

VILLAGE OF WELLINGTON, FLORIDA

Comprehensive Annual Financial Report

For the Year Ended
September 30, 2017





VILLAGE OF WELLINGTON, FLORIDA

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

VILLAGE OF WELLINGTON, FLORIDA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2017

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Council

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

Manager
Paul Schofield

March 15, 2018

***The Honorable Mayor, Members of the Village Council,
and Residents of the Village of Wellington, Florida***

It is with pleasure that we submit to you the Comprehensive Annual Financial Report (CAFR) of the Village of Wellington ("Wellington") for the year ended September 30, 2017. This report was prepared by the Office of Financial Management and Budget in accordance with the Wellington Charter, State Statutes and U.S. generally accepted accounting principles for governments. In addition to meeting legal requirements, this report reflects Wellington's commitment to full financial disclosure. We encourage you to thoroughly read this report and some of the important items it addresses.

State law requires that a complete set of financial statements reporting Wellington's financial position and results of activities be published within nine months of fiscal year end. This report is to be presented in conformance with U.S. generally accepted accounting principles (GAAP) as applicable to governmental entities and audited by an independent firm of certified public accountants in accordance with U.S. generally accepted auditing standards.

Grau & Associates, independent auditors, have issued an unmodified opinion on the Village of Wellington's financial statements for the fiscal year ended September 30, 2017. The independent auditor's report is located at the front of the financial section of this report.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management. To the best of our knowledge and belief, the data, as presented, is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of Wellington on a government-wide and fund basis. All disclosures necessary to enable the reader to gain an understanding of Wellington's financial activities have been included.

We believe the report will assist in making economic, social and political decisions and in assessing accountability to the residents by:

- ❖ comparing actual financial results with the legally adopted budget, where appropriate;
- ❖ assessing financial condition and results of operations;
- ❖ assisting in determining compliance with fiscally-oriented laws, rules and regulations; and
- ❖ assisting in evaluating the efficiency and effectiveness of Wellington's operations.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Wellington was incorporated on December 31, 1995, and municipal operations commenced on March 28, 1996. Concurrent with incorporation, the former local government – Acme Improvement District (“District”) – became a dependent district of Wellington.

The financial reporting entity includes all the funds of the primary government (the Village of Wellington, as legally defined), as well as all of its component units in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards, Section 2100, “Defining the Reporting Entity.” Component units are legally separate entities for which the primary government is financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause Wellington’s basic financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization’s governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government regardless of the authority of the organization’s governing board. Blended component units, although legally separate entities, are, in substance, part of the primary government’s operations and are included as part of the primary government. Accordingly, the Acme Improvement District is reported in the governmental funds (special revenue) of the primary government as a blended component unit.

Wellington is a full-service municipality located within the boundaries of Palm Beach County. Wellington derives its government authority from a charter granted by the legislature of the State of Florida and operates under a Council-Manager form of government. The Mayor and Council Members are elected at large on a non-partisan basis for staggered four-year terms. The Wellington Council appoints the Manager who is the Chief Administrative Officer and who directs the business of Wellington and its various departments. The Wellington Council determines policy, adopts legislation, approves the budget, sets taxes and fees, and appoints the Attorney and members of various boards and committees.

Wellington provides a wide variety of community services including general government; planning, zoning and building; public safety (police protection); public works (construction and maintenance of roads, rights of way and other infrastructure; street lighting; and stormwater drainage); culture and recreation (parks maintenance, recreational activities, cultural events and related facilities); water and sewer utilities; and solid waste collection and recycling.

Wellington currently encompasses approximately 45 square miles in the east-central portion of Palm Beach County (County) and is the 3rd largest municipality in the County based on its geographic area. When the District was initially created in 1953, fewer than 100 individuals resided in the area. Today, Wellington is an affluent bedroom community with an estimated current permanent population of 60,911 people residing in 23,867 housing units with an average housing value of approximately \$294,000. Projections indicate that this population will exceed 61,520 residents by the year 2018. Wellington offers tremendous diversity: the 10,000 acres north of Pierson Road consist of developments ranging from apartments to estate homes at the Polo Club and from town homes to the Aero Club where the residents have airplane hangars attached to their homes. The 10,000 acres south of Pierson Road contain one of the world’s premiere equestrian facilities, horse farms, agriculture, nurseries, and fully developed multi-million dollar 80-acre estates promoting

equestrian activities. The primary sources of employment within Wellington are agriculture, retail sales, and governmental (schools and municipal).

ECONOMIC CONDITION AND OUTLOOK

Positive signs that the national and local economies are in economic recovery are in evidence. Wellington has experienced annual increases in average residential market values since 2009, unemployment levels were relatively stable and new businesses have set up operations in Wellington. Wellington continues to strategically invest in its Neighborhood Renaissance & Economic Development Initiatives to help maintain the local economy and increase property values. To better gauge the return on its investment, Wellington continues to carefully monitor the marketplace seeking information from all available resources to make responsible and timely fiscal decisions. The overall Consumer Price Index (CPI) for South Florida has increased since last year and remains higher than the national average. Consideration of the impact of these economic indicators is critical as Wellington endeavors to develop its resources and facilities to meet the demand of its residents as well as to comply with regulatory requirements.

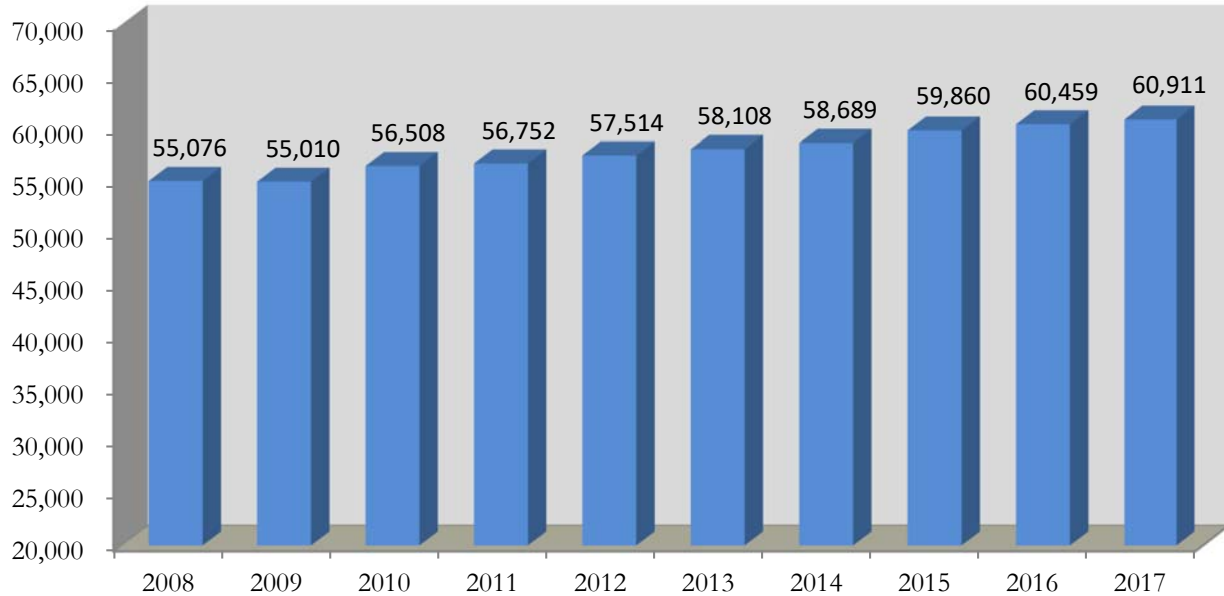
As one of the region's strongest employment bases, job opportunities within the healthcare industry continue to grow. The Medical Arts District currently consists of a multitude of uses including the Wellington Regional Medical Center: a full-service acute care community hospital. Since its inception in 1986, the hospital has added many new services and programs. Wellington continues to work with the private sector to bring new businesses to Wellington, including the areas of biomedical research and education.

Another important business to the western communities is the equestrian industry. As part of Wellington's economic development efforts, a master plan was created focusing on the economic impact of the industry along with a plan on how to retain, strengthen and even further expand the equestrian element. Approximately two-thirds of Palm Beach County's equestrian industry is located in the region: including horse farms, tack stores, stables and feed stores. Wellington's equestrian venues include international polo events and the annual Winter Equestrian Festival, attracting a high level of competitive participants for dressage and show jumping.

Wellington's current unemployment rate stands at 3.5%, below the national, state and county rates. Wellington's population is anticipated to continue its slow expansion at about 1% annually. Population growth for Wellington based on information obtained from Palm Beach County, the U.S. Census Bureau, the Bureau of Economic and Business Research at the University of Florida is illustrated in the following Historical Population Chart.

2008-2017 HISTORICAL POPULATION

Wellington's estimated 2017 permanent population of 60,911 (excluding seasonal residents) makes it the 6th largest municipality in Palm Beach County.

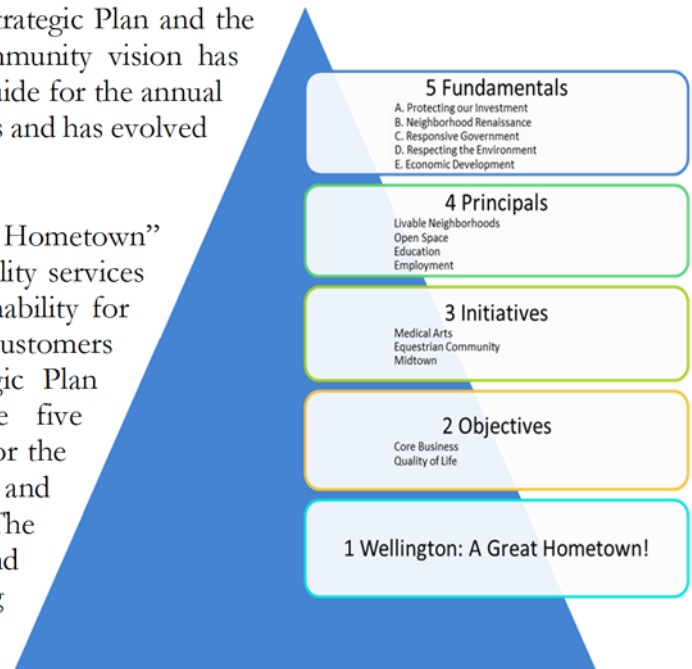


MAJOR INITIATIVES

Strategic Framework

Throughout the last 21 years, Wellington updated its Strategic Plan and the fundamentals of the plan have evolved, but the community vision has remained relatively the same. The Strategic Plan is the guide for the annual budget and the Village's projects, programs and initiatives and has evolved into the Strategic Framework.

The vision for Wellington was confirmed as "A Great Hometown" leading to the mission statement "To provide high quality services that create economic, environmental and social sustainability for residents." Or more simply put, to provide services that customers need, want and are willing to pay for. The Strategic Plan implements the Vision and Mission through the five fundamentals described below and provides the basis for the departmental business plans, capital improvement plans, and the financial and business plans for Wellington. The Strategic Framework is a countdown to sustainability and a strong position for the present and future beginning with the five fundamentals.



Five Fundamentals

Wellington's five fundamentals are the long-term financial and operational goals that provide the basis for annual departmental business plans which become the Budget and Capital Improvement Plan. Each fundamental has corresponding strategic initiatives for projects, programs, and key measures, all of which position Wellington for the future. Below is each fundamental designed to achieve Wellington's vision.

Protecting Our Investment – focusing on maintaining and improving Wellington's infrastructure – roads, drainage, water & sewer systems, parks and green space, and public buildings with the following initiatives:

- ❖ Utility Infrastructure Maintenance & Expansion Program
- ❖ Drainage and Flood Control Maintenance and Improvement Programs
- ❖ Road and Pathway Maintenance Programs
- ❖ Streetscape
- ❖ Parks & Greenspace
- ❖ Public Facilities
- ❖ Public Schools

Neighborhood Renaissance – creating and encouraging safe neighborhoods, neighborhood revitalization and redevelopment, citizen involvement, and protecting and stabilizing property values with the following initiatives or programs:

- ❖ Safe Neighborhoods
- ❖ Community Development Block Grant (CDBG)
- ❖ Aging in Place
- ❖ Code Compliance & Nuisance Abatement

Responsive Government – ensuring local government is responsive, open and transparent to the public and pursuing policies that are accountable to residents and stakeholders. Wellington has implemented various initiatives including:

- ❖ Recreation & Community Programming
- ❖ Emergency Management
- ❖ State Road 7/ 441 Corridor

Respecting the Environment – developing processes, which maintain and preserve green spaces and other natural areas and aim to provide affordable, clean, energy-saving alternatives for today's residences and businesses; continually looking for ways to reduce the environmental impact of operations and by seeking continuous improvement in our environmental management efforts, all with the goal of reducing Wellington's ecological footprint with the following initiatives

- ❖ Go Green Programs
- ❖ Wi-Fi Expansion
- ❖ Bicycle, Pedestrian and Alternative Transportation Plans
- ❖ Equine Waste and Environmental Program
- ❖ Key Land Acquisitions

Economic Development – retaining and attracting new businesses, flexible business regulations, a business-friendly economic environment, business education, equestrian branding, and supporting core business services.

- ❖ Town Center – A 23 acre site anchoring Wellington's "Main Street" including a Gold LEED certified City Hall with a new Community Center.

- ❖ Equestrian Community Initiative – Designed to encourage and support this unique lifestyle
- ❖ Medical Arts District- Designed to cultivate an economic identity focused on medically-necessary development.
- ❖ Business-friendly initiatives – The business development strategy recognizes that in order to work in concert with the business community, local government must be viewed as a partner.

The two main funding objectives of Wellington’s Strategic Plan are (1) core business and (2) quality of life services. Core business is divided into “No Choice” and “Choice.” Choice services are further expanded into “Quality of Life” services. A fourth tier of funding is “Community Add-ons” which are premium selected services which exceed quality of life. Projects and programs are assigned to one of four service tiers, based on its relative priority as a municipal service and its fit with the Mission and Vision.

No Choice Core Services – Services mandated by or affected by mandate of federal or state government

Choice Core Services – Core services not required by law, but are a principal municipal function

Quality of Life Services – Choice services which are provided to enhance the customer experience

Community Add-ons – Premium selected services exceeding quality of life enhancements

The assignment of the programs and projects into these tiers serves to identify the hierarchy of Wellington’s services into essential core services or services which leaders make a choice to provide to improve customer experience. An essential element of the provision includes support services that are provided by many departmental divisions within Wellington. Not shown specifically in the hierarchy, but core to its operation and support of all primary businesses are:

- | | |
|--------------------------|-------------------------------------|
| ❖ Legal Services | ❖ Procurement |
| ❖ Financial Services | ❖ Information Services |
| ❖ Public Records | ❖ Risk Management |
| ❖ Human Resources | ❖ Property & Real Estate Management |
| ❖ Facilities & Equipment | ❖ Community Information & Marketing |

Management and staff detail the individual services provided by each division; identified as core and non-core services. This detail by division within the Service Business Hierarchy is the basis of Departmental Business Plans and allows for the prioritized allocation of personnel, equipment and operating resources for the FY 2018 budget process.

Accomplishments and Future Projects

In 2017, Wellington celebrated its 21st anniversary as a municipality. Wellington has grown into a village that is nearly four (4) times the acreage of the original plan. Now, development activities beyond Wellington’s borders are poised to influence and impact the local community. The Directions 2016 visioning workshop addressed Wellington’s role in the western county communities as new regional developments move forward. These developments underway to the north and west, over the next 10 to 20 years, will result in at least eight more major communities with a combined population that may exceed Wellington’s.

The progress towards achievement of Wellington's vision and mission is also measured by the completed multi-department projects and individual accomplishments of each of the Village departments and divisions.

Below are some of the selected accomplishments over the last 18 months:

- ❖ Project 2020 (Selection of the new ERP)
- ❖ Instituted new resident outreach program to obtain compliance.
- ❖ Engineering completed transition to paperless review.
- ❖ Completed condition assessment report on water and sanitary sewer in SE Lake Wellington area.
- ❖ Completed the water quality assessment report for the existing raw water supply wells.

Completed the following projects during 2017:

- ❖ Aeroclub Pathway
- ❖ Forest Hill Blvd. Drainage Improvements
- ❖ Hawthorne Park
- ❖ Saddle Trail Park Neighborhood Improvements
- ❖ Big Blue Trace Turn Lane Construction

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

- ❖ Tennis Center Expanded Parking
- ❖ South Shore Blvd/Pierson Intersection Improvement
- ❖ Village Park Renovations and Improvements
- ❖ Olympia Park Renovations

FINANCIAL INFORMATION & RELEVANT FINANCIAL POLICIES

Accounting and Administrative Controls

Wellington's internal control structure is designed to ensure that Wellington's assets are protected against loss from theft, unauthorized use, or disposition and to ensure that adequate and reliable financial records are available for preparing financial statements in conformity with U.S. generally accepted accounting principles. The internal controls provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of the control should not exceed the benefits likely to be derived, and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework and it is our belief that Wellington's internal accounting controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial transactions.

Budgetary Control

Wellington adopts fiscal year budgets for all funds and maintains budgetary controls with the objective being to ensure compliance with legal provisions contained in the annual appropriated budget approved by the Council. The level of budgetary control is established at the department level. The Wellington Manager or designee is authorized to transfer budgeted amounts within departments of any fund, while revisions that alter the budgeted totals of any fund require approval of the Council. Monthly budget reports are prepared in detail for each department, with actual revenues and expenditures being compared with appropriated revenues and estimated expenditures. Corrective actions are initiated as necessary to maintain budgetary compliance.

As demonstrated by the budgetary comparison schedules included in the required supplementary information and other supplementary information sections of this Comprehensive Annual Financial Report, Wellington continues to meet its responsibility for sound financial management practices.

Capital Financing

In conjunction with the operating budget, the Manager annually presents a program to provide for improvements to Wellington's public facilities for the ensuing fiscal year and next four years, along with proposals for the financing of these improvements. This five-year plan is called the Capital Improvement Program. The first year of the program constitutes the capital budget for the coming fiscal year; the remaining years are used as a planning guide. The program allocates funding over five years for Wellington's roads, park development, public works projects, and new equipment. Wellington's Capital Improvement Program for fiscal years 2018 through 2022 calls for expenditures approximating \$42.9 million in the governmental funds and approximately \$68.5 million in the enterprise funds.

Reserves and Surplus

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

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

- ✓ To fund capital projects on a pay-as-you-go basis.
- ✓ To reserve up to \$3 million for possible future storm event expenditures.
- ✓ To fund a facility and infrastructure reserve at \$1 million.
- ✓ To fund a millage rate stabilization account to offset the need for future rate increases.
- ✓ To supply funds for renewal and replacement of capital projects and equipment.
- ✓ To reduce/pay off debt for future debt service savings.
- ✓ To fully fund Other Postemployment Benefits (OPEB).

The Council has set a target for unassigned fund balance between 25% and 29% The unassigned fund balances are generally considered a necessary function of sound fiscal management for a variety of reasons:

- ✓ A time lag in the first quarter in the collection of property taxes (including assessments) in each year.
- ✓ Unforeseen activities and regulatory mandates during the course of the year.
- ✓ Natural disasters, such as hurricanes; these can not only affect spending, but tend to impact the local and even national economy, thereby affecting revenues.
- ✓ Increases in expenditures: there exists a potential for increases to anticipated expenditures based on bid results, litigation, contract renewals, additional services, etc.
- ✓ Gap in the timing of the receipts of borrowed funds, intergovernmental revenues, and other sources of funds.

