensive Plan. A complete review and revision of LDRs is now underway by Wellington’s Current Planning division. The revisions will ensure that local regulations are consistent with the Wellington vision and comprehensive plan.

Utility Rate Study

The Village periodically conducts a comprehensive water and wastewater rate study to assess the cost of providing service to utility customers, adequacy of its miscellaneous service fees, appropriateness of connection fees reflecting the cost of system capacity, and requirements for the future. These studies help to ensure that the Village’s utility rates, fees and charges are equitable, recover needed revenue, and generate financial resources to renew and replace infrastructure as it reaches the end of its useful life.

The last comprehensive rate study was completed in 2009, relying upon 2008 water demand patterns and cost information. The 2009 study recommended periodic rate increases and other changes to keep pace with inflation and to make necessary capital improvements. These study recommendations, however, were mostly set aside due to the financial crisis and economic downturn that deepened around the time of its adoption.

The Village has completed a comprehensive financial review of its utility fund, focusing on prospective financial performance, capital improvements funding, and utility management best practices. Next month, it plans to initiate a new comprehensive utility rate study to re-establish recommendations for the next five years.



Water Control Plan

The Acme Improvement District is a dependent district of the Village of Wellington. F.S. 298 governs the formation and the regulatory requirements of special districts. Per the statute, a water control plan is required as “the comprehensive operational document that describes the activities and improvements to be conducted by a water control district authorized under the chapter and includes any district “plan of reclamation,” “water management plan,” or “plan of improvement” that details the system of water management improvements implemented by a water control district.”

The Board of Supervisors of a special district is required to review the water control plan every 5 years. The Acme water control plan was reviewed and amended in 2010, and reviewed again in 2014 in conjunction with the proposed Acme R & R plan. A full plan update was approved by the Board of Supervisors on March 14, 2017. The next review is scheduled for 2021.

Capital Improvement Programs

Bicycle and Pedestrian Circulation Plan

Strategic Planning

An evaluation and recommendations to improve walkability and bicycle circulation within the Village was completed in November 2015. The plan’s analysis included public input through a community forum and online survey. The total estimated cost of the plan is \$3.9 million over 10-12 years. Up to \$2.9 million may be potentially offset by grants, bringing the final Wellington outlay to around \$1.0 million if all possible grants are obtained.

An annual amount of \$500,000 is currently budgeted in the FY 2017 – 2021 capital improvement plan for this program. In 2016, the Village applied for over \$1.4 million in grants for bike lanes and pathways and is awaiting notice of any awards.

Equestrian Trails Circulation Plan

Strategic Planning

The Equestrian Trails Circulation Plan is the result of the re-evaluation and analysis of former equestrian circulation plans and the 10-year Equestrian Plan of Action. Completed in 2015, existing paths, equestrian destinations, and stall data were taken into account to determine missing trail segments, the need for additional road and canal crossings, and establish water and shelter locations. The updated plan estimates almost \$3.0 million in trail improvements and crossing additions over the 10-year period from FY 2016 through FY 2025.

The Neighborhood Trails capital program is included in the FY 2017 – 2021 capital improvement plan for \$300,000 per year. The first year of funding is currently budgeted including \$260,000 for the Wellington share of funding toward the Binks Pointe path and Brown Trail Connector projects. Almost \$400,000 in grant funds have been awarded for the projects.



2014 Acme R & R Program

Engineering & Public Works

Subsequent to the extensive flooding caused by Tropical Storm Isaac, critical road and canal conveyance projects were identified to mitigate flooding and possible property damage. The combined roads and surface water projects were initially estimated to cost over \$23.0 million, which would require an additional \$100 per Acme unit to fund all of the improvements in a 10-year period. To reduce the amount of the Acme assessment impact on property owners, the drainage improvement plan was scaled back to include only surface water projects, and the road drainage improvements were deferred. The resulting total cost of almost \$8.0 million in estimated costs allowed for a lower Acme assessment increase of \$30 per unit over a 10-year period; for a total assessment rate of \$230 per acre-unit.