Debt Service Administration

In Florida, there is no legal debt limit. All general obligation debt pledging payment from ad valorem taxes must be approved by referendum, unless it is to refund outstanding debt. Article VII, Section 12, of the Florida State Constitution states "Counties, school districts, municipalities, special districts, and local governmental bodies with taxing powers may issue bonds, certificates of indebtedness, or any form of tax anticipation

certificates payable from ad valorem taxes and maturing more than twelve months after issuance only to finance or refinance capital projects authorized by law and only when approved by vote of the electors ...” Wellington has no general obligation debt outstanding.

All applicable debt covenants such as ratios of net income to debt service, sinking funds and insurance coverage have been met or exceeded. Wellington has an underlying bond rating of Aa2 from Moody’s Investors Services and AA+ from Fitch based on the financial stability of Wellington.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Village of Wellington, Florida, for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2016. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such comprehensive annual financial reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The Village of Wellington has received the Certificate of Achievement for the last twenty-one consecutive years (1996-2016). We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

The GFOA has also given an award for Outstanding Achievement in Popular Annual Financial Reporting to Wellington for its Popular Annual Financial Report (PAFR) for the fiscal year ended September 30, 2016. This award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local governmental popular reports. In order to receive this award, a government must publish a PAFR, whose contents conform to program standards of creativity, presentation, understandability and reader appeal. An Award for Outstanding Achievement in Popular Financial Reporting is valid for a period of one year only. This is the seventh year this award has been received by Wellington.

In addition, Wellington also received the GFOA’s Award for Distinguished Budget Presentation for the Fiscal Year beginning October 1, 2016. Wellington has received this award for the last twenty-two years. In order to earn the Distinguished Budget Presentation Award, the budget document was judged to be proficient in several categories including policy documentation, financial planning and organization. We plan to submit Wellington’s Fiscal Year 2018 budget document to the GFOA, as we believe it also conforms to the program requirements.

Preparation of this report could not have been accomplished without the dedicated efforts of the entire staff of Financial Management and Budget. Their technical expertise and concerted efforts were truly evident in the audit process. Their assistance and cooperation have allowed us to prepare, on a timely basis, a report which gives its readers a comprehensive view of Wellington’s financial and economic position. We also extend our sincere appreciation to the independent certified public accounting firm of Grau & Associates for the

professionalism and cooperation shown during the performance of the engagement and the expertise shown in financial reporting for government entities. We believe that this report reflects the sound financial position of Wellington.

We would like to thank the Mayor, the Council, and the residents of Wellington for their interest and support toward the planning and administration of the financial operations of Wellington in a responsible, progressive manner. With this support, we have been able to maintain a high degree of fiscal health and responsibility for Wellington in our challenging environment.

Respectfully submitted,



Tanya W. Quickel
Director of Financial and
Administrative Services



Paul Schofield
Village Manager

Elected Officials



***Anne Gerwig
Mayor***



***John T. McGovern
Vice Mayor***



***Michael Drahos
Councilman***



***Michael J. Napoleone
Councilman***



***Tanya Siskind
Councilwoman***

Village Manager

Paul Schofield, AICP, ICMA-CM

Assistant Village Manager

Jim Barnes, AICP, ICMA-CM

Director of Administrative & Financial Services

Tanya W. Quickel

Village Clerk

Chevelle Nubin

Village Attorney

Laurie Cohen, Esq.

Key Personnel

Chief Information Officer

William Silliman

Village Engineer

Thomas Lundeen

Utilities Director

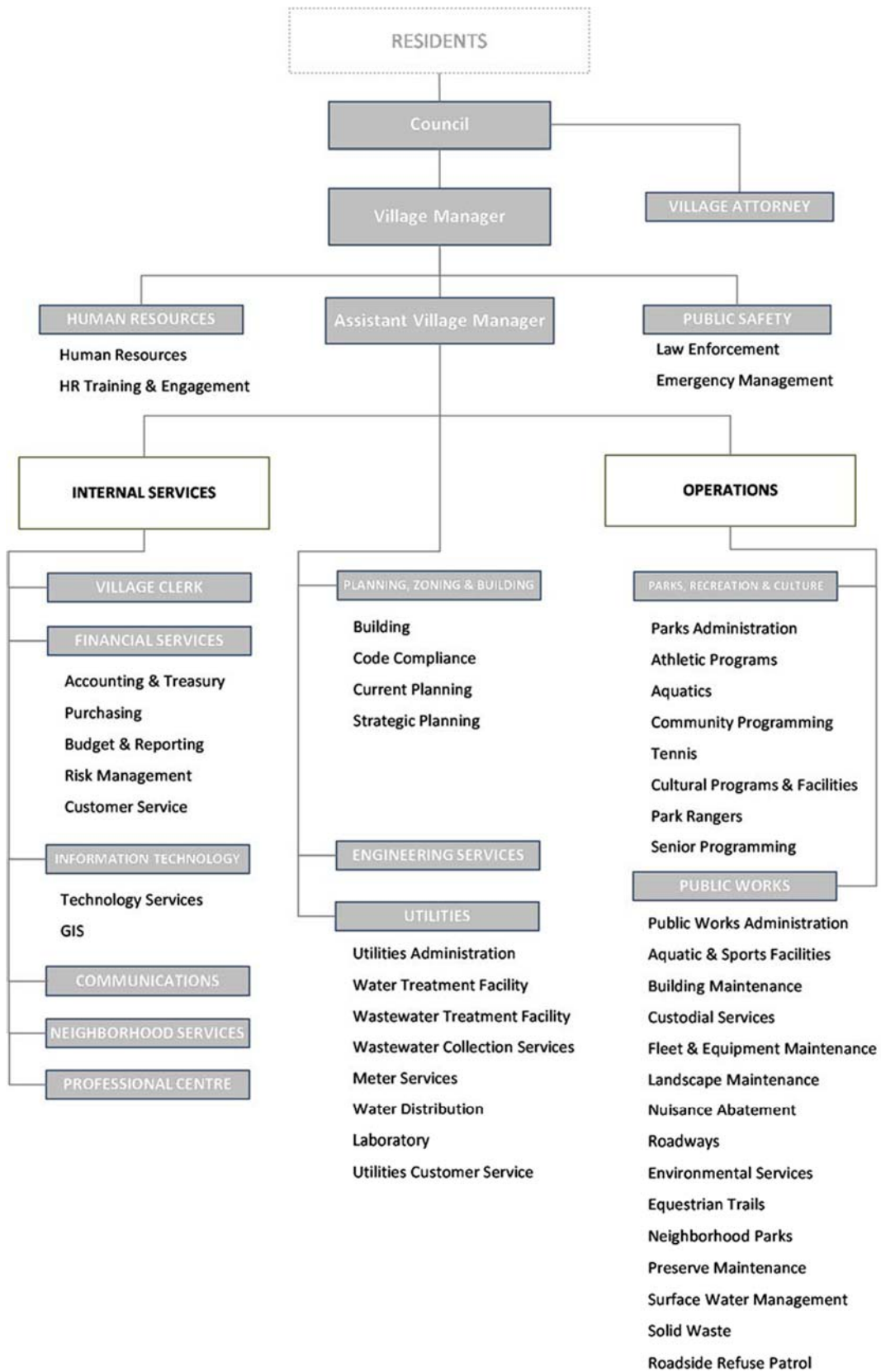
Shannon Larocque

Parks and Recreation Director

Bruce Delaney

Public Works Director

Bruce Wagner





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Village of Wellington
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2016

Christopher P. Morill

Executive Director/CEO



Financial Section



Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the Village of Wellington, Florida (the "Village") as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village as of September 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of the Village's proportionate share of the net pension liability, schedule of contributions and schedule of changes in net other post-employment benefits liability for other post-employment benefits, and condition rating of the street system be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

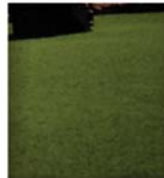
In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2018, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

We have also issued our report dated March 15, 2018, on our consideration of the Village's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.



March 15, 2018



VILLAGE OF WELLINGTON, FLORIDA

Management's Discussion and Analysis

September 30, 2017

The Management's Discussion and Analysis (MD&A) is designed to provide an objective and easy to read analysis of financial activities based on currently known facts, decisions, and conditions. It is intended to provide a broad overview and short-term and long-term analysis of activities based on information presented in the financial statements. Specifically, this information is designed to assist the reader in focusing on significant financial issues, provide an overview of financial activity, identify changes in financial position (the ability to address subsequent years' challenges), identify material deviations from the approved budget, and identify individual fund issues.

The information contained within this MD&A is only a component of the entire financial statement report. Readers should take time to read and evaluate all sections of the report, including the footnotes and the other Required Supplementary Information that is provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

- ❖ Government-wide total net position at the close of the fiscal year was \$377 million, which is an increase of 0.14% or \$528,000 from the prior year. Of this amount, \$63 million is in unrestricted net position, which is available to meet the ongoing commitments to citizens and creditors.
- ❖ Net investment in capital assets accounts for \$267 million of total net position of \$377 million.
- ❖ Net position of governmental activities increased \$319,000, or 0.15%.
- ❖ Government-wide total revenues were \$80 million, while government-wide total expenses were \$79.4 million. Total revenues decreased 4% or \$2.9 million while total expenses increased 4% or \$3.3 million.
- ❖ Governmental Activities generated \$55.3 million in revenue with \$55 million in expenses.
- ❖ Business-type Activities generated \$24.7 million in revenue with \$24.5 million in expenses.
- ❖ Governmental funds ended the year with a combined fund balance of \$55.0 million, which is an increase of 7.5% or \$3.8 million from the prior year. Of that amount, the unassigned portion is \$16.6 million, a decrease of \$4.6 million, or 21.7% from the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

In addition to this discussion and analysis, the financial section of this annual report contains the basic financial statements, required supplementary information, and other supplementary information including combining statements and schedules of non-major funds. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to these basic financial statements, this report also contains other supplementary information.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. Other factors should be considered, however, such as the condition of capital assets (roads, utility infrastructure, buildings, etc.) to assess Wellington's financial health.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Wellington's government-wide financial statements are divided into two categories:

- ❖ Governmental activities—Most of Wellington's basic services are included here, such as public works, public safety, parks and recreation, drainage and flood control, and general administration. Property taxes, charges for services, and operating and capital grants fund most of these activities.
- ❖ Business-type activities—Wellington charges fees to customers to help cover the costs of certain services it provides. Wellington's utility system (water and wastewater services), solid waste services and Lake Wellington Professional Centre are included here.

The government-wide financial statements can be found on pages 17-19 of this report.

Fund Financial Statements

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

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

Five major funds are reported individually in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances. The remaining governmental funds are reported as a combined total. Major governmental funds for the year ended September 30, 2017 are:

- | | |
|---|-------------------------|
| ❖ General Fund | ❖ Debt Service Fund |
| ❖ Building Special Revenue Fund | ❖ Capital Projects Fund |
| ❖ Acme Improvement Special Revenue Fund | |

The basic governmental fund financial statements can be found on pages 20-26 of this report.

Proprietary funds: Used to account for revenues and expenses from services provided on a user-charge basis to the public. Proprietary fund activities provide the same type of information as the government-wide financial statements, only in more detail. This is similar to that found in the private sector and provides a periodic measurement of net income. Proprietary activities are accounted for in enterprise funds for water and wastewater operations, solid waste collection and recycling and the Lake Wellington Professional Centre operations. Major enterprise funds for the year ended September 30, 2017 were the Utility System Fund and the Solid Waste Fund.

The basic proprietary fund financial statements can be found on pages 28-31 of this report.

Fiduciary funds: Used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Wellington's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 32-33 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found beginning on page 35 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. This information includes budgetary comparisons for the general fund and major special revenue funds; pension schedules; schedule of funding progress for Other Post-Employment Benefits; as well as statistical information on the assessed condition of the road system and on budgeted road maintenance expenses.

Required supplementary information begins on page 70 of this report.

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

These schedules begin on page 80 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Wellington, net position totaled \$377 million at the close of the most recent year.

Wellington's Net Position						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016*	2017	2016*	2017	2016*
Current and other assets	\$ 66,228,151	\$ 65,347,980	\$ 69,219,947	\$ 63,860,112	\$ 135,448,098	\$ 129,208,092
Capital assets	160,096,511	163,023,558	112,584,261	117,260,300	272,680,772	280,283,858
Total Assets	226,324,662	228,371,538	181,804,208	181,120,412	408,128,870	409,491,950
Pension	7,210,181	4,967,130	1,591,310	1,071,200	8,801,491	6,038,330
Total Deferred Outflows of Resources	7,210,181	4,967,130	1,591,310	1,071,200	8,801,491	6,038,330
Noncurrent liabilities	24,704,281	22,799,019	4,090,023	3,424,596	28,794,304	26,223,615
Other liabilities	6,555,605	9,315,079	2,759,497	2,594,560	9,315,102	11,909,639
Total Liabilities	31,259,886	32,114,098	6,849,520	6,019,156	38,109,406	38,133,254
Pension	1,027,958	359,647	226,874	77,561	1,254,832	437,208
Other postemployment benefit	62,683	-	15,672	-	78,355	-
Total Deferred Inflows of Resources	1,090,641	359,647	242,546	77,561	1,333,187	437,208
Net Position:						
Net investment in capital assets	154,637,467	156,477,844	112,584,261	117,260,300	267,221,728	273,738,144
Restricted	17,654,628	12,878,989	31,999,595	26,253,113	49,654,223	39,132,102
Unrestricted	28,892,221	31,508,090	31,719,596	32,581,482	60,611,817	64,089,572
Total Net Position	\$ 201,184,316	\$ 200,864,923	\$ 176,303,452	\$ 176,094,895	\$ 377,487,768	\$ 376,959,818

*Restated net position due to the implementation of GASB 75.

The largest portion of net position (71%) reflects its net investment in capital assets. Wellington uses capital assets to provide services to citizens; accordingly, these assets are not available for future spending.

Restricted net position of \$50 million is reported in both the governmental and business-type activities. These restricted amounts have limits on their use that are externally imposed (gas tax, impact fees, and bond covenants) and imposed by enabling legislation (building and surtax activities). These resources can be used only for future construction; building activities; road capital and maintenance; or debt service activities. The remaining unrestricted net position may be used to meet the government's ongoing operations.

Overall, the Village's net position increased from prior fiscal year. The reasons for this change are explained in the next section.

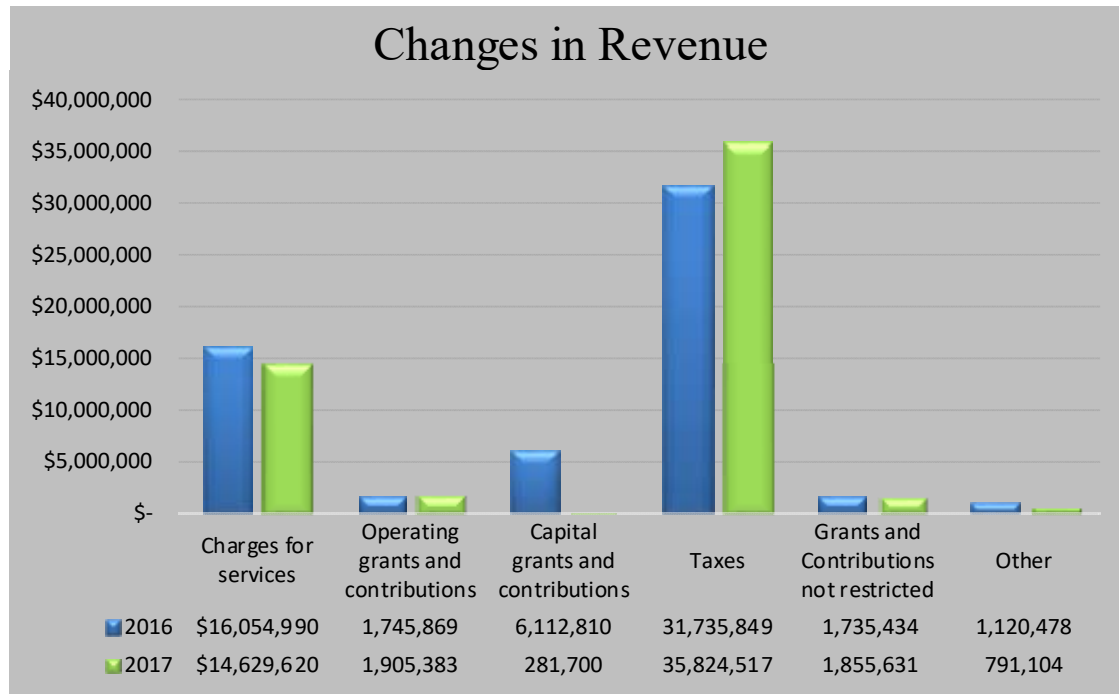
Wellington's Change In Net Position

	Governmental Activities			Business-Type Activities			Total		
	2017	2016	Change	2017	2016	Change	2017	2016	Change
Revenues									
Program revenues:									
Charges for services	\$ 14,629,620	\$ 16,054,990	-9%	\$ 22,851,106	\$ 22,466,604	2%	\$ 37,480,726	\$ 38,521,594	-3%
Operating grants and contributions	1,905,383	1,745,869	9%	61,437	34,804	77%	1,966,820	1,780,673	10%
Capital grants and contributions	281,700	6,112,810	-95%	565,628	574,503	-2%	847,328	6,687,313	-87%
General revenues:									
Taxes	35,824,517	31,735,849	13%	-	-	-	35,824,517	31,735,849	13%
Grants and contributions not restricted to specific programs	1,855,631	1,735,434	7%	-	-	-	1,855,631	1,735,434	7%
Investment earnings	371,319	511,474	-27%	343,924	456,863	-25%	715,243	968,337	-26%
Other	437,403	609,004	-28%	839,620	828,167	1%	1,277,023	1,437,171	-11%
Total Revenues	55,305,573	58,505,430	-5%	24,661,715	24,360,941	1%	79,967,288	82,866,371	-3%
Program expenses including indirect expenses:									
General government	8,936,960	12,729,868	-30%	-	-	-	8,936,960	12,729,868	-30%
Public safety	12,531,540	11,785,763	6%	-	-	-	12,531,540	11,785,763	6%
Physical environment	15,705,016	14,242,938	10%	-	-	-	15,705,016	14,242,938	10%
Economic environment	2,259,439	1,993,127	13%	-	-	-	2,259,439	1,993,127	13%
Transportation	4,402,383	3,650,656	21%	-	-	-	4,402,383	3,650,656	21%
Culture and recreation	11,009,918	9,471,671	16%	-	-	-	11,009,918	9,471,671	16%
Interest on debt	140,924	98,941	42%	-	-	-	140,924	98,941	42%
Water and wastewater	-	-	-	19,043,620	17,503,839	9%	19,043,620	17,503,839	9%
Solid waste	-	-	-	4,703,470	3,935,849	20%	4,703,470	3,935,849	20%
Lake Wellington Professional Centre	-	-	-	706,068	704,255	0%	706,068	704,255	0%
Total expenses	54,986,180	53,972,964	2%	24,453,158	22,143,943	10%	79,439,338	76,116,907	4%
Change in net position	319,393	4,532,466	-93%	208,557	2,216,998	-91%	527,950	6,749,464	-92%
Beginning net position - restated ⁽¹⁾	200,864,923	196,472,305	2%	176,094,895	173,904,670	1%	376,959,818	370,376,975	2%
Ending net position	\$ 201,184,316	\$ 201,004,771	0%	\$ 176,303,452	\$ 176,121,668	0%	\$ 377,487,768	\$ 377,126,439	0%

(1) - Adjustment to beginning net position due to recalculation of OPEB.

Governmental Activities

During the current fiscal year, net position for governmental activities increased \$319,393 from the prior fiscal year for an ending balance of \$201,184,316.



Revenues decreased from prior year by \$3.2 million or 5.5%. Key elements of this decrease are as follows:

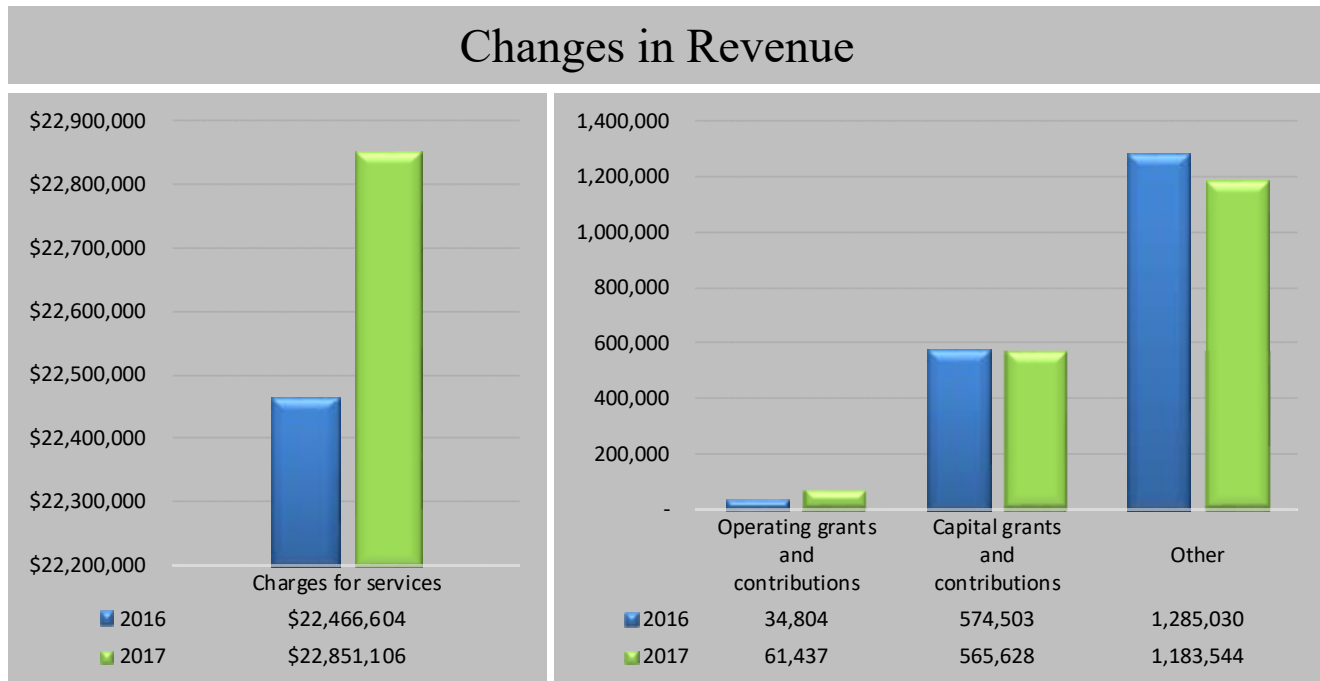
- ❖ Capital Grants and Contributions had a decrease of \$5.8 million mainly due to special assessment revenue & bond proceeds related to the Saddle Trail Improvement Project in the prior year
- ❖ Total taxes increased by \$4.1 million due to an increase in property taxable value over prior year.
- ❖ Charges for services decreased by \$1.4 million mostly due to slowing of new construction activity which decreased recreation impact fees and related revenue.

Expenses increased by \$996,000 or approximately 2%. Key elements of this increase are as follows:

- ❖ General government decreased by \$3.8 million due to the disposal of capital assets in the prior year.
- ❖ Physical environment increased by \$1.5 million. This increase is mainly due to the increase in depreciation of \$455,000, the increase to pension expense of \$300,000 and increase in ACME operating expenses of \$460,000.
- ❖ Culture and recreation increased by \$1.5 million. The increase is due to transferring in neighborhood parks from physical environment in the amount of \$690,000 and bringing the tennis program in-house in the amount of \$678,000.
- ❖ Public Safety increased by \$746,000 mostly due to the increase in the Sherriff's contract and expenses due to hurricane recovery.

Business-type Activities

Business-type activities increased \$208,557 from the prior fiscal year for an ending balance of \$176,303,452.



Revenues increased by \$301,000 or 1% over the prior year. Key elements of this increase are as follows:

- ❖ Charges for services in Water and Sewer increased \$430,000.

GOVERNMENT FUNDS FINANCIAL ANALYSIS

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing financing requirements. In particular, unassigned fund balance may serve as a useful measure of the net resources available for spending at the end of the fiscal year.

At September 30, 2017, Wellington's governmental funds reported combined ending fund balances of \$55.0 million, an increase of \$3.8 million from prior year.

The unassigned fund balance of \$16.6 million is available for spending at Wellington's discretion. The remainder of fund balance of \$38.4 million is either nonspendable, restricted, assigned or committed to indicate that it is not available for new spending. Funds are either nonspendable (\$1.3 million), have already been assigned to liquidate contracts, purchase orders, and subsequent year operating expenses (\$6.5 million), restricted or assigned for capital improvements (\$10.0 million), restricted to pay debt service (\$284,000), committed for future emergencies (\$3.0 million), insurance reserves (\$1.2 million), infrastructure (\$1.0 million), and committed for stabilizing millage or rate increases (\$2.8 million), or restrictions for building fund, road capital and maintenance, and surface water management (\$12.4 million).

The General fund is the main operating fund. At the end of the current fiscal year, unassigned fund balance of the general fund was \$16.6 million, while the total fund balance was \$32.1 million. As a measure of the general fund's liquidity, it is useful to compare unassigned fund balance to total general fund expenditures. Unassigned fund balance represents approximately 37% of total 2017 general fund budgeted expenditures and transfers. Total revenues in the general fund were \$40.9 million which represents an increase of approximately \$1.7 million from the prior year or 4%. This increase is mainly due to higher ad valorem property tax revenue of \$1.1 million.

The Building fund is used to account for the building function. At the end of the current fiscal year, \$5.3 million was restricted for future building department expenditures. Building permit fees may only be used for expenditures related to building and inspection services. Revenues for the fund were \$2.6 million and \$3.0 million for fiscal years 2017 and 2016, respectively. This represents a decrease of approximately \$375,000, or 13% from prior year. This is due to the decrease in building permit revenue in FY 2017.

The Acme improvement fund accounts for the operations of the Acme Improvement District, a dependent special district of Wellington, related to water management facilities. At the end of the fiscal year total fund balance was \$2.5 million, which is restricted for future expenditures. Revenues for the fund remained relatively the same in both years.

The Debt Service fund accounts for the payment of interest and principal on long-term debt. There was an increase in revenue and fund balance due to special assessment collections in FY 2017.

Proprietary Funds

Wellington's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position for business-type funds was \$31.7 million; \$25.0 million for the Utility System, \$5.9 million for Solid Waste and \$865,000 for the Lake Wellington Professional Centre. Total net position for these funds was \$176 million, representing an increase of \$182,000, or 0.10% due to revenues slightly exceeding expenses during the year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget total an increase of \$570,286, excluding transfers, and are primarily comprised of purchase orders carried forward from prior years (increases) and capital projects delayed and carried forward to next year (decreases).

The most significant differences between final budget and actual results were as follows:

<u>Revenue source</u>	<u>Budgeted revenues</u>	<u>Actual revenues</u>	<u>Difference</u>
Ad valorem taxes	\$ 17,373,126	\$ 17,599,037	\$ 225,911
Utility and other taxes	6,860,000	6,980,610	120,610
Licenses and permits	1,750,000	2,328,498	578,498
Miscellaneous	397,687	617,465	219,778

<u>Expenditures</u>	<u>Budgeted expenditures</u>	<u>Actual expenditures</u>	<u>Difference</u>
General government	\$ 14,760,688	\$ 13,828,407	\$ 932,281
Physical environment	4,834,554	4,470,934	363,620
Culture and recreation	9,218,536	8,444,764	773,772
Capital outlay	1,024,828	760,149	264,679

- ❖ Revenues were more than budgeted due to higher taxes (\$346,000), increases in licenses and permits due to new developments (\$579,000) and a legal claim settled in FY 2017 (\$220,000).
- ❖ General government expenditures were \$900,000 less than budgeted. Personnel expenditures had savings of approximately \$190,000 due to unfilled positions. Legal and insurance expenditures were less than anticipated by \$312,000. Outside consulting services were postponed to the next fiscal year for a savings of \$170,000.
- ❖ Physical environment expenditures were \$363,000 less than anticipated mainly due to savings in I.T. of \$39,000, personnel costs of \$82,000, and postponed outside services or projects of \$210,000.
- ❖ Culture and recreation expenditures were less than anticipated due to savings in utility expenditures of \$105,000, projects postponed to next fiscal year of \$167,000, unfilled personnel positions of \$332,000 and program instructors of \$75,000.
- ❖ Capital Outlay differences of \$265,000 are due to projects, which were postponed to next fiscal year.

The budget amendments were funded with available fund balance. Additional information on budgetary comparisons can be found on page 70 of this report.

Capital Assets Activity

Wellington's investment in a variety of capital assets for its governmental and business-type activities as of September 30, 2017, amounts to \$273 million. This investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure and construction in progress.

Wellington's Capital Assets (net of accumulated depreciation)							
	Governmental Activities		Business-Type Activities		Total		
	2017	2016	2017	2016	2017	2016	
Land	\$ 20,053,844	\$ 20,053,844	\$ 9,579,678	\$ 9,579,678	\$ 29,633,522	\$ 29,633,522	
Buildings	30,571,205	31,820,999	7,020,816	7,334,310	37,592,021	39,155,309	
Improvements	25,746,451	25,309,069	1,749,022	2,139,686	27,495,473	27,448,755	
Machinery and equipment	6,113,363	5,689,261	1,847,158	1,828,965	7,960,521	7,518,226	
Water and wastewater plant	-	-	42,370,580	44,575,120	42,370,580	44,575,120	
Meters	-	-	846,469	1,325,600	846,469	1,325,600	
Wells	-	-	2,781,790	3,085,694	2,781,790	3,085,694	
Distribution lines	-	-	44,282,206	43,843,891	44,282,206	43,843,891	
Infrastructure	76,587,325	72,449,949	-	-	76,587,325	72,449,949	
Construction in progress	1,024,323	7,700,436	2,106,542	3,547,356	3,130,865	11,247,792	
Total	\$ 160,096,511	\$ 163,023,558	\$ 112,584,261	\$ 117,260,300	\$ 272,680,772	\$ 280,283,858	

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

- ❖ Saddle Trail
- ❖ Big Blue Trace Improvements

Additional information on capital assets can be found on page 77 and in Note 5 of this report.

Long-Term Debt Activity

At the end of the current fiscal year, Wellington had total long-term debt outstanding of \$28,794,304. Governmental activities debt of \$5.5 million is related to revenue bonds issued to finance capital improvements for roadways, parks and recreation, public building, and infrastructure and a special assessment bond issued to finance the Saddle Trail Improvement Project. An additional \$2.2 million for compensated absences and \$17.0 million for net pension liability is also outstanding. Business-Type activities debt of \$4.1 million is comprised of \$466,000 for compensated absences

and \$3.6 million for net pension liability. Additional information on long-term debt can be found in Note 6 of this report.

Wellington's Outstanding Debt						
	Governmental		Business-Type		Total	
	Activities		Activities			
	2017	2016	2017	2016	2017	2016
Revenue bonds and loans	\$ 5,459,044	6,545,714	\$ -	\$ -	\$ 5,459,044	\$6,545,714
Compensated absences	2,253,532	2,039,747	465,988	436,954	2,719,520	2,476,701
Net pension liability	16,991,705	14,213,558	3,624,035	2,987,642	20,615,740	17,201,200
Total	\$ 24,704,281	\$ 22,799,019	\$ 4,090,023	\$ 3,424,596	\$ 28,794,304	\$ 26,223,615

Economic Factors

The State of Florida, by constitution, does not have a personal income tax and therefore the State operates primarily using sales, gasoline and corporate income taxes. Local governments primarily rely on property taxes and fees to fund their governmental activities. There are a limited number of state-shared revenues and recurring and non-recurring grants. As a predominantly residential community, the economic environment of Wellington is dependent upon that of South Florida and particularly Palm Beach County.

The major economic influences in this area are the cost of housing (including housing values, foreclosure rates, insurance, taxes and interest rates), the regional job market, new construction, weather events and retail activity. Consideration of the impact of these economic indicators is critical as Wellington endeavors to develop its resources and facilities to meet the demand of its residents as well as to comply with regulatory requirements.

Additional economic factors that can have a significant impact on Wellington include inflation, weak economic growth, natural disasters, commodities prices and increasing property insurance rates.

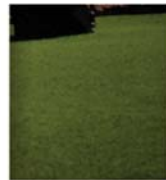
While property taxes are important, they represent only 15% of total revenue excluding transfers. Another 35% comes from program revenues such as licenses, permits, and other charges for services, while approximately 14% is related to intergovernmental revenue. Additionally, special assessments levied total approximately 11% and utility taxes and franchise fees total another 13%. Wellington monitors all of its resources and determines the need for program adjustments or fee increases accordingly.

Next Year's Budget and Rates

The operating millage rate of 2.43 mills for fiscal year 2018 is down by .01 mill from the 2017 fiscal year. This millage resulted in a total tax levy of approximately \$18.54 million, an increase of \$1.17 million, or 6.7% from the property tax levy for 2017. The Surface Water Management Assessment rate remained unchanged for a total of \$230 per unit in the fiscal year 2017. The Solid Waste Assessment remained the same as 2017 at \$135 per curbside unit and \$100 per containerized unit. Additional information regarding the adoption of the annual budget can be found on page 74 of this report.

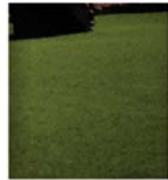
This financial report is designed to provide a general overview of Wellington's finances. Questions concerning any of the information provided in this report or requests for additional information should be directed to:

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





Basic Financial Statements



VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2017

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 7,944,445	\$ 1,960,519	\$ 9,904,964
Investments	49,857,199	31,468,128	81,325,327
Receivables (net)	1,237,093	2,449,957	3,687,050
Internal balances	(3,145)	3,145	-
Due from other governments	1,890,665	30,429	1,921,094
Prepaid expenses	439,163	28,073	467,236
Inventories	16,395	62,045	78,440
Deposits	136,140	-	136,140
Restricted assets:			
Cash	-	5,130,520	5,130,520
Investments	-	27,887,575	27,887,575
Net other postemployment benefit asset	994,685	199,556	1,194,241
Long-term assessment receivable	3,019,333	-	3,019,333
Long-term note receivable	696,178	-	696,178
Capital assets:			
Capital assets not being depreciated	97,665,492	11,686,220	109,351,712
Capital assets being depreciated, net	62,431,019	100,898,041	163,329,060
Total assets	<u>\$ 226,324,662</u>	<u>\$ 181,804,208</u>	<u>\$ 408,128,870</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	7,210,181	1,591,310	8,801,491
Total deferred outflows of resources	<u>7,210,181</u>	<u>1,591,310</u>	<u>8,801,491</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 3,988,714	\$ 1,684,077	\$ 5,672,791
Escrows and deposits	111,529	-	111,529
Contracts and retainage payable	89,880	770	90,650
Due to other governments	291,081	16,563	307,644
Deposits payable from restricted assets	-	1,018,500	1,018,500
Unearned revenue	2,031,922	39,587	2,071,509
Accrued interest payable	42,479	-	42,479
Noncurrent liabilities:			
Due within one year:			
Bonds payable	1,278,575	-	1,278,575
Compensated absences	1,043,449	224,281	1,267,730
Due in more than one year:			
Bonds payable	4,180,469	-	4,180,469
Compensated absences	1,210,083	241,707	1,451,790
Net pension liability	16,991,705	3,624,035	20,615,740
Total liabilities	<u>31,259,886</u>	<u>6,849,520</u>	<u>38,109,406</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	1,027,958	226,874	1,254,832
Other postemployment benefit	62,683	15,672	78,355
Total deferred inflows of resources	<u>1,090,641</u>	<u>242,546</u>	<u>1,333,187</u>
NET POSITION			
Net investment in capital assets	154,637,467	112,584,261	267,221,728
Restricted for:			
Debt service	241,711	-	241,711
Building department	5,531,473	-	5,531,473
Surfacewater management	2,540,674	-	2,540,674
Road capital and maintenance	4,371,572	-	4,371,572
Capital projects	4,969,198	31,999,595	36,968,793
Unrestricted	28,892,221	31,719,596	60,611,817
Total net position	<u>\$ 201,184,316</u>	<u>\$ 176,303,452</u>	<u>\$ 377,487,768</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF ACTIVITIES

YEAR ENDED SEPTEMBER 30, 2017

Function/Program Activities	Expenses	Indirect Expense Allocation	Program Revenues		
			Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:					
General government	\$ 14,009,092	\$ (5,072,132)	\$ 1,467,585	\$ -	\$ -
Public safety	12,456,166	75,374	2,706,456	16,729	-
Physical environment	15,542,944	162,072	7,023,620	-	-
Economic environment	1,202,739	1,056,700	273,142	192,685	-
Transportation	4,033,291	369,092	210,737	1,695,969	281,700
Culture and recreation	9,952,368	1,057,550	2,948,080	-	-
Interest on long-term debt	140,924	-	-	-	-
Total governmental activities	<u>57,337,524</u>	<u>(2,351,344)</u>	<u>14,629,620</u>	<u>1,905,383</u>	<u>281,700</u>
Business-type activities:					
Utility system	17,087,678	1,955,942	19,418,288	-	565,628
Solid waste	4,378,318	325,152	3,432,818	61,437	-
Lake Wellington Professional Centre	635,818	70,250	-	-	-
Total business-type activities	<u>22,101,814</u>	<u>2,351,344</u>	<u>22,851,106</u>	<u>61,437</u>	<u>565,628</u>
Total primary government	<u>\$ 79,439,338</u>	<u>\$ -</u>	<u>\$ 37,480,726</u>	<u>\$ 1,966,820</u>	<u>\$ 847,328</u>

General revenues:

Taxes:

Property taxes

Franchise fees and taxes

Utility and other taxes

Sales tax and discretionary tax

Grants and contributions not restricted
to specific programs

Investment earnings

Other

Total general revenues

Change in net position

Net position - beginning, restated

Net position, end of year

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-type Activities	Total
\$ (7,469,375)	\$ -	\$ (7,469,375)
(9,808,355)	-	(9,808,355)
(8,681,396)	-	(8,681,396)
(1,793,612)	-	(1,793,612)
(2,213,977)	-	(2,213,977)
(8,061,838)	-	(8,061,838)
(140,924)	-	(140,924)
(38,169,477)	-	(38,169,477)
-	940,296	940,296
-	(1,209,215)	(1,209,215)
-	(706,068)	(706,068)
-	(974,987)	(974,987)
(38,169,477)	(974,987)	(39,144,464)
17,599,037	-	17,599,037
3,557,576	-	3,557,576
6,980,610	-	6,980,610
7,687,294	-	7,687,294
1,855,631	-	1,855,631
371,319	343,924	715,243
437,403	839,620	1,277,023
38,488,870	1,183,544	39,672,414
319,393	208,557	527,950
200,864,923	176,094,895	376,959,818
<u>\$ 201,184,316</u>	<u>\$ 176,303,452</u>	<u>\$ 377,487,768</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WELLINGTON, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