The program is in its second year of improvements, with \$1.3 million expended or encumbered to date. In each year of the FY 2017 – 2021 capital plan, \$740,000 is included for the 2014 Acme R & R Program.

Infrastructure Maintenance Programs

The infrastructure maintenance programs described are multi-year plans for major repairs and replacement of roads, parks and Village-owned facilities. The programs are tied to the Major Maintenance budgets in the responsible departments and divisions. The Capital Improvement Plan section of the LTFP presents the major maintenance budgets for the next five years.

Road & Pathway Overlay Program

Public Works

Roads and pathways maintenance includes roadway resurfacing, pathway and shoulder repairs, maintenance of right-of-ways, curbside concrete repair, signage, and street lighting. Wellington maintains approximately 322 lane miles of paved and 53 lane miles of unpaved roads. A pavement resurfacing program exists to assess all roadways in a three-year rotation period. The assessments are performed to determine road and pathway conditions and maintenance is scheduled to comply with the Village's current policy to maintain 80% of roads at "good" or "better" conditions.

The program goal is to overlay 10 – 15 lane miles of roadways each year in order to maintain the condition policy. The major maintenance annual budget is estimated at \$1.0 million per year funded, with an additional \$200,000 - \$300,000 per year remaining unfunded.

Neighborhood Parks Program

Public Works

A schedule of improvements to the 24 neighborhood parks in Wellington was initially prepared in 2001 and updated in 2009. The plan called for the replacement/update of park equipment and facilities each year, with one to four parks scheduled per year until all were updated. The original



replacement plan will be completed in the current fiscal year. A renewed schedule will be prepared to plan for future funding needs as the equipment reaches its useful life and required replacement.

The FY 2017 – 2021 capital plan includes \$100,000 – \$200,000 per year for the Neighborhood Parks Program in addition to major maintenance of \$300,000 per year to keep the parks safe and attractive. These amounts will be recommended for revision in future budgets pending the park equipment assessment and updated schedule of improvements.

Community Parks Program

Public Works

The Parks Capital Maintenance program has been in place for fifteen years, where a percentage of total park value was set aside each year in the capital plan to fund major park renovations and improvements. A portion of the annual allocation is now appropriated in the operating budget to fund major recurring maintenance, and the capital program also remains in place to fund improvements to the Village community parks. The program funds athletic field renovations, equipment replacements, pool repairs and facility improvements at Village Park, Olympia Park, Community Park, Tiger Shark Cove athletic areas, the Amphitheater, the Aquatics Complex and the Tennis Center

The program is funded in the operating budget at \$300,000 per year, and capital improvements are scheduled to receive \$200,000 per year in the five-year capital plan.

Facility Roofing Assessment

Public Works

A roofing assessment was completed in 2011 for the aging Public Works complex buildings. All roofs in the complex have since been repaired or replaced, and park concession building roofs were replaced in FY 2016.

Public Works will continue to complete roofing assessments of Village buildings and schedule replacements within the annual major maintenance and Village-owned Facility capital improvement budgets.

Sidewalk Restoration

Public Works

In 2013, a program for comprehensive sidewalk repairs throughout the Village was initiated and will continue into FY 2017. While ongoing maintenance and repairs are completed through the operations of the Road Maintenance division, major maintenance programs will address major repairs with the intent to reduce repeated issues and improve overall sidewalk safety.

Funded in the operating budget at \$75,000 - \$100,000 per year, the sidewalk restoration program is projected to continue or increase throughout the FY 2017 – 2021 period.



Guardrail Refurbishment

Public Works

A Guardrail Refurbishment program was added to the major maintenance budget in 2015 to address unsightly and damaged guardrails throughout the Village. The program is funded at \$50,000 - \$100,000 per year for FY 2017 through FY 2021.