	General	Building	Acme Improvement	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 4,651,787	\$ 430,143	\$ 432,587	\$ 926,040	\$ 282,476	\$ 1,221,412	\$ 7,944,445
Investments	29,173,496	5,163,577	2,458,419	4,678,346	-	8,383,361	49,857,199
Current receivables:							
Utility taxes	424,688	-	-	-	-	-	424,688
Franchise fees	389,578	-	-	-	-	-	389,578
Accounts	270,330	-	-	-	-	-	270,330
Interest	83,489	12,179	11,769	24,313	-	20,747	152,497
Due from other funds	210	-	-	-	-	-	210
Due from other governments	1,060,700	-	34,004	-	1,714	794,247	1,890,665
Prepaid expenditures	408,886	8,147	14,140	-	-	7,990	439,163
Inventory	16,395	-	-	-	-	-	16,395
Deposits	136,140	-	-	-	-	-	136,140
Long-term assessment receivable	-	-	-	-	3,019,333	-	3,019,333
Long-term note receivable	696,178	-	-	-	-	-	696,178
Total assets	<u>\$ 37,311,877</u>	<u>\$ 5,614,046</u>	<u>\$ 2,950,919</u>	<u>\$ 5,628,699</u>	<u>\$ 3,303,523</u>	<u>\$ 10,427,757</u>	<u>\$ 65,236,821</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WELLINGTON, FLORIDA

BALANCE SHEET (Continued)

GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

	General	Building	Acme Improvement	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 2,605,502	\$ 54,649	\$ 400,245	\$ 407,266	\$ -	\$ 521,052	\$ 3,988,714
Escrows and deposits	111,529	-	-	-	-	-	111,529
Contracts and retainage payable	-	-	-	10,741	-	79,139	89,880
Due to other funds	3,355	-	-	-	-	-	3,355
Due to other governments	266,979	24,102	-	-	-	-	291,081
Unearned revenue	1,531,304	3,822	10,000	-	-	486,796	2,031,922
Total liabilities	<u>4,518,669</u>	<u>82,573</u>	<u>410,245</u>	<u>418,007</u>	<u>-</u>	<u>1,086,987</u>	<u>6,516,481</u>
Deferred inflows of resources:							
Unavailable revenue	<u>696,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,019,333</u>	<u>-</u>	<u>3,715,511</u>
Fund balances:							
Nonspendable:							
Prepaid expenditures	408,886	8,147	14,140	-	-	7,990	439,163
Inventory	16,395	-	-	-	-	-	16,395
Deposits	136,140	-	-	-	-	-	136,140
Long-term notes receivable	696,178	-	-	-	-	-	696,178
Restricted for:							
Capital projects	-	-	-	-	-	4,969,198	4,969,198
Building	-	5,523,326	-	-	-	-	5,523,326
Surface Water Management	-	-	2,526,534	-	-	-	2,526,534
Road capital and maintenance	-	-	-	-	-	4,363,582	4,363,582
Debt service	-	-	-	-	284,190	-	284,190
Committed for:							
Rate stabilization	2,785,000	-	-	-	-	-	2,785,000
Insurance	1,150,000	-	-	-	-	-	1,150,000
Infrastructure	1,000,000	-	-	-	-	-	1,000,000
Emergency	3,000,000	-	-	-	-	-	3,000,000
Assigned for:							
Contracts	509,803	-	-	312,480	-	-	822,283
Capital projects	124,734	-	-	4,898,212	-	-	5,022,946
Subsequent year operating expenditures	5,637,362	-	-	-	-	-	5,637,362
Unassigned	<u>16,632,532</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,632,532</u>
Total fund balances	<u>32,097,030</u>	<u>5,531,473</u>	<u>2,540,674</u>	<u>5,210,692</u>	<u>284,190</u>	<u>9,340,770</u>	<u>55,004,829</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 37,311,877</u>	<u>\$ 5,614,046</u>	<u>\$ 2,950,919</u>	<u>\$ 5,628,699</u>	<u>\$ 3,303,523</u>	<u>\$ 10,427,757</u>	<u>\$ 65,236,821</u>

The notes to the financial statements are an integral part of this statement.



VILLAGE OF WELLINGTON, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2017

Ending fund balance - governmental funds	\$ 55,004,829
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.

Governmental capital assets	\$ 253,812,113	
Less accumulated depreciation	(93,715,602)	
Net capital assets	160,096,511	

Net other postemployment benefit (OPEB) asset created through funding of the plan as employer contribution to the defined benefit OPEB plan is not recognized in the funds	994,685
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Assets that are not available to pay for current period expenditures are unavailable revenue in the fund statements	3,715,511
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Deferred outflows of resources related to pensions are recorded in the statement of net position	7,210,181
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Deferred inflows of resources related to pensions are recorded in the statement of net position	(1,027,958)
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Deferred inflows of resources related to OPEB are recorded in the statement of net position	(62,683)
---	----------

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

Bonds payable	(5,459,044)	
Accrued interest	(42,479)	
Compensated absences	(2,253,532)	
Net pension liability	(16,991,705)	

Net position of governmental activities	\$ 201,184,316
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The notes to the financial statements are an integral part of this statement.

VILLAGE OF WELLINGTON, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2017

	General	Building	Acme Improvement	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Ad valorem taxes	\$ 17,599,037	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,599,037
Franchise fees	3,557,576	-	-	-	-	-	3,557,576
Utility and other taxes	6,980,610	-	-	-	-	-	6,980,610
Special assessments	-	-	5,775,041	-	281,700	-	6,056,741
Impact fees	-	-	-	-	-	407,227	407,227
Licenses and permits	2,328,498	2,526,781	1,295	-	-	-	4,856,574
Intergovernmental revenue	6,465,940	-	-	-	-	5,126,434	11,592,374
Charges for services	2,757,590	-	349,521	-	-	-	3,107,111
Fines and forfeitures	339,603	-	-	-	-	-	339,603
Investment income (net)	226,597	28,839	36,761	27,890	-	51,232	371,319
Miscellaneous	617,465	44,222	56,889	492	-	50,030	769,098
Total revenues	<u>40,872,916</u>	<u>2,599,842</u>	<u>6,219,507</u>	<u>28,382</u>	<u>281,700</u>	<u>5,634,923</u>	<u>55,637,270</u>

(Continued)

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WELLINGTON, FLORIDA

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

GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2017

	General	Building	Acme Improvement	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
Expenditures:							
Current:							
General government	\$ 13,828,407	\$ -	\$ 24,725	\$ -	\$ 20	-	\$ 13,853,152
Public safety	10,162,156	2,094,407	-	-	-	-	12,256,563
Physical environment	4,470,934	-	4,357,200	-	-	-	8,828,134
Economic environment	1,126,265	-	-	-	-	-	1,126,265
Transportation	-	-	-	-	-	3,029,636	3,029,636
Culture and recreation	8,444,764	-	255,845	-	-	-	8,700,609
Capital outlay	760,149	19,060	211,888	1,350,190	-	3,001,983	5,343,270
Debt service:							
Principal	-	-	-	-	1,086,670	-	1,086,670
Interest and other fiscal charges	-	-	-	-	139,288	-	139,288
Total expenditures	<u>38,792,675</u>	<u>2,113,467</u>	<u>4,849,658</u>	<u>1,350,190</u>	<u>1,225,978</u>	<u>6,031,619</u>	<u>54,363,587</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,080,241</u>	<u>486,375</u>	<u>1,369,849</u>	<u>(1,321,808)</u>	<u>(944,278)</u>	<u>(396,696)</u>	<u>1,273,683</u>
Other financing sources (uses):							
Transfers in	3,560,134	-	-	3,950,000	1,133,756	2,125,377	10,769,267
Transfers out	(4,482,995)	(586,370)	(2,214,517)	-	-	(1,134,041)	(8,417,923)
Proceeds from sale of capital assets	<u>127,772</u>	<u>5,401</u>	<u>42,280</u>	<u>-</u>	<u>-</u>	<u>16,608</u>	<u>192,061</u>
Total other financing sources (uses)	<u>(795,089)</u>	<u>(580,969)</u>	<u>(2,172,237)</u>	<u>3,950,000</u>	<u>1,133,756</u>	<u>1,007,944</u>	<u>2,543,405</u>
Net change in fund balances	1,285,152	(94,594)	(802,388)	2,628,192	189,478	611,248	3,817,088
Fund balances, beginning of year	<u>30,811,878</u>	<u>5,626,067</u>	<u>3,343,062</u>	<u>2,582,500</u>	<u>94,712</u>	<u>8,729,522</u>	<u>51,187,741</u>
Fund balances, end of year	<u>\$ 32,097,030</u>	<u>\$ 5,531,473</u>	<u>\$ 2,540,674</u>	<u>\$ 5,210,692</u>	<u>\$ 284,190</u>	<u>\$ 9,340,770</u>	<u>\$ 55,004,829</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WELLINGTON, FLORIDA
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2017

Net change in fund balances - total governmental funds	\$ 3,817,088
Governmental funds report capital outlays as expenditures, however, the cost of capital assets is eliminated in the statement of activities and capitalized in the statement of net position.	5,343,270
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	(8,573,131)
In the statement of activities, only the gain (loss) on the sale of capital assets is reported	
Net book value of asset disposals	302,814
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position:	
Principal payments on debt	1,086,670
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund financial statements.	3,715,511
Certain revenues were unavailable for the fund financial statements in the prior fiscal year. In the current fiscal year, these revenues were recorded in the governmental fund financial statements.	(4,047,208)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Change in accrued interest	(1,636)
Change in compensated absences	(213,785)
Other postemployment benefit expense	93,207
Pension expense	<u>(1,203,407)</u>
Change in net position of governmental activities	<u>\$ 319,393</u>

The notes to the financial statements are an integral part of this statement.



VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2017

	Major		Nonmajor	
	Utility	Solid	Lake Wellington	
	System	Waste	Professional	Total
			Centre	
ASSETS				
Current assets:				
Cash	\$ 705,254	\$ 258,022	\$ 997,243	\$ 1,960,519
Investments	24,898,752	6,569,376	-	31,468,128
Receivables:				
Accounts, net of allowance for uncollectible amounts	2,235,926	82,945	-	2,318,871
Interest	110,438	20,648	-	131,086
Due from other funds	-	-	3,355	3,355
Due from other governments	-	30,429	-	30,429
Inventories	62,045	-	-	62,045
Prepaid expenses	26,609	1,364	100	28,073
Restricted cash	5,081,938	-	48,582	5,130,520
Restricted investments	27,887,575	-	-	27,887,575
Total current assets	<u>61,008,537</u>	<u>6,962,784</u>	<u>1,049,280</u>	<u>69,020,601</u>
Noncurrent assets:				
Net other postemployment benefit asset	185,389	10,510	3,657	199,556
Property, plant and equipment (net of accumulated depreciation)	<u>108,075,534</u>	<u>39,625</u>	<u>4,469,102</u>	<u>112,584,261</u>
Total noncurrent assets	<u>108,260,923</u>	<u>50,135</u>	<u>4,472,759</u>	<u>112,783,817</u>
Total assets	<u>\$ 169,269,460</u>	<u>\$ 7,012,919</u>	<u>\$ 5,522,039</u>	<u>\$ 181,804,418</u>
DEFERRED OUTFLOW OF RESOURCES				
Pension	<u>1,455,767</u>	<u>73,933</u>	<u>61,610</u>	<u>1,591,310</u>
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 719,540	\$ 954,591	\$ 9,946	\$ 1,684,077
Contracts and retainage payable	770	-	-	770
Due to other funds	-	-	210	210
Due to other governments	12,364	216	3,983	16,563
Deposits, payable from restricted assets	969,918	-	48,582	1,018,500
Compensated absences payable	200,711	15,938	7,632	224,281
Unearned revenue	<u>21,011</u>	<u>-</u>	<u>18,576</u>	<u>39,587</u>
Total current liabilities	<u>1,924,314</u>	<u>970,745</u>	<u>88,929</u>	<u>2,983,988</u>
Noncurrent liabilities:				
Compensated absences payable	205,826	31,584	4,297	241,707
Pension	<u>3,329,342</u>	<u>148,056</u>	<u>146,637</u>	<u>3,624,035</u>
Total noncurrent liabilities	<u>3,535,168</u>	<u>179,640</u>	<u>150,934</u>	<u>3,865,742</u>
Total liabilities	<u>5,459,482</u>	<u>1,150,385</u>	<u>239,863</u>	<u>6,849,730</u>
DEFERRED INFLOW OF RESOURCES				
Pension	207,549	10,541	8,784	226,874
Other postemployment benefit	<u>14,104</u>	<u>784</u>	<u>784</u>	<u>15,672</u>
Total deferred inflow of resources	<u>221,653</u>	<u>11,325</u>	<u>9,568</u>	<u>242,546</u>
NET POSITION				
Net invested in capital assets	108,075,534	39,625	4,469,102	112,584,261
Restricted for capital improvements - capacity fees	5,081,938	-	-	5,081,938
Restricted for renewal and replacement of capital assets	26,917,657	-	-	26,917,657
Unrestricted	<u>24,968,963</u>	<u>5,885,517</u>	<u>865,116</u>	<u>31,719,596</u>
Total net position	<u>\$ 165,044,092</u>	<u>\$ 5,925,142</u>	<u>\$ 5,334,218</u>	<u>\$ 176,303,452</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2017

	Major		Nonmajor	
	Utility	Solid	Lake Wellington	
	System	Waste	Professional	Total
			Centre	
Operating revenues:				
Charges for services	\$ 19,398,303	\$ 40,215	\$ -	\$ 19,438,518
Special assessments	-	3,024,215	-	3,024,215
Licenses and permits	19,984	30,238	-	50,222
Intergovernmental revenue	-	61,437	-	61,437
Franchise fees	-	338,150	-	338,150
Rent revenue	-	-	764,472	764,472
Other	66,881	-	8,267	75,148
Total operating revenues	19,485,168	3,494,255	772,739	23,752,162
Operating expenses:				
Water services	3,513,076	-	-	3,513,076
Wastewater services	3,624,996	-	-	3,624,996
Laboratory	132,342	-	-	132,342
Water distribution	1,560,841	-	-	1,560,841
Customer service	730,088	-	-	730,088
General and administrative	1,398,925	-	-	1,398,925
Operations and maintenance	-	-	486,791	486,791
Solid waste	-	4,367,973	-	4,367,973
Depreciation	6,095,241	10,345	149,027	6,254,613
Total operating expenses	17,055,509	4,378,318	635,818	22,069,645
Income from operations	2,429,659	(884,063)	136,921	1,682,517
Nonoperating revenues (expenses):				
Investment income (net)	298,143	45,781	-	343,924
Net gain (loss) on sale or disposition of capital assets	(547)	-	-	(547)
Interest expense	(31,621)	-	-	(31,621)
Total nonoperating revenues (expenses)	265,975	45,781	-	311,756
Income before contributions and transfers	2,695,634	(838,282)	136,921	1,994,273
Capital contributions:				
Capacity charges	511,083	-	-	511,083
Distribution lines	20,230	-	-	20,230
Meters	34,315	-	-	34,315
Transfers out	(1,955,942)	(325,152)	(70,250)	(2,351,344)
Change in net position	1,305,320	(1,163,434)	66,671	208,557
Net position - beginning, restated	163,738,772	7,088,576	5,267,547	176,094,895
Net position - end of year	\$ 165,044,092	\$ 5,925,142	\$ 5,334,218	\$ 176,303,452

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

YEAR ENDED SEPTEMBER 30, 2017

	Major		Nonmajor	
	Utility	Solid	Lake Wellington	
	System	Waste	Professional	Total
			Centre	
Cash flows from operating activities:				
Receipts from customers	\$ 19,234,478	\$ 3,390,877	\$ 756,748	\$ 23,382,103
Payments to suppliers for goods and services	(5,641,026)	(3,604,237)	(220,523)	(9,465,786)
Payments to employees for services	(5,221,635)	(324,478)	(251,725)	(5,797,838)
Other operating revenues	67,674	88,298	8,611	164,583
Net cash provided by operating activities	8,439,491	(449,540)	293,111	8,283,062
Cash flows from noncapital financing activities:				
Transfers from other funds	-	-	(3,355)	(3,355)
Transfers to other funds	(1,955,942)	(325,152)	(76,683)	(2,357,777)
Net cash (used) in noncapital financing activities	(1,955,942)	(325,152)	(80,038)	(2,361,132)
Cash flows from capital and related financing activities:				
Capital contributions	545,398	-	-	545,398
Sale proceeds of capital assets	20,075	-	-	20,075
Acquisition of property, plant and equipment	(1,686,958)	(12,770)	-	(1,699,728)
Interest paid on indebtedness	(31,621)	-	-	(31,621)
Net cash (used) in capital and related financing activities	(1,153,106)	(12,770)	-	(1,165,876)
Cash flows from investing activities:				
Interest received	496,381	74,584	-	570,965
Sale of investments	(991,164)	2,081,942	-	1,090,778
Purchase of investments	(9,323,000)	(2,579,557)	-	(11,902,557)
Net cash (used) by investing activities	(9,817,783)	(423,031)	-	(10,240,814)
Net increase (decrease) in cash	(4,487,340)	(1,210,493)	213,073	(5,484,760)
Cash, beginning of year	10,274,532	1,468,515	832,752	12,575,799
Total cash, end of year	\$ 5,787,192	\$ 258,022	\$ 1,045,825	\$ 7,091,039
Cash				
Unrestricted	\$ 705,254	\$ 258,022	\$ 997,243	\$ 1,960,519
Restricted	5,081,938	-	48,582	5,130,520
Total cash	\$ 5,787,192	\$ 258,022	\$ 1,045,825	\$ 7,091,039

(Continued)

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Continued) YEAR ENDED SEPTEMBER 30, 2017

	Major		Nonmajor	
	Utility	Solid	Lake Wellington	
	System	Waste	Professional	
			Centre	Total
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 2,429,659	\$ (884,063)	\$ 136,921	\$ 1,682,517
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation expense	6,095,241	10,345	149,027	6,254,613
GASB 68 pension expense	242,973	12,340	10,283	265,596
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(183,030)	(11,703)	20	(194,713)
Due from other governments	-	(2,154)	-	(2,154)
Inventories	3,590	-	-	3,590
Prepaid expenses	(16,896)	(922)	-	(17,818)
OPEB expense	(20,971)	(1,165)	(1,165)	(23,301)
Increase (decrease) in:				
Accounts payable and accrued liabilities	(127,595)	418,686	3,215	294,306
Due to other governments	793	(1,223)	344	(86)
Deposits	(1,586)	-	(3,518)	(5,104)
Unearned revenue	809	-	(4,227)	(3,418)
Compensated absences payable	16,504	10,319	2,211	29,034
Total adjustments	6,009,832	434,523	156,190	6,600,545
Net cash provided by operating activities	\$ 8,439,491	\$ (449,540)	\$ 293,111	\$ 8,283,062
Noncash investing, capital, and financing activities:				
Developer contributed distribution lines	\$ 20,230	\$ -	\$ -	\$ 20,230
Unrealized losses on investments	212,615	40,215	-	252,830

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUND

SEPTEMBER 30, 2017

	Employee Retirement Healthcare Trust
ASSETS	
Investments:	
Florida Municipal Pension Trust Fund - OPEB 70/30 Allocation	\$ 1,535,852
NET POSITION	
Held in trust for other postemployment benefits	\$ 1,535,852

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WELLINGTON, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
YEAR ENDED SEPTEMBER 30, 2017

	Employee Retirement Healthcare Trust
Additions:	
Investment income	\$ 198,436
Deductions:	
Administrative expense	<u>(4,907)</u>
Change in net position	193,529
Net position held in trust for other postemployment benefits, beginning of year	<u>1,342,323</u>
Net position held in trust for other postemployment benefits, end of year	<u><u>\$ 1,535,852</u></u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF WELLINGTON, FLORIDA
INDEX FOR NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2017

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NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The Village of Wellington (“Wellington”) was incorporated December 31, 1995, pursuant to Chapter 95-496, Laws of Florida, and commenced operations on March 28, 1996. Wellington operates under the Council-Manager form of government and provides a wide range of community services including general government; planning, zoning and building; public safety (police protection); public works (construction and maintenance of roads, rights of way, and other infrastructure; street lighting; and storm water drainage); culture and recreation (parks maintenance, recreational activities, cultural events, and related facilities); water and sewer utilities; and solid waste collection and recycling. Wellington’s Council (“Council”) is responsible for legislative and fiscal control of Wellington.

As required by U.S. generally accepted accounting principles, these basic financial statements present the government and its component units. Component units are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause Wellington’s basic financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization’s governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization’s governing board. Blended component units, although legally separate entities, are, in substance, part of the primary government’s operations and are included as part of the primary government.

Blended Component Units

Based on the application of the criteria set forth by the Governmental Accounting Standards Board (GASB), management has included Acme Improvement District (District) in Wellington’s reporting entity. Prior to incorporation, the District was an independent special taxing district created in 1953, which served as the local government providing the majority of community services and facilities for the area including water and sewer, stormwater drainage, transportation, street lighting, and parks and recreation. As a result of incorporation, Wellington now provides those municipal services and the District has become a dependent district of Wellington. Because of the breadth of the services it already provided to residents, the District formed the backbone of Wellington. Although the District is legally separate from Wellington, it is reported as if it were part of the primary government as a blended component unit of Wellington because the District is governed by a five-member board of supervisors that is the same as the governing body of Wellington and management of the Village has operational responsibility for the District. The District does not issue separate financial statements and is presented as a special revenue fund type – Acme Improvement Fund.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of Wellington and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses for centralized services and administrative overhead are allocated among the programs, functions, and segments using a full cost allocation approach and are presented separately to enhance comparability of direct expenses between governments that allocate direct expenses and those that do not. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, although the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining nonmajor governmental funds are aggregated and reported as nonmajor funds.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Wellington considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise fees, assessments, intergovernmental revenue and licenses, associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items reported in the governmental funds are considered to be measurable and available only when cash is received by Wellington.

Wellington reports the following major governmental funds:

General Fund – The general fund is the primary operating fund and is used to account for all financial resources applicable to the general operations, except those required to be accounted for in another fund.

Building – This special revenue fund accounts for revenues and expenditures applicable to the building function. The purpose of the fund is to segregate permitting services pertaining to building activities and to ensure that the fee structure for such activities is accurate. The revenues received are from the issuance of licenses and permits.

Acme Improvement – This special revenue fund accounts for all financial resources and expenditures applicable to the operations of the Acme Improvement District, a dependent special district of Wellington, related solely to the water management facilities in accordance with the Plan of Reclamation and existing operations, construction of capital facilities, and maintenance of the same. The funding source are non-ad valorem special assessments against all taxable units within the District and charges for services.

Debt Service– This fund is maintained to account for the payment of interest and principal requirements on long-term debt. Wellington maintains one debt service fund for the repayment of revenue and special assessment bonds.

Capital Projects – This fund is used to segregate all financial activity applicable to governmental capital expenditures from governmental operating expenditures. These expenditures are funded by Wellington's General Fund, Recreation Impact Fees Fund, and Acme improvement Fund through transfers and grant proceeds.

Wellington reports the following major proprietary funds:

Utility System Enterprise Fund – This fund accounts for the activities related to the sewage treatment plant, sewage pumping stations and collection systems, and the water distribution system.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Solid Waste Enterprise Fund – This fund accounts for the activities related to solid waste removal and recycling.

Additionally, Wellington reports the following fiduciary fund:

Employee Retirement Healthcare Trust Fund – This fund accounts for the trust fund established to receive and invest Village healthcare contributions in a defined benefit other postemployment benefit plan and to disburse these monies to cover retirees' health insurance in accordance with the trust document. Since these assets are held for the benefit of third parties and cannot be used to finance activities or obligations of Wellington, they are not included in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function as well as the solid waste function and various other functions of Wellington. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

Deposits and Investments

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

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

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

Receivables

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements using the consumption method. Expenditures for services extending over more than one accounting period are accounted for as expenditures of the period of use.

Restricted Assets

These assets represent cash and investments set aside pursuant to debt covenants or other contractual restrictions.

Capital Assets and Depreciation

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by Wellington as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are Wellington's assets as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized as assets in the government-wide statement of net position. General capital assets are carried at historical cost. Where cost cannot be determined from available records, estimated historical cost has been used to record the estimated value of the assets. Assets acquired by gift or bequest are recorded at their acquisition value at the date of donation. The road network was valued based on current construction costs discounted by consumer price indices for highway construction.

Capital assets of the enterprise funds are capitalized in the fund in which they are utilized. The valuation basis for enterprise fund capital assets are the same as those used for general capital assets. Additionally, net interest cost is capitalized on enterprise fund projects during the construction period in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 835, *Interest*.

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

Depreciation has been provided over the estimated useful lives using the straight-line method of depreciation. The estimated lives for each major class of depreciable capital assets are as follows:

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The street network is not depreciated. Wellington has elected to use the modified approach in accounting for its streets. The modified approach allows governments to report as expenses in lieu of depreciation, infrastructure expenditures which maintain the asset but do not add to or improve the asset. Additions and improvements to the street network are capitalized. Wellington uses an asset management system to rate street condition and to quantify the results of maintenance efforts.

Deferred Outflows/Inflows of Resources

The statement of net position reports, as applicable, a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. For example, the Village would record deferred outflows of resources related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

The statement of net position reports, as applicable, a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time. For example, when an asset is recorded in the governmental fund financial statements, but the revenue is not available, the Village reports a deferred inflow of resources until such times as the revenue becomes available.

The Village reports pension and OPEB related deferred outflows of resources and deferred inflows of resources on its financial statements (see footnote 9 & 14 for additional information).

Compensated Absences

Compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured. For the governmental funds, compensated absences are liquidated by the fund in which employees are compensated. The Village provides paid time off (PTO) for eligible employees, which accrues at rates depending on an employee's years of service with a maximum carry forward from year to year of 400 hours. Additionally, eligible employees may cash out PTO each year with a maximum buyback between 120 and 160 hours depending on years of service.

Benefits for employees also include major illness leave. This benefit accrues at 4 hours per month. Employees may utilize this benefit for a major illness after they have used 3 work days of paid time-off. Upon separation of service, and with 10 years of continuous service, any balance of these hours is valued at the current hourly pay rate, and is paid into a Retirement Health Savings Plan. In this plan, monies are used by individuals to pay for qualified medical expenses, including premiums. For individuals that leave prior to 10 years of service, this time is forfeited.

Unavailable/Uncearned Revenue

Unavailable revenue (a deferred inflow of resources) is recorded for governmental fund receivables that are not both measurable and available. In addition, inflows that do not yet meet the criteria for revenue recognition, such as lease revenue collected in advance, are recorded as unearned revenue in the government-wide and fund statements.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position in the government-wide financial statements are categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets represents net position related to infrastructure and property, plant and equipment. Restricted net position represents the assets restricted by the Village's Bond covenants or other contractual restrictions. Unrestricted net position consists of the net position not meeting the definition of either of the other two components.

Fund Equity

The Governmental Accounting Standards Board issued statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, which establishes accounting and financial reporting requirements for all governmental funds and establishes criteria for classifying fund balances. Accordingly, the governmental fund financial statements report fund equity classifications that comprise a hierarchy based primarily on the extent to which Wellington is legally bound to honor the specific purposes for which amounts in fund balance may be spent. The fund balance classifications are summarized as follows:

Nonspendable – Nonspendable fund balances include amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to remain intact.

Restricted – Restricted fund balances include amounts that are restricted to specific purposes either by (a) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or through enabling legislation.

Committed – Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by ordinances of Wellington Council, Wellington's highest level of decision making authority, set in place prior to the end of the period. These amounts cannot be changed unless Council takes the same action to remove or change the constraint.

Assigned – Assigned fund balances include spendable amounts established by Wellington Council that are intended to be used for specific purposes, but are neither restricted nor committed. Assignments of fund balances are made through a motion by Wellington Council, are generally temporary and normally the same formal action need not be taken to remove the assignment.

Unassigned – Unassigned fund balances include amounts that are not assigned to other funds and have not been restricted, committed or assigned to specific purposes. The general fund is the only fund that reports a positive unassigned fund balance amount in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Wellington considers restricted fund balances to be spent when an expenditure is incurred for the restricted purpose. Wellington considers committed, assigned or unassigned fund balances to be spent when an expenditure is incurred for purposes for which amounts in any of those fund balance classifications could be used.

Wellington's minimum fund balance policy mandates the General Fund Unassigned Fund Balance, at year end, will range, at a minimum, between 25% and 29% of the following year's budgeted expenditures. In any fiscal year where Wellington is unable to fund the minimum fund balance as required in this section, Wellington will not budget any amount of unassigned fund balance for the purpose of balancing the budget. This minimum is confirmed each year as part of the budget process by Council action.

Wellington Council has committed fund balance as follows:

Rate Stabilization Reserve – Wellington established reserves to offset future rate increases as approved by Wellington's Council. This amount shall only be used in order to prevent increases to the millage rate to offset short-term economic conditions. Funds shall be released from the Rate Stabilization Reserve only upon Council Resolution. The amount in the Reserve is reviewed annually and established as part of the budget process.

Insurance Reserve – An Insurance Reserve was established to offset future premium increases to be funded from this reserve upon Council action. The amount of this reserve is reviewed and established annually as part of the budget process.

Infrastructure Reserve – An Infrastructure Reserve was established to offset major unexpected facility and infrastructure rehabilitation.

Emergency Reserve – An Emergency Reserve was established to provide sufficient resources to ensure continued operations as well as to fund unplanned expenditures in the event of a hurricane, major storm, or other natural or man-made disaster. Funds will be authorized to be spent from the Disaster Contingency Fund upon Declaration of Emergency and Wellington Council approval.

Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Property Taxes

Under Florida law, the assessment of all properties and the collection of county, municipal, school board, and special district property taxes are consolidated with the county Property Appraiser and county Tax Collector, respectively. All property is reassessed according to its fair market value on January 1 of each year and each assessment roll is submitted to the State Department of Revenue for review to determine if the assessment roll meets all of the appropriate requirements of State law. Wellington's Charter permits it to levy property taxes at a rate of up to 5 mills.

The millage rate assessed by Wellington for the 2017 fiscal year was 2.44 (\$2.44 for each \$1,000 of assessed valuation). This levy was based upon an assessed valuation as of January 1, 2016, of approximately \$7.49 billion.

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1st following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1st following the tax year, certificates are offered

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

for sale for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificate may be made by the certificate holder after a period of two years. Unsold certificates are held by the County. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. At September 30, 2017, unpaid delinquent taxes are not material and have not been recorded.

During 2007 the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments. The maximum tax levy allowed by a majority vote of the governing body is based on a percentage reduction applied to the prior year property tax revenue. The percentage reduction is calculated based on the compound annual growth rate in the per capita property taxes levied. The law allows local governments to adopt a higher millage rate based on the following approval of the governing body: 1) a majority vote to adopt a rate equal to the prior year rolled-back millage rate, plus an adjustment for growth in per capita personal income; 2) a two-thirds vote to adopt a rate equal to the prior year adjusted millage rate plus 10%; or 3) any millage rate approved by unanimous vote or referendum. Future property tax growth is limited to the annual growth rate of per capita personal income, which is currently 2% to 3%, plus the value of new construction.

Recent Accounting Pronouncements Adopted

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

The objective of this Statement is to improve the usefulness of information about pensions included in the general purpose external financial reports of state and local governments for making decisions and assessing accountability. The provisions in Statement 73 are effective for fiscal years beginning after June 15, 2015—except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for fiscal years beginning after June 15, 2017.

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

The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The provisions in Statement 74 are effective for fiscal years beginning after June 15, 2017.

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

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

GASB Statement No. 77, *Tax Abatement Disclosures*

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from estimates.

NOTE 2. DEPOSITS AND INVESTMENTS

Wellington is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, repurchase agreements, certificates of deposit, Florida PRIME (formerly known as the Local Government Investment Pool (LGIP)), any intergovernmental investment pools authorized pursuant to Chapter 163 of the Florida Statutes, SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency, commercial paper and money market and mutual funds that restrict its investments to obligations of the U.S. government.

Wellington's cash includes cash on hand, time and demand deposits, cash held with a fiscal agent and money market mutual funds. Wellington maintains a cash and investment pool that is available for use by all funds. Interest earned on pooled cash and investments is allocated to each of the funds based on the fund's average equity balance. Cash and equivalents at September 30, 2017 had a carrying value of \$15,035,482 and a bank balance of \$15,146,500.

All of Wellington's bank deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act". Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral of the depository to be held subject to his or her order. The Treasurer, by rule, shall establish minimum required collateral pledging levels.

The pledging level may range from 25% to 125% of the average monthly balance of public deposits depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default. The money market mutual fund deposits are uninsured and uncollateralized.

NOTE 2. DEPOSITS AND INVESTMENTS (continued)

The Florida Municipal Investment Trust was created under the laws of the State of Florida to provide eligible units of local governments with an investment vehicle to pool their surplus funds and to reinvest such funds in one or more investment portfolios under the direction and daily supervision of an investment advisor. The Florida League of Cities serves as the administrator, investment manager and secretary-treasurer of the Trust.

Fair Value Measurement – When applicable, the Village measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- Level 1: Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the Village has the ability to access;
- Level 2: Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- Level 3: Investments whose inputs are unobservable.

The following table details the Village's investments within the hierarchy at September 30, 2017:

Investment	Amortized Cost	Fair Value	Weighted Average Maturity	Credit Rating (S&P)	Level	Percent Distribution
Florida Education Investment Fund (FEITF)	833,001	-	51 days	AAAm	N/A	0.67%
PFM Money Market Fund	349,367	-	39 days	AAAm	N/A	0.28%
Total	1,182,368	-				0.95%
U.S. Treasuries		45,043,020	1.13 years		1	36.25%
FMIVT- Intermediate High Quality Bond Fund		795,500	5 years		2	0.64%
FMIVT- 1-3 Year High Quality Bond Fund		102,959	2 years		2	0.08%
U.S. Government Sponsored Enterprises:			1.34 years			
Federal National Mortgage Association		11,669,104		AA+	2	9.39%
Federal Home Loan Bank		19,661,382		AA+	2	15.82%
Freddie Mac		4,974,605		AA+		4.00%
Commercial Paper		8,952,869	.09 years	A-1	2	7.21%
Corporate Notes		16,831,095	1.47 years	(A-) - (AA+)	2	13.56%
Total Investments		108,030,534				86.95%
Total Cash Deposits		15,035,482				12.10%
Total Cash & Investments	1,182,368	123,066,016				100.00%

NOTE 2. DEPOSITS AND INVESTMENTS (continued)

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

Fixed income – Some of the underlying securities have observable level 1 quoted pricing inputs. However, while the underlying asset values may be based on quoted market prices, the net asset value of the portfolios is not publicly quoted. Additionally, some of the underlying securities employ matrix pricing. Accordingly, these investments have been reported as level 2.

Money market investments that have a maturity at the time of purchase of one year or less and are held by governments other than external investment pools should be measured at amortized cost. For external investment pools that qualify to be measured at amortized cost, the pool's participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes. Accordingly, those Village investments have been reported at amortized cost above, as applicable.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. Wellington's investment policy matches its investments with anticipated cash flow requirements. Unless matched to a specific cash flow requirement or otherwise approved by Wellington's Council, Wellington will not directly invest in securities maturing in more than 5 years.

Credit Risk

Wellington's policy is to limit investments to the safest types of securities, pre-qualified financial institutions, broker/dealers, intermediaries, and advisors with which Wellington will do business, and diversify the investment portfolio to minimize potential losses on individual securities. As of the year end, the credit quality ratings investments are shown above.

Custodial Credit Risk

Custodial credit risk is defined as the risk that Wellington may not recover the securities held by another party in the event of a financial failure. Wellington's investment policy for custodial credit risk requires all investment securities to be held in Wellington's name by a third party safekeeping institution. The investments in the Florida Municipal Investment Trust are considered unclassified pursuant to the custodial credit risk categories of GASB Statement No. 31. All deposits with financial institutions and investments in U.S. Government Agency and Instrumentality securities are considered fully insured or collateralized pursuant to the custodial credit risk categories of GASB Statement No. 31.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investments in a single issuer. Wellington limits the amount that can be invested in any one issuer of Federal Agencies and Instrumentalities to 40% of the portfolio. Wellington was in compliance with this policy at year-end. The percentage of each investment type is shown in the preceding table as of September 30, 2017.

NOTE 3. RECEIVABLES

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

	General	Building	Acme Imprv.	Capital Projects	Nonmajor Govt'l Funds	Utility System	Solid Waste	Total
Utility taxes	\$ 424,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 424,688
Franchise taxes	389,578	-	-	-	-	-	82,945	472,523
Accounts	270,329	-	-	-	-	2,309,839	-	2,580,168
Interest	83,489	12,179	11,769	24,313	20,748	110,438	20,648	283,584
Gross receivables	1,168,084	12,179	11,769	24,313	20,748	2,420,277	103,593	3,760,963
Less allowance for uncollectible accounts	-	-	-	-	-	(73,913)	-	(73,913)
	<u>\$1,168,084</u>	<u>\$ 12,179</u>	<u>\$ 11,769</u>	<u>\$ 24,313</u>	<u>\$ 20,748</u>	<u>\$ 2,346,364</u>	<u>\$ 103,593</u>	<u>\$ 3,687,050</u>

Boys and Girls Club

In 2013, the Village completed construction of the new Boys & Girls Club Center. Total construction costs were approximately \$3,956,000. The project was to be funded as follows: the Village (\$1.096 million), Palm Beach County (\$600,000) and the Boys & Girls Club (\$2.26 million). The Boys & Girls Club paid \$1.1 million to the Village leaving a balance owed of \$1.16 million. The Village and the Boys & Girls Club agreed that the remaining balance would be paid over ten years in annual amounts of \$116,030. At September 30, 2017, the amount owed is \$696,178 and is recorded as a long-term receivable and unavailable revenue on the fund financial statements.

Special Assessment Receivable

In 2016, the Village issued special assessment debt in the amount of \$3,235,000 to finance capital improvements in the Saddle Trail Park Neighborhood. Principal and interest are payable from pledged revenues, which consist of special assessment proceeds on the property owners in the Saddle Trail Neighborhood. The Village has levied special assessments on the lots that benefit from the project. The benefited lots will be billed annually over the next 15 years. In the event that pledged funds are insufficient to make the debt service payments, the Village has committed to make an annual appropriation of available non-ad valorem revenues to make up any deficiencies.

On August 8, 2017, the Village adopted Resolution 2017-39 for special assessments due in the amount of \$282,668.

NOTE 4. DUE FROM OTHER GOVERNMENTS

Amounts due from other governments for individual major funds and aggregate nonmajor funds are as follows:

	General	Acme Imprv.	Debt Service	Nonmajor Govt'l Funds	Solid Waste	Total
Federal Government:						
Grants	\$ 67,306	\$ -	\$ -	\$ -	\$ -	\$ 67,306
State of Florida:						
Half cent sales tax	707,336	-	-	-	-	707,336
Sales Surtax	-	-	-	652,571	-	652,571
Communication services tax	235,782	-	-	-	-	235,782
Local option gas tax	-	-	-	138,287	-	138,287
Fuel tax refund	-	-	-	3,389	-	3,389
Palm Beach County:						
County shared revenues	49,226	-	-	-	12,350	61,576
PBC Tax Collector	-	34,004	1,714	-	18,079	53,797
Board of County Commissioners	1,050	-	-	-	-	1,050
	<u>\$ 1,060,700</u>	<u>\$ 34,004</u>	<u>\$ 1,714</u>	<u>\$ 794,247</u>	<u>\$ 30,429</u>	<u>\$ 1,921,094</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2017 is as follows:

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Governmental activities:					
Capital assets, not being depreciated:					
Land	\$ 20,053,844	\$ -	\$ -		\$ 20,053,844
Construction in progress	7,700,436	4,385,380	(19,000)	(11,042,493)	1,024,323
Infrastructure	72,449,949	-	-	4,137,376	76,587,325
Total capital assets, not being depreciated	100,204,229	4,385,380	(19,000)	(6,905,117)	97,665,492
Capital assets, being depreciated:					
Buildings	39,191,890	-	-	51,679	39,243,569
Improvements	93,866,340	-	-	6,657,654	100,523,994
Machinery and equipment	15,570,687	1,310,585	(697,998)	195,784	16,379,058
Total capital assets, being depreciated	148,628,917	1,310,585	(697,998)	6,905,117	156,146,621
Less accumulated depreciation for:					
Buildings	(7,370,891)	(1,301,473)	-	-	(8,672,364)
Improvements	(68,557,271)	(6,220,272)	-	-	(74,777,543)
Machinery and equipment	(9,881,426)	(1,051,386)	667,117	-	(10,265,695)
Total accumulated depreciation	(85,809,588)	(8,573,131)	667,117	-	(93,715,602)
Total capital assets, being depreciated, net	62,819,329	(7,262,546)	(30,881)	6,905,117	62,431,019
Governmental activities capital assets, net	\$ 163,023,558	\$ (2,877,166)	\$ (49,881)	\$ -	\$ 160,096,511

NOTE 5. CAPITAL ASSETS (continued)

	Beginning Balance	Increases	Decreases	Reclassifications	Ending Balance
Business-type activities:					
Capital assets, not being depreciated:					
Land	\$ 9,579,678	\$ -	\$ -	\$ -	\$ 9,579,678
Construction in progress	3,547,356	1,244,570	-	(2,685,384)	2,106,542
Total capital assets, not being depreciated	13,127,034	1,244,570	-	(2,685,384)	11,686,220
Capital assets, being depreciated:					
Buildings	9,540,389	-	-	-	9,540,389
Land improvements	5,798,562	-	-	46,175	5,844,737
Furniture, fixtures, equipment and vehicles	3,590,134	179,896	(101,366)	-	3,668,664
Meters	4,791,309	-	-	-	4,791,309
Major equipment	9,392,058	154,500	(10,902)	-	9,535,656
Water and wastewater plant	71,595,449	-	-	-	71,595,449
Wells	11,752,964	-	-	-	11,752,964
Distribution lines	87,310,272	20,230	-	2,639,209	89,969,711
Total capital assets, being depreciated	203,771,137	354,626	(112,268)	2,685,384	206,698,879
Less accumulated depreciation for:					
Buildings	(2,206,079)	(313,494)	-	-	(2,519,573)
Land improvements	(3,658,876)	(436,839)	-	-	(4,095,715)
Furniture, fixtures, equipment and vehicles	(2,380,478)	(219,068)	80,744	-	(2,518,802)
Meters	(3,465,709)	(479,131)	-	-	(3,944,840)
Major equipment	(8,772,749)	(76,513)	10,902	-	(8,838,360)
Water and wastewater plant	(27,020,329)	(2,204,540)	-	-	(29,224,869)
Wells	(8,667,270)	(303,904)	-	-	(8,971,174)
Distribution lines	(43,466,381)	(2,221,124)	-	-	(45,687,505)
Total accumulated depreciation	(99,637,871)	(6,254,613)	91,646	-	(105,800,838)
Total capital assets, being depreciated, net	104,133,266	(5,899,987)	(20,622)	2,685,384	100,898,041
Business-type activities capital assets, net	\$ 117,260,300	\$ (4,655,417)	\$ (20,622)	\$ -	\$ 112,584,261

NOTE 5. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 107,830
Public Safety	35,304
Physical environment	6,302,723
Economic environment	52,110
Transportation	961,203
Culture and recreation	<u>1,113,961</u>
Total depreciation expense - governmental activities	<u>\$ 8,573,131</u>
Business-type activities:	
Water utility	\$ 6,095,241
Lake Wellington Professional Centre - nonmajor	149,027
Solid waste	<u>10,345</u>
Total depreciation expense - business-type activities	<u>\$ 6,254,613</u>

NOTE 6. NONCURRENT LIABILITIES***Changes in Noncurrent Liabilities***

Noncurrent liability activity for the year ended September 30, 2017, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Public Service Tax Revenue					
Refunding Bonds, Series 2014	\$ 3,310,714	\$ -	\$ (1,086,670)	\$ 2,224,044	\$ 1,103,575
Special Assessment Bond, Series 2016	<u>3,235,000</u>	<u>-</u>	<u>-</u>	<u>3,235,000</u>	<u>175,000</u>
Total Bonds Payable, net	6,545,714	-	(1,086,670)	5,459,044	1,278,575
Compensated absences payable	2,039,747	1,428,611	(1,214,826)	2,253,532	1,043,449
Net pension liability	<u>14,213,558</u>	<u>7,385,630</u>	<u>(4,607,483)</u>	<u>16,991,705</u>	<u>-</u>
Total	<u>\$ 22,799,019</u>	<u>\$ 8,814,241</u>	<u>\$ (6,908,979)</u>	<u>\$ 24,704,281</u>	<u>\$ 2,322,024</u>

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

In October 2014, Wellington issued \$5,445,000 of Public Service Tax Revenue Refunding Bonds, Series 2014 to refund the Public Service Tax Revenue Bonds, Series 2005 in the amount of \$5,430,000. Interest at a rate of 1.55% is payable semi-annually on March 1 and September 1. The remaining principal is payable in annual installments of \$1,086,393 to \$1,120,747 with the final payment due September 1, 2019. At September 30, 2017, the outstanding balance was \$2,224,044.

\$3,235,000 Special Assessment Bond

In May 2016, Wellington issued \$3,235,000 of Special Assessment Bond, Series 2016 for the Saddle Trail Park (South) Neighborhood Improvement Project. Interest at a rate of 2.94% is payable semi-annually on May 1 and November 1. The remaining principal is payable in annual installments of \$175,000 to \$255,000 with the final payment due

NOTE 6. NONCURRENT LIABILITIES (continued)

November 1, 2031. The bonds will be repaid from amounts levied against property owners benefited by this construction. In the event that a deficiency exists, the Village must provide resources to cover the deficiency until other resources are received. At September 30, 2017, the outstanding balance was \$3,235,000.

Future debt service requirements to maturity are:

	Public Service Tax Revenue Refunding			Special Assessment Bond, Series 2016			Total All Bonds		
	Bond, Series 2014								
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
Year Ending September 30:									
2018	1,103,575	30,181	1,133,756	175,000	92,537	267,537	1,278,575	122,718	1,401,293
2019	1,120,469	13,009	1,133,478	180,000	87,318	267,318	1,300,469	100,327	1,400,796
2020	-	-	-	185,000	81,952	266,952	185,000	81,952	266,952
2021	-	-	-	190,000	76,440	266,440	190,000	76,440	266,440
2022	-	-	-	195,000	70,781	265,781	195,000	70,781	265,781
2023-2027	-	-	-	1,070,000	262,689	1,332,689	1,070,000	262,689	1,332,689
2028-2032	-	-	-	1,240,000	93,051	1,333,051	1,240,000	93,051	1,333,051
	<u>\$ 2,224,044</u>	<u>\$ 43,190</u>	<u>\$2,267,234</u>	<u>\$ 3,235,000</u>	<u>\$ 764,768</u>	<u>\$ 3,999,768</u>	<u>\$ 5,459,044</u>	<u>\$ 807,958</u>	<u>\$ 6,267,002</u>

Pledged Revenue

The Village issues bonds that are served by a pledge of specific revenues. Total pledged revenues to repay the principal and interest of those bonds as of September 30, 2017 are as follows:

Source of Revenue Pledged	Public Service Tax Revenue
Current revenue pledged	\$7,611,334
Current debt service	1,133,755
Total future revenues pledged	2,267,234
Description of debt	Public Service Tax Revenue Refunding Bond Series, 2014
Purpose of debt	Series 2014, to refund the Public Service Tax Bonds, Series 2005.
Term of commitment	2015-2019
Percentage of debt service to pledged revenues (current year)	15%

NOTE 6. NONCURRENT LIABILITIES (continued)

Additional information related to the Pledge Revenue debt coverage is provided in the Debt Capacity of the Statistical Section.

Business-type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences payable	\$ 436,954	\$ 329,881	\$ (300,847)	\$ 465,988	\$ 224,281
Net pension liability	2,987,642	1,630,032	(993,639)	3,624,035	-
Total	<u>\$ 3,424,596</u>	<u>\$ 1,959,913</u>	<u>\$ (1,294,486)</u>	<u>\$ 4,090,023</u>	<u>\$ 224,281</u>

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of September 30, 2017 is as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Lake Wellington Professional Centre	\$ 210
Lake Wellington Professional Centre	General Fund	3,355

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

Interfund Transfers and Indirect Cost Allocation

Transfers of resources from a fund receiving revenue to the fund through which the resources will be expended are recorded as transfers and are reported as other financing sources (uses) in the governmental funds and transfers (to) from other funds in the enterprise fund.

Transfers for the year ended September 30, 2017 were as follows:

	Transfers In	Transfers Out
General	\$ 3,560,134	\$ 4,482,995
Building	-	586,370
Acme Improvement	-	2,214,517
Debt Service	1,133,756	-
Capital Projects	3,950,000	-
Nonmajor governmental funds	2,125,377	1,134,041
Utility System	-	1,955,942
Lake Wellington Professional Centre	-	70,250
Solid Waste	-	325,152
Total	<u>\$ 10,769,267</u>	<u>\$ 10,769,267</u>

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (continued)

Transfers are used to (1) move revenues from the fund budgeted to collect them to the fund budgeted to expend them, (2) use unrestricted revenues collected in the general fund to finance the construction of the Wellington Community Center and tennis center and (3) allocate indirect expenses for overhead.

NOTE 8. ENCUMBRANCES

Purchase orders are issued throughout the year to encumber budgets in the governmental funds. Encumbrances as of September 30, 2017 are as follows:

Major funds:	
General Fund	\$ 509,803
Building Fund	13,394
Acme Improvement	156,294
Capital Projects	<u>312,480</u>
Total Major Funds	991,971
Non-Major Governmental Funds	<u>1,149,698</u>
Total Encumbrances	<u><u>\$ 2,141,669</u></u>

NOTE 9. RETIREMENT PLAN**Florida Retirement System (FRS)****General Information about the FRS**

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

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

The Village recognized pension expense of \$3,089,518 for the fiscal year ended September 30, 2017.

NOTE 9. RETIREMENT PLAN (continued)

FRS Pension Plan

Plan Description – The FRS Pension Plan (Plan) is a cost-sharing, multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

The classes of membership within the Village are as follows:

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

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

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

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

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

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
Regular Class members initially enrolled before July 1, 2011	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 years of service	1.68
Regular Class members initially enrolled on or after July 1, 2011	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 years of service	1.68
Elected Local Officers	3.00
Senior Management Service Class	2.00

NOTE 9. RETIREMENT PLAN (continued)

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

Contributions – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2017 fiscal year were as follows:

Class	Percent of Gross Salary October 1, 2016 to June 30, 2017		Percent of Gross Salary July 1, 2017 to September 30, 2017	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00	7.52	3.00	7.92
FRS, Elected Local Officers	3.00	42.47	3.00	45.50
FRS, Senior Management Service Class	3.00	21.77	3.00	22.71
DROP - Applicable to all members in the above classes	0.00	12.99	0.00	13.26

(1) Employer rates include a postemployment HIS contribution rate of 1.66 percent. Also, employer rates, other than DROP participants, include .06 percent for administrative costs of the Investment Plan from October 1, 2016 to September 30, 2017.

The Village's contributions to the Plan totaled \$1,712,498 (which includes \$459,800 of employee contributions) for the fiscal year ended September 30, 2017. This excludes the HIS defined benefit pension plan contributions.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2017, the Village reported a liability of \$14,276,459 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Village's proportionate share of the net pension liability was based on the Village's contributions for the year ended June 30, 2017 relative to the contributions made during the year ended June 30, 2016 of all participating members. At June 30, 2017, the Village's proportionate share was .0483% percent, which was an increase of .0062% from its proportionate share measured as of June 30, 2016.

For the fiscal year ended September 30, 2017 the Village recognized pension expense of \$2,543,297 related to the Pension Plan. In addition, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 9. RETIREMENT PLAN (continued)

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,310,235	\$ (79,084)
Change of assumptions	4,797,898	-
Net difference between projected and actual earnings on FRS pension plan investments	-	(353,806)
Changes in proportion and differences between Wellington FRS contributions and proportionate share of contributions	974,425	(227,487)
Wellington FRS contributions subsequent to the measurement date	386,046	-
Total	\$ 7,468,604	\$ (660,377)

The deferred outflows of resources related to pensions, totaling \$386,046, resulting from Village contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. The net amount of the remaining deferred outflows of resources and deferred inflows of resources in the amount of \$6,422,181 will be recognized in pension expense as follows:

Year Ending September 30:	Amount
2018	\$ 906,228
2019	2,134,362
2020	1,493,243
2021	386,354
2022	1,085,430
Thereafter	416,564
Total	\$ 6,422,181

Actuarial Assumptions – The total pension liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary Increases	3.25 percent, average, including inflation
Investment rate of return	7.10 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the July 1, 2017, valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

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

NOTE 9. RETIREMENT PLAN (continued)

Asset Class	Target Allocation (1)	Arithmetic Return	Geometric Return	Standard Deviation
Cash	1.0%	3.0%	3.0%	1.8%
Fixed income	18.0%	4.5%	4.4%	4.2%
Global Equity	53.0%	7.8%	6.6%	17.0%
Real estate (property)	10.0%	6.6%	5.9%	12.8%
Private equity	6.0%	11.5%	7.8%	30.0%
Strategic investments	12.0%	6.1%	5.6%	9.7%
Total	100.00%			
Assumed inflation - mean		2.6%		1.9%

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

Discount Rate – The discount rate used to measure the total pension liability was 7.10 percent. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Village's Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease (6.10%)	Current Discount Rate (7.10%)	1% Increase (8.10%)
Village's proportionate share of the net pension liability	\$ 25,839,528	\$ 14,276,459	\$ 4,676,462

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

Payables to the Pension Plan – At September 30, 2017, the Village reported a payable of \$194,960 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2017.

HIS Pension Plan

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

Benefits Provided – For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS

NOTE 9. RETIREMENT PLAN (continued)

payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions— The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2017, the contribution rate was 1.66% of payroll for July 1, 2016 through September 30, 2017 pursuant to section 112.363, Florida Statutes. The Village contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Village's contributions to the HIS Plan totaled \$546,221 for the fiscal year ended September 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions— At September 30, 2017, the Village reported a net pension liability of \$6,339,281 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Village's proportionate share of the net pension liability was based on the year ended June 30, 2017 contributions relative to the year ended June 30, 2016 contributions of all participating members. At June 30, 2017, the Village's proportionate share was .0592%, which was an increase of .0027% from its proportionate share measured as of June 30, 2016.

For the fiscal year ended September 30, 2017 the Village recognized pension expense of \$546,199 related to the HIS Plan. In addition, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (13,199)
Change of assumptions	891,085	(548,164)
Net difference between projected and actual earnings on HIS pension plan investments	3,516	-
Changes in proportion and differences between Wellington HIS contributions and proportionate share of HIS contributions	343,686	(33,090)
Wellington HIS contributions subsequent to the measurement date	94,600	-
Total	<u>\$ 1,332,887</u>	<u>\$ (594,453)</u>

The deferred outflows of resources related to pensions, totaling \$94,600, resulting from Village contributions to the HIS Plan subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2018. The net amount of the remaining deferred outflows of resources and deferred inflows of resources in the amount of \$643,834 will be recognized in pension expense as follows:

NOTE 9. RETIREMENT PLAN (continued)

Year Ending September 30:	Amount
2018	\$ 167,931
2019	167,265
2020	166,945
2021	114,182
2022	66,363
Thereafter	(38,852)
Total	\$ 643,834

Actuarial Assumptions – The total pension liability in the July 1, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.60 percent
Salary increases	3.25 percent, average, including inflation
Municipal bond rating	3.58 percent

Mortality rates were based on the Generational RP-2000 with Projected Scale BB. The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2009, through June 30, 2015.

Discount Rate – The discount rate used to measure the total pension liability was 3.58%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 3.58%, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.58%) or 1-percentage-point higher (4.58%) than the current rate:

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Village's proportionate share of the net pension liability	\$ 7,233,959	\$ 6,339,281	\$ 5,594,063

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

Payables to the Pension Plan – At September 30, 2017, the Village reported a payable of \$35,183 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended September 30, 2017.

NOTE 9. RETIREMENT PLAN (continued)

FRS – Defined Contribution Pension Plan

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

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

Allocations to the investment member's accounts during the 2017 fiscal year were as follows:

Class	Percent of Gross Compensation
FRS, Regular	6.30%
FRS, Elected Local Officers	11.34%
FRS, Senior Management Service	7.67%

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of .06 percent from July 1, 2016 – September 30, 2017 of payroll and by forfeited benefits of Investment Plan members.

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

The Village's Investment Plan pension expense totaled \$233,428 for the fiscal year ended September 30, 2017.

Payables to the Investment Plan – At September 30, 2017, the Village reported a payable of \$34,600 for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended September 30, 2017.

NOTE 10. HEALTH INSURANCE

Effective January 1, 2015 Wellington changed health insurance plans from fully insured United Health Care to a minimum premium arrangement with CIGNA. This minimum premium arrangement is a hybrid of fully insured and self-insured arrangements in which the insurance company remains legally liable for all claims. Reserve funding is built into premium rates and amounts paid in excess of the predetermined limit are accumulated into a reserve and refunded to the Village. As of September 30, 2017 the reserve accumulation with CIGNA is \$229,221.

On average the employee bears 11.80% of the total premium cost and the Village bears the remaining 88.20% of the total health care premium.

NOTE 11. RISK MANAGEMENT

Wellington is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which Wellington carries commercial insurance. Specifically, Wellington purchases commercial insurance for property, medical benefits, worker's compensation, general liability, automobile liability, errors and omissions, and director and officer liability; coverage may not extend to all situations. Wellington is also covered by Florida Statutes under the Doctrine of Sovereign Immunity, which effectively limits the amount of liability of municipalities to individual claims of \$100,000/\$200,000 for all claims relating to the same accident. There were no changes in insurance coverage from the prior year and there were no settlements that exceeded insurance coverage in the last three years.

NOTE 12. CONTINGENCIES

Legal

There are various claims and legal actions pending against Wellington for which no provision has been made in the financial statements. Although the outcome of these lawsuits is not presently determinable, it is the opinion of Wellington's attorneys that resolution of these matters will not have a material adverse effect on the financial condition of Wellington.

NOTE 13. COMMITMENTS

Facilities Management and Information Technology

An Application Service Provider Agreement for a term of 5 years was executed during 2009 which provides for the use of the SunGard Public Sector, Inc. software package. This agreement was amended during 2012. Beginning October 1, 2014 this contract will automatically renew each year unless the Village opts to terminate the agreement. For the year ended September 30, 2017, amounts were remitted pursuant to this agreement. The amount paid in the 2017 fiscal year is \$150,014

Agreement for Police Services

During 2014, Wellington entered into an agreement with the Palm Beach County Sheriff's Office for the provision of professional police services through September 30, 2019. By May 1st of each year, the Palm Beach County Sheriff's Office submits the proposed cost of services and related staffing which is incorporated into Wellington's budget. Pursuant to the agreement, the Sheriff will assign personnel to provide law enforcement coverage within Wellington. Amounts paid pursuant to this agreement were \$8,811,627 for the year ended September 30, 2017.

Solid Waste Collection and Recycling

On April 14, 2015, the contract for waste and recycling collection services was awarded to Waste Management. The agreement is for five years and expires on September 30, 2020. There are three renewal options in this agreement for an additional one year period. The contract also grants the contractor the exclusive right to provide service directly to commercial operations. The contract gives the contractor the right to petition Wellington for rate

NOTE 13. COMMITMENTS (continued)

adjustments on the basis of extraordinary and unusual changes in the cost of operations. Amounts paid pursuant to this agreement in fiscal year 2017 total \$3,217,326. According to the agreement, future year payments to Waste Management, Inc. will be adjusted by a yearly CPI index.

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS

Pursuant to Section 112.081, Florida Statutes, the Village is required to permit eligible retirees and their eligible dependents to participate in the Village’s health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. The Village does not provide retirees with any subsidy for this benefit.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage risk, and changes in marital status, could result in actual costs being greater or less than estimated.

Actuarial Methods and Assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

Plan Description: On September 28, 2007, Wellington established the Employee Retirement Healthcare Trust Fund, an agent multiple-employer, defined benefit healthcare plan administered by the League of Cities. The Village contributed \$879,951 to the Trust in 2007. The Plan provides medical and dental insurance benefits to eligible retirees and their spouses and families. Wellington Council is authorized to establish and amend benefit levels, subject to the minimum requirements set forth by Florida Statutes, and to approve the actuarial assumptions used in the determination of contribution levels. The Plan does not issue a separate financial statement and required supplementary information. There were four retirees eligible to receive benefits as of September 30, 2017.

Benefits Provided: Village of Wellington provides healthcare, vision, and dental for retirees and their dependents. Benefits are provided through a third-party insurer, and the full cost of the benefits are covered by the retiree.

Employees covered by the benefit terms. At September 30, 2017, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees entitled to but not yet receiving benefits	0
Active employees	<u>293</u>
	<u>297</u>

Contributions: Village of Wellington authorizes the Village Council to establish benefit levels. Wellington Council also establishes the contribution requirements of plan members and Wellington. These contributions are neither mandated nor guaranteed. The retiree contributes the premium cost each month. Spouses and other dependents are

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (continued)

also eligible for coverage, although the retiree pays the full cost of the premium. Wellington does not subsidize member premiums. Plan members contribute 100% of the monthly premium ranging from a minimum of \$766 to a maximum of \$2,297.

Actuarial Assumptions: The total OPEB asset in the September 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

OPEB PLAN**Actuarial Assumptions**

Inflation	2.9 percent
Healthcare cost trend rates	8.0 percent initial, decreasing 0.5 percent per year to 5.0% for the years FY 2023 and later
Salary increases	3.0 percent per annum
Investment rate of return	7.5 percent, including inflation
Retirement age	With respect to employees hired prior to July 1, 2011, retirement is assumed to occur at the earlier age of 62 with six years of service or any age with 30 years of service; with respect to all other employees, retirement is assumed to occur at the earlier age of 65 with six years of service or any age with 33 years of service.
Age-related morbidity	Healthcare costs are assumed to increase at the rate of 3.5% for each year of age.
Implied Subsidy	Because the insurance carrier charges the same monthly rate for health insurance regardless of age, an implied subsidy of \$425.00 for the retiree and \$475 for the retiree's spouse has been assumed at age 62 for FY 2017.
Other Decrements	Assumed employment termination is based on the Scale 155 table; assumed disability is based on the Wyatt 1985 Disability Study (Class 1)
Coverage election	5% of eligible employees (other than the Village Manager) are assumed to elect medical coverage until age 65 upon retirement or disability. Village Manager is assumed to elect medical coverage until 65; all retirees (current and future) have been assumed to continue their current health plan coverage election.
Spouses and dependents	Husbands are assumed to be three years older than their wives; retirees are not assumed to have any dependent children.
COBRA	Future healthcare coverage provided solely pursuant to COBRA was not included in the OPEB valuation.
Changes	No assumptions were changed since the prior measurement date.

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (continued)

Mortality rates are based on the RP-200 Combined Mortality Table with full generational improvements in mortality using Scale AA.

The actuarial assumptions used in the September 30, 2017 valuation were based on the results of an actuarial experience study for the period October 1, 2016-September 30, 2017.

The long-term expected rate of return on the OPEB plan investments was determined using a building-block method in which best-estimate ranges of the expected return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and the best estimates of the arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
U.S. large cap equity	47.0%	6.0%
Core Plus	18.0%	1.0%
U.S. small cap equity	13.0%	6.8%
CoreBonds	12.0%	0.5%
Non-U.S. equity	10.0%	6.8%
Total	100.00%	

Discount Rate: The discount rate used to measure the total OPEB asset was 7.5%. The projection of cash flows used to determine the discount rate assumed that Village contributions will be made at rates equal to actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB asset.

	<u>Increase (Decrease)</u>		
	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Asset</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) + (b)</u>
Balances at 9/30/2016	<u>\$ (342,944)</u>	<u>\$ 1,342,323</u>	<u>\$ 999,379</u>
Changes for the year:			
Service cost	(8,343)	-	(8,343)
Expected interest growth	(25,067)	100,494	75,427
Unexpected investment growth	-	97,942	97,942
Benefit payments & refunds	34,743	-	34,743
Administrative expense	-	(4,907)	(4,907)
Net Changes	<u>1,333</u>	<u>193,529</u>	<u>194,862</u>
Balance at 9/30/2017	<u>\$ (341,611)</u>	<u>\$ 1,535,852</u>	<u>\$ 1,194,241</u>

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (continued)

Sensitivity of the net OPEB asset to changes in the discount rate and health-care cost trend rates- The following presents the net OPEB asset of the Village, as well as what the Village's net OPEB asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5%) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	(6.5%)	(7.5%)	(8.5%)
Net OPEB asset	\$ 1,171,816	\$ 1,194,241	\$ 1,214,516

Sensitivity of the net OPEB asset to the changes in the healthcare cost trend rates- The following presents the net OPEB asset of the Village, as well as what the Village's net OPEB asset would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (7.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (9.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease	Healthcare	1% Increase
	(7.0%	Cost Trend	(9.0%
	decreasing to	Rates (8.0%	decreasing to
	4.0%)	decreasing to	6.0%)
		5.0%)	
Net OPEB asset	\$ 1,220,421	\$ 1,194,241	\$ 1,164,019

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2017, the Village recognized OPEB expense of (\$116,508). At September 30, 2017, the Village reported deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows	Deferred Inflows
	of Resources	of Resources
Amortization payments	-	\$ (19,588)
Investment gain/loss	-	97,942
Total	-	\$ 78,354

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (continued)

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2018	\$ (19,588)
2019	(19,588)
2020	(19,588)
2021	(19,590)
2022	-
Thereafter	-
Total	\$ (78,354)

Prior Period Adjustments

Due to the implementation of GASB 75 it was determined that a prior period adjustment in the amount of \$166,621 was needed. This adjustment resulted in a decrease in beginning net position to Governmental and Business-Type activities in the amounts of \$139,848 and \$26,773 respectively.

NOTE 15. PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*

The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The requirements of this Statement are effective for periods beginning after December 15, 2017.

GASB Statement No. 82, *Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73*

The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

GASB Statement No. 83, *Certain Asset Retirement Obligations*

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018.

NOTE 15. PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED (continued)

GASB Statement No. 84, *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

GASB Statement No. 85 - *Omnibus 2017*

The objective of this Statement is to improve consistency in accounting and financial reporting by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 86 - *Certain Debt Extinguishment Issues*

The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017.

GASB Statement No. 87 - *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

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



Required Supplemental Information

Budgetary Comparison Schedules:

General Fund

Special Revenue Funds:

Building

Acme Improvement

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

YEAR ENDED SEPTEMBER 30, 2017

	Original Adopted Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 17,373,126	\$ 17,373,126	\$ 17,599,037	\$ 225,911
Franchise fees and taxes	3,545,000	3,545,000	3,557,576	12,576
Utility and other taxes	6,860,000	6,860,000	6,980,610	120,610
Licenses and permits	1,750,000	1,750,000	2,328,498	578,498
Intergovernmental revenue	6,619,000	6,563,359	6,465,940	(97,419)
Charges for services	2,665,680	2,665,680	2,757,590	91,910
Fines and forfeitures	270,000	270,000	339,603	69,603
Investment income (net)	150,000	150,000	226,597	76,597
Miscellaneous	397,687	397,687	617,465	219,778
Total revenues	<u>39,630,493</u>	<u>39,574,852</u>	<u>40,872,916</u>	<u>1,298,064</u>
Expenditures:				
Current:				
General government	14,276,236	14,760,688	13,828,407	932,281
Public safety	10,056,989	10,043,389	10,162,156	(118,767)
Physical environment	4,624,363	4,834,554	4,470,934	363,620
Economic environment	1,360,957	1,325,753	1,126,265	199,488
Culture and recreation	9,116,558	9,218,536	8,444,764	773,772
Capital outlay	786,000	1,024,828	760,149	264,679
Total expenditures	<u>40,221,103</u>	<u>41,207,748</u>	<u>38,792,675</u>	<u>2,415,073</u>
Excess (deficiency) of revenues over expenditures	<u>(590,610)</u>	<u>(1,632,896)</u>	<u>2,080,241</u>	<u>3,713,137</u>
Other financing sources (uses):				
Transfers in	3,512,231	3,512,231	3,560,134	47,903
Transfers out	(4,482,995)	(4,482,995)	(4,482,995)	-
Proceeds from sale of capital assets	-	-	127,772	127,772
Total other financing sources (uses)	<u>(970,764)</u>	<u>(970,764)</u>	<u>(795,089)</u>	<u>175,675</u>
Net change in fund balances	(1,561,374)	(2,603,660)	1,285,152	3,888,812
Fund balances, beginning of year	<u>30,811,878</u>	<u>30,811,878</u>	<u>30,811,878</u>	<u>-</u>
Fund balances, end of year	<u>\$ 29,250,504</u>	<u>\$ 28,208,218</u>	<u>\$ 32,097,030</u>	<u>\$ 3,888,812</u>

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE

BUILDING - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2017

	Original Adopted Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Licenses and permits	\$ 2,010,000	\$ 2,010,000	\$ 2,526,781	\$ 516,781
Investment income (net)	35,000	35,000	28,839	(6,161)
Miscellaneous	50,000	50,000	44,222	(5,778)
Total revenues	<u>2,095,000</u>	<u>2,095,000</u>	<u>2,599,842</u>	<u>504,842</u>
Expenditures:				
Current:				
Building	2,090,122	2,090,122	2,094,407	(4,285)
Capital outlay	47,000	42,500	19,060	23,440
Total expenditures	<u>2,137,122</u>	<u>2,132,622</u>	<u>2,113,467</u>	<u>19,155</u>
Excess (deficiency) of revenues over expenditures	<u>(42,122)</u>	<u>(37,622)</u>	<u>486,375</u>	<u>523,997</u>
Other financing sources (uses):				
Transfers out	(586,370)	(586,370)	(586,370)	-
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>5,401</u>	<u>5,401</u>
Total other financing sources (uses)	<u>(586,370)</u>	<u>(586,370)</u>	<u>(580,969)</u>	<u>5,401</u>
Net change in fund balances	(628,492)	(623,992)	(94,594)	529,398
Fund balances, beginning of year	<u>5,049,943</u>	<u>5,049,943</u>	<u>5,626,067</u>	<u>576,124</u>
Fund balances, end of year	<u>\$ 4,421,451</u>	<u>\$ 4,425,951</u>	<u>\$ 5,531,473</u>	<u>\$ 1,105,522</u>

VILLAGE OF WELLINGTON, FLORIDA

BUDGETARY COMPARISON SCHEDULE

ACME IMPROVEMENT - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2017

	Original Adopted Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Special assessments	\$ 5,680,345	\$ 5,680,345	\$ 5,775,041	\$ 94,696
Charges for services	350,500	350,500	349,521	(979)
Investment income (net)	25,000	25,000	36,761	11,761
Licenses and permits	-	-	1,295	1,295
Miscellaneous	86,000	86,000	56,889	(29,111)
Total revenues	<u>6,141,845</u>	<u>6,141,845</u>	<u>6,219,507</u>	<u>77,662</u>
Expenditures:				
Current:				
General government	83,462	40,022	24,725	15,297
Physical environment	4,144,823	4,672,154	4,357,200	314,954
Culture and recreation	271,603	272,246	255,845	16,401
Capital outlay	<u>202,000</u>	<u>236,900</u>	<u>211,888</u>	<u>25,012</u>
Total expenditures	<u>4,701,888</u>	<u>5,221,322</u>	<u>4,849,658</u>	<u>371,664</u>
Excess (deficiency) of revenues over expenditures	<u>1,439,957</u>	<u>920,523</u>	<u>1,369,849</u>	<u>449,326</u>
Other financing uses:				
Transfers out	(2,214,517)	(2,214,517)	(2,214,517)	-
Proceeds from sale of capital assets	<u>-</u>	<u>-</u>	<u>42,280</u>	<u>42,280</u>
Total other financing uses	<u>(2,214,517)</u>	<u>(2,214,517)</u>	<u>(2,172,237)</u>	<u>42,280</u>
Net change in fund balances	(774,560)	(1,293,994)	(802,388)	491,606
Fund balances, beginning of year	<u>3,343,062</u>	<u>3,343,062</u>	<u>3,343,062</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,568,502</u>	<u>\$ 2,049,068</u>	<u>\$ 2,540,674</u>	<u>\$ 491,606</u>

NOTE 1. BUDGETARY ACCOUNTING

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

- ❖ Prior to September 1, Wellington Manager submits a proposed operating budget to the Council for the next fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- ❖ Public hearings are conducted to obtain taxpayer comments.
- ❖ Wellington advises the County Property Appraiser of the proposed millage rate, special assessment levies, and the date, time and place of the public hearing for budget acceptance.
- ❖ The budget and related millage rate and special assessment levies are legally enacted by resolution.

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

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

During the year ended September 30, 2017, several supplementary appropriations were necessary. The supplementary appropriations increased the general fund budget by \$986,645 and increased the major special revenue funds budgets by \$514,934. The supplementary appropriations consisted mainly of amounts re-appropriated from the previous budget year.

As required by GASB Statement No. 34, budgetary comparison schedules are presented for the general fund and major special revenue funds.

VILLAGE OF WELLINGTON, FLORIDA
FLORIDA RETIREMENT SYSTEM PENSION PLAN LIABILITY AND CONTRIBUTION SCHEDULES
SEPTEMBER 30, 2017

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Village's proportion of the FRS net pension liability	0.0483%	0.0420%	0.0439%	0.0445%
Village's proportionate share of the FRS net pension liability	14,276,459	10,615,415	5,674,291	2,713,638
Village's covered employee payroll	18,900,403	17,448,015	17,158,799	19,328,166
Village's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll	75.54%	60.84%	33.07%	14.04%
FRS plan fiduciary net position as a percentage of the total pension liability	83.89%	84.88%	92.00%	96.09%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Village's proportion of the HIS net pension liability	0.0593%	0.0565%	0.0566%	0.0571%
Village's proportionate share of the HIS net pension liability	6,339,281	6,585,785	5,768,050	5,341,134
Village's covered employee payroll	18,900,403	17,448,015	17,158,799	19,328,166
Village's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll	33.54%	37.75%	33.62%	27.63%
HIS plan fiduciary net position as a percentage of the total pension liability	1.64%	0.97%	0.50%	0.99%

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

VILLAGE OF WELLINGTON, FLORIDA
FLORIDA RETIREMENT SYSTEM PENSION PLAN LIABILITY AND CONTRIBUTION SCHEDULES
SEPTEMBER 30, 2017

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

	2017	2016	2015
Contractually required FRS contribution	\$ 1,186,398	\$ 1,205,050	\$ 1,108,302
FRS contributions in relation to the contractually required contribution	<u>(1,186,398)</u>	<u>(1,205,050)</u>	<u>(1,108,302)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered employee payroll	19,478,310	18,354,726	17,179,188
FRS contributions as a percentage of covered employee payroll	6.09%	6.57%	6.45%

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

	2017	2016	2015
Contractually required HIS contribution	\$ 323,340	\$ 304,688	\$ 285,175
HIS contributions in relation to the contractually required contribution	<u>(323,340)</u>	<u>(304,688)</u>	<u>(285,175)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered employee payroll	19,478,310	18,354,726	17,179,188
HIS contributions as a percentage of covered employee payroll	1.66%	1.66%	1.66%

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

VILLAGE OF WELLINGTON, FLORIDA

OPEB LIABILITY SCHEDULES

SEPTEMBER 30, 2017

Schedule of Changes in the Village's Net OPEB Liability and Related Ratios - Last Ten Fiscal Years ⁽¹⁾

	2017
Total OPEB liability	
Service Cost	\$ 8,343
Expected interest growth	25,067
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions	-
Benefit payments	(34,743)
Net change in total OPEB liability	(1,333)
Total OPEB liability - beginning	342,944
Total OPEB liability - ending (a)	<u><u>\$ 341,611</u></u>
 Plan fiduciary net position	
Contributions - employer	\$ -
Expected interest growth	100,494
Unexpected investment income	97,942
Benefit refunds	-
Administrative expense	(4,907)
Net change in plan fiduciary net position	193,529
Plan fiduciary net position - beginning	1,342,323
Plan fiduciary net position - ending (b)	<u><u>\$ 1,535,852</u></u>
 Village's net OPEB asset - ending (b) - (a)	<u><u>\$ 1,194,241</u></u>
 Plan fiduciary net position as a percentage of the total OPEB liability	449.59%
 Covered-employee payroll	16,763,480
 City's net OPEB liability as a percentage of covered-employee payroll	N/A

(1) GASB 75 requires information for 10 years. However, until a full ten-year trend is compiled, information will be presented for only those years which information is available.

VILLAGE OF WELLINGTON, FLORIDA
CONDITION RATING OF STREET SYSTEM
SEPTEMBER 30, 2017

The condition of street pavement is measured using the Asphalt Pavement Rating Form as developed by the Asphalt Institute. The Asphalt Pavement Rating Form is based on a weighted average of thirteen defects found in pavement surfaces. The form uses a measurement scale that is based on a condition index rating from zero for failed pavement to 100 for pavement in perfect condition. The condition index is used to classify roads in seven categories: excellent (100-85), very good (84-70), good (69-55), fair (54-40), poor (39-25), very poor (24-10), failed (9-0). It is Wellington's policy to maintain at least 100% of its street system at a good or better condition. Needed maintenance is calculated based upon inspections and the condition assessment index.

In accordance with GASB Statement No. 34, Wellington is required to report at least one complete condition assessment at transition using the modified approach. The condition assessment was completed and documented that the eligible infrastructure assets are being preserved at or above the condition level established. Future assessments will be completed on a cyclical basis (one-third of all the streets in the network every year for three years).

Wellington calculates needed maintenance of its street system annually. However, the scheduling of these road projects often crosses fiscal years. Therefore, actual maintenance may be less than the calculated needed maintenance in one fiscal year and greater than the calculated needed maintenance in the subsequent fiscal year.

CONDITION RATING OF THE VILLAGE'S STREET SYSTEM

Percentage of lane miles in good or better condition

Overall System:

2015	100%
2016	100%
2017	100%

Percentage of lane miles in substandard condition

Overall System:

2015	0%
2016	0%
2017	0%

COMPARISON OF NEEDED-TO-ACTUAL MAINTENANCE/PRESERVATION

	<u>Needed</u>	<u>Actual</u>	<u>Difference</u>
Overall System:			
2011	\$ 2,261,961	\$ 1,914,271	\$ (347,690)
2012	3,558,491	3,279,772	(278,719)
2013	3,484,657	3,234,855	(249,802)
2014	2,905,530	3,168,757	263,227
2015	2,819,306	2,760,886	(58,420)
2016	3,106,220	3,410,416	304,196
2017	<u>1,743,687</u>	<u>1,445,990</u>	<u>(297,697)</u>
Total	<u>\$ 19,879,852</u>	<u>\$ 19,214,947</u>	<u>\$ (664,905)</u>



Other Supplemental Information

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are maintained to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes.

Gas Tax Maintenance Fund – Accounts for gas tax revenues and expenditures related to road maintenance projects.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are maintained to account for the proceeds of specific revenue sources that are legally restricted for capital expenditures.

Recreation Impact Fees Fund – Accounts for impact fee revenues and expenditures for recreation construction projects.

Gas Tax Capital Fund – Accounts for gas tax revenues and expenditures related to road construction.

Road Impact Fees Fund – Accounts for impact fee revenues and expenditures for road construction projects.

Saddle Trail Improvements Fund – Accounts solely for interfund loans, bond proceeds and expenditures for the Saddle Trail Park Neighborhood Improvement Project.

Surtax Infrastructure Fund – Accounts for the voter approved one-cent sales surtax program.

VILLAGE OF WELLINGTON, FLORIDA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2017

	Special Revenue		Capital Project Funds				
	Fund						Total
	Gas	Recreation	Gas	Road	Saddle	Sales	Nonmajor
	Tax	Impact	Tax	Impact	Trail	Surtax	Funds
	Maintenance	Fees	Capital	Fees	Improvements		
ASSETS							
Cash and cash equivalents	\$ 42,497	\$ 37,189	\$ 218,912	\$ 80,702	\$ -	\$ 842,112	\$ 1,221,412
Investments	1,709,273	461,887	3,207,542	1,502,894	-	1,501,765	8,383,361
Accrued interest receivable	3,575	2,506	7,834	6,150	-	682	20,747
Prepaid expenditures	7,990	-	-	-	-	-	7,990
Due from other governments	97,870	-	43,806	-	-	652,571	794,247
Total assets	<u>\$ 1,861,205</u>	<u>\$ 501,582</u>	<u>\$ 3,478,094</u>	<u>\$ 1,589,746</u>	<u>\$ -</u>	<u>\$ 2,997,130</u>	<u>\$ 10,427,757</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities:							
Accounts payable and accrued liabilities	\$ 423,422	\$ -	\$ 97,630	\$ -	\$ -	\$ -	\$ 521,052
Retainage payable	-	-	79,139	-	-	-	79,139
Unearned revenue	-	-	367,536	119,260	-	-	486,796
Total liabilities	<u>423,422</u>	<u>-</u>	<u>544,305</u>	<u>119,260</u>	<u>-</u>	<u>-</u>	<u>1,086,987</u>
Fund balances:							
Nonspendable:							
Prepaid expenditures	7,990	-	-	-	-	-	7,990
Restricted for:							
Capital projects	-	501,582	-	1,470,486	-	2,997,130	4,969,198
Road capital and maintenance	1,429,793	-	2,933,789	-	-	-	4,363,582
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>1,437,783</u>	<u>501,582</u>	<u>2,933,789</u>	<u>1,470,486</u>	<u>-</u>	<u>2,997,130</u>	<u>9,340,770</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,861,205</u>	<u>\$ 501,582</u>	<u>\$ 3,478,094</u>	<u>\$ 1,589,746</u>	<u>\$ -</u>	<u>\$ 2,997,130</u>	<u>\$ 10,427,757</u>

VILLAGE OF WELLINGTON, FLORIDA

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

YEAR ENDED SEPTEMBER 30, 2017

	Special Revenue Fund	Capital Project Funds					Total Nonmajor Funds
	Gas Tax Maintenance	Recreation Impact Fees	Gas Tax Capital	Road Impact Fees	Saddle Trail Improvements	Sales Surtax	
Revenues:							
Impact fees	\$ -	\$ 196,490	\$ -	\$ 210,737	\$ -	\$ -	\$ 407,227
Intergovernmental revenue	1,595,931	-	540,876	-	-	2,989,627	5,126,434
Investment income (net)	9,836	2,776	18,650	7,936	4,531	7,503	51,232
Miscellaneous	42,606	7,424	-	-	-	-	50,030
Total revenues	<u>1,648,373</u>	<u>206,690</u>	<u>559,526</u>	<u>218,673</u>	<u>4,531</u>	<u>2,997,130</u>	<u>5,634,923</u>
Expenditures:							
Current:							
Transportation	3,012,018	-	-	-	17,618	-	3,029,636
Capital outlay	<u>319,489</u>	<u>-</u>	<u>1,263,625</u>	<u>156,386</u>	<u>1,262,483</u>	<u>-</u>	<u>3,001,983</u>
Total expenditures	<u>3,331,507</u>	<u>-</u>	<u>1,263,625</u>	<u>156,386</u>	<u>1,280,101</u>	<u>-</u>	<u>6,031,619</u>
Excess (deficiency) of revenues over expenditures	<u>(1,683,134)</u>	<u>206,690</u>	<u>(704,099)</u>	<u>62,287</u>	<u>(1,275,570)</u>	<u>2,997,130</u>	<u>(396,696)</u>
Other financing sources (uses):							
Transfers in	2,125,377	-	-	-	-	-	2,125,377
Transfers out	-	(953,375)	(53,173)	(79,590)	(47,903)	-	(1,134,041)
Proceeds from sale of capital assets	<u>16,608</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,608</u>
Total other financing sources (uses)	<u>2,141,985</u>	<u>(953,375)</u>	<u>(53,173)</u>	<u>(79,590)</u>	<u>(47,903)</u>	<u>-</u>	<u>1,007,944</u>
Net change in fund balances	458,851	(746,685)	(757,272)	(17,303)	(1,323,473)	2,997,130	611,248
Fund balances, beginning of year	<u>978,932</u>	<u>1,248,267</u>	<u>3,691,061</u>	<u>1,487,789</u>	<u>1,323,473</u>	<u>-</u>	<u>8,729,522</u>
Fund balances, end of year	<u>\$ 1,437,783</u>	<u>\$ 501,582</u>	<u>\$ 2,933,789</u>	<u>\$ 1,470,486</u>	<u>\$ -</u>	<u>\$ 2,997,130</u>	<u>\$ 9,340,770</u>

VILLAGE OF WELLINGTON, FLORIDA

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

GAS TAX MAINTENANCE - SPECIAL REVENUE FUND

YEAR ENDED SEPTEMBER 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	\$ 1,480,000	\$ 1,480,000	\$ 1,595,931	\$ 115,931
Investment income (net)	6,000	6,000	9,836	3,836
Miscellaneous	20,000	20,000	42,606	22,606
Total revenues	<u>1,506,000</u>	<u>1,506,000</u>	<u>1,648,373</u>	<u>142,373</u>
Expenditures:				
Current:				
Transportation	3,309,377	3,309,064	3,012,018	297,046
Capital outlay	322,000	332,600	319,489	13,111
Total expenditures	<u>3,631,377</u>	<u>3,641,664</u>	<u>3,331,507</u>	<u>310,157</u>
Excess (deficiency) of revenues over expenditures	<u>(2,125,377)</u>	<u>(2,135,664)</u>	<u>(1,683,134)</u>	<u>452,530</u>
Other financing sources (uses):				
Transfers in	2,125,377	2,125,377	2,125,377	-
Proceeds from sale of capital assets	-	-	16,608	16,608
Total other financing sources	<u>2,125,377</u>	<u>2,125,377</u>	<u>2,141,985</u>	<u>16,608</u>
Net change in fund balances	-	(10,287)	458,851	469,138
Fund balances, beginning of year	<u>978,932</u>	<u>978,932</u>	<u>978,932</u>	<u>-</u>
Fund balances, end of year	<u>\$ 978,932</u>	<u>\$ 968,645</u>	<u>\$ 1,437,783</u>	<u>\$ 469,138</u>

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL RECREATION IMPACT FEES - CAPITAL PROJECTS FUND YEAR ENDED SEPTEMBER 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Impact fees	\$ 600,000	\$ 600,000	\$ 196,490	\$ (403,510)
Investment income (net)	-	-	2,776	2,776
Miscellaneous	-	-	7,424	7,424
Total revenues	<u>600,000</u>	<u>600,000</u>	<u>206,690</u>	<u>(393,310)</u>
Expenditures:				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>600,000</u>	<u>600,000</u>	<u>206,690</u>	<u>(393,310)</u>
Other financing sources (uses):				
Transfers out	<u>(953,375)</u>	<u>(953,375)</u>	<u>(953,375)</u>	<u>-</u>
Total other financing (uses)	<u>(953,375)</u>	<u>(953,375)</u>	<u>(953,375)</u>	<u>-</u>
Net change in fund balances	(353,375)	(353,375)	(746,685)	(393,310)
Fund balances, beginning of year	<u>1,248,267</u>	<u>1,248,267</u>	<u>1,248,267</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 894,892</u></u>	<u><u>\$ 894,892</u></u>	<u><u>\$ 501,582</u></u>	<u><u>\$ (393,310)</u></u>

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GAS TAX CAPITAL - CAPITAL PROJECTS FUND YEAR ENDED SEPTEMBER 30, 2017

	Original Adopted Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	\$ 500,000	\$ 500,000	\$ 540,876	\$ 40,876
Investment income (net)	<u>17,000</u>	<u>17,000</u>	<u>18,650</u>	<u>1,650</u>
Total revenues	<u>517,000</u>	<u>517,000</u>	<u>559,526</u>	<u>42,526</u>
Expenditures:				
Capital outlay	<u>1,000,000</u>	<u>1,703,815</u>	<u>1,263,625</u>	\$ 440,190
Total expenditures	<u>1,000,000</u>	<u>1,703,815</u>	<u>1,263,625</u>	<u>440,190</u>
Excess (deficiency) of revenues over expenditures	<u>(483,000)</u>	<u>(1,186,815)</u>	<u>(704,099)</u>	<u>482,716</u>
Other financing sources (uses):				
Transfers out	<u>(53,173)</u>	<u>(53,173)</u>	<u>(53,173)</u>	-
Total other financing sources (uses)	<u>(53,173)</u>	<u>(53,173)</u>	<u>(53,173)</u>	-
Net change in fund balances	(536,173)	(1,239,988)	(757,272)	482,716
Fund balances, beginning of year	<u>3,691,061</u>	<u>3,691,061</u>	<u>3,691,061</u>	-
Fund balances, end of year	<u>\$ 3,154,888</u>	<u>\$ 2,451,073</u>	<u>\$ 2,933,789</u>	<u>\$ 482,716</u>

VILLAGE OF WELLINGTON, FLORIDA

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

ROAD IMPACT FEES - CAPITAL PROJECTS FUND

YEAR ENDED SEPTEMBER 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Impact fees	\$ 240,000	\$ 240,000	\$ 210,737	\$ (29,263)
Investment income (net)	<u>12,000</u>	<u>12,000</u>	<u>7,936</u>	<u>(4,064)</u>
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>252,000</u>	<u>252,000</u>	<u>218,673</u>	<u>(33,327)</u>
Expenditures:				
Capital outlay	<u>500,000</u>	<u>157,995</u>	<u>156,386</u>	<u>1,609</u>
Total expenditures	<u>500,000</u>	<u>157,995</u>	<u>156,386</u>	<u>1,609</u>
Excess (deficiency) of revenues over expenditures	<u>(248,000)</u>	<u>94,005</u>	<u>62,287</u>	<u>(31,718)</u>
Other financing uses:				
Transfers out	<u>(79,590)</u>	<u>(79,590)</u>	<u>(79,590)</u>	<u>-</u>
Total other financing uses	<u>(79,590)</u>	<u>(79,590)</u>	<u>(79,590)</u>	<u>-</u>
Net change in fund balances	(327,590)	14,415	(17,303)	(31,718)
Fund balances, beginning of year	<u>1,487,789</u>	<u>1,487,789</u>	<u>1,487,789</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 1,160,199</u></u>	<u><u>\$ 1,502,204</u></u>	<u><u>\$ 1,470,486</u></u>	<u><u>\$ (31,718)</u></u>

VILLAGE OF WELLINGTON, FLORIDA

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

SADDLE TRAIL IMPROVEMENTS -CAPITAL PROJECTS FUND

YEAR ENDED SEPTEMBER 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Investment income (net)	\$ -	\$ -	4,531	\$ 4,531
Miscellaneous	-	-	-	-
Total revenues	-	-	4,531	4,531
Expenditures:				
Transportation	-	-	17,618	17,618
Capital outlay	-	1,543,974	1,262,483	281,491
Total expenditures	-	1,543,974	1,280,101	299,109
Excess (deficiency) of revenues over expenditures	-	(1,543,974)	(1,275,570)	268,404
Other financing sources (uses):				
Transfers out	-	-	(47,903)	(47,903)
Total other financing sources	-	-	(47,903)	(47,903)
Net change in fund balances	-	(1,543,974)	(1,323,473)	220,501
Fund balances, beginning of year	1,323,473	1,323,473	1,323,473	-
Fund balances, end of year	\$ 1,323,473	\$ (220,501)	\$ -	\$ 220,501

VILLAGE OF WELLINGTON, FLORIDA

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

SALES SURTAX -CAPITAL PROJECTS FUND

YEAR ENDED SEPTEMBER 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	\$ -	\$ 2,470,000	2,989,627	\$ 519,627
Investment income (net)	-	-	7,503	7,503
Total revenues	-	2,470,000	2,997,130	527,130
Expenditures:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	2,470,000	2,997,130	527,130
Net change in fund balances	-	2,470,000	2,997,130	527,130
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -	\$ 2,470,000	\$ 2,997,130	\$ 527,130

MAJOR CAPITAL PROJECTS FUND AND DEBT SERVICE FUND

Capital Projects Fund – Accounts for general government capital expenditures.

Debt Service Fund – Maintained to account for the payment of interest and principal requirements on long-term debt. Wellington maintains one debt service fund for the repayment of revenue bonds.

VILLAGE OF WELLINGTON, FLORIDA

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

CAPITAL PROJECTS FUND

YEAR ENDED SEPTEMBER 30, 2017

	Original Adopted Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ 974,330	\$ -	\$ (974,330)
Investment income (net)	35,000	35,000	27,890	(7,110)
Miscellaneous	-	-	492	492
Total revenues	<u>35,000</u>	<u>1,009,330</u>	<u>28,382</u>	<u>(980,948)</u>
Expenditures:				
Capital outlay:				
Community services	225,000	122,893	97,552	25,341
Information Technology	400,000	165	(2,497)	2,662
Surface water management	1,540,000	1,218,744	1,050,991	167,753
Operations	1,100,000	87,066	46,050	41,016
Parks and recreation	<u>720,000</u>	<u>780,665</u>	<u>158,094</u>	<u>622,571</u>
Total expenditures	<u>3,985,000</u>	<u>2,209,533</u>	<u>1,350,190</u>	<u>859,343</u>
Excess (deficiency) of revenues over expenditures	(3,950,000)	(1,200,203)	(1,321,808)	(121,605)
Other financing sources (uses):				
Transfers in	<u>3,950,000</u>	<u>3,950,000</u>	<u>3,950,000</u>	<u>-</u>
Total other financing sources (uses)	<u>3,950,000</u>	<u>3,950,000</u>	<u>3,950,000</u>	<u>-</u>
Net change in fund balances	-	2,749,797	2,628,192	(121,605)
Fund balances, beginning of year	<u>2,582,500</u>	<u>2,582,500</u>	<u>2,582,500</u>	<u>-</u>
Fund balances, end of year	<u>\$ 2,582,500</u>	<u>\$ 5,332,297</u>	<u>\$ 5,210,692</u>	<u>\$ (121,605)</u>

VILLAGE OF WELLINGTON, FLORIDA

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

DEBT SERVICE FUND

YEAR ENDED SEPTEMBER 30, 2017

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 277,702	\$ 277,702	\$ 281,700	\$ 3,998
	<u>277,702</u>	<u>277,702</u>	<u>281,700</u>	<u>3,998</u>
Expenditures:				
General government	-	-	20	(20)
Debt service:				
Principal	1,086,666	1,086,666	1,086,670	(4)
Interest and other fiscal charges	<u>139,294</u>	<u>139,294</u>	<u>139,288</u>	<u>6</u>
Total expenditures	<u>1,225,960</u>	<u>1,225,960</u>	<u>1,225,978</u>	<u>(18)</u>
Excess (deficiency) of revenues over expenditures	(948,258)	(948,258)	(944,278)	3,980
Other financing sources (uses):				
Transfers in	<u>1,133,756</u>	<u>1,133,756</u>	<u>1,133,756</u>	<u>-</u>
Total other financing sources (uses)	<u>1,133,756</u>	<u>1,133,756</u>	<u>1,133,756</u>	<u>-</u>
Net change in fund balances	185,498	185,498	189,478	3,980
Fund balances, beginning of year	<u>94,712</u>	<u>94,712</u>	<u>94,712</u>	<u>-</u>
Fund balances, end of year	<u><u>\$ 280,210</u></u>	<u><u>\$ 280,210</u></u>	<u><u>\$ 284,190</u></u>	<u><u>\$ 3,980</u></u>

STATISTICAL SECTION

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

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

VILLAGE OF WELLINGTON, FLORIDA

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities:				
Net investment in capital assets	\$ 105,313,318	\$ 114,279,239	\$ 140,245,218	\$ 148,993,447
Restricted	50,931,320	50,325,250	43,881,398	35,101,628
Unrestricted	<u>25,448,440</u>	<u>32,332,563</u>	<u>29,210,936</u>	<u>34,009,368</u>
Total governmental activities net position	<u>181,693,078</u>	<u>196,937,052</u>	<u>213,337,552</u>	<u>218,104,443</u>
Business-type activities:				
Net investment in capital assets	96,014,639	99,398,303	108,139,572	119,615,685
Restricted	8,742,086	21,642,000	16,090,694	11,959,724
Unrestricted	<u>39,994,834</u>	<u>20,153,787</u>	<u>21,338,373</u>	<u>16,818,277</u>
Total business-type activities net position	<u>144,751,559</u>	<u>141,194,090</u>	<u>145,568,639</u>	<u>148,393,686</u>
Total government:				
Net investment in capital assets	201,327,957	213,677,542	248,384,790	268,609,132
Restricted	59,673,406	71,967,250	59,972,092	47,061,352
Unrestricted	<u>65,443,274</u>	<u>52,486,350</u>	<u>50,549,309</u>	<u>50,827,645</u>
Total government net position	<u>\$ 326,444,637</u>	<u>\$ 338,131,142</u>	<u>\$ 358,906,191</u>	<u>\$ 366,498,129</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 156,259,669	\$ 157,294,472	\$ 152,841,077	\$ 153,712,972	\$ 156,477,844	\$ 154,637,467
15,688,323	13,054,226	11,860,096	8,668,360	12,878,989	17,654,628
<u>46,488,944</u>	<u>45,664,992</u>	<u>44,669,371</u>	<u>34,090,973</u>	<u>31,647,938</u>	<u>28,892,221</u>
<u>218,436,936</u>	<u>216,013,690</u>	<u>209,370,544</u>	<u>196,472,305</u>	<u>201,004,771</u>	<u>201,184,316</u>
121,309,078	119,051,675	121,767,825	118,477,452	117,260,300	112,584,261
14,600,130	19,715,884	22,519,428	25,911,904	26,253,113	31,999,595
<u>18,068,745</u>	<u>20,957,498</u>	<u>26,295,502</u>	<u>28,415,561</u>	<u>32,608,255</u>	<u>31,719,596</u>
<u>153,977,953</u>	<u>159,725,057</u>	<u>170,582,755</u>	<u>172,804,917</u>	<u>176,121,668</u>	<u>176,303,452</u>
277,568,747	276,346,147	274,608,902	272,190,424	273,738,144	267,221,728
30,288,453	32,770,110	34,379,524	34,580,264	39,132,102	49,654,223
<u>64,557,689</u>	<u>66,622,490</u>	<u>70,964,873</u>	<u>62,506,534</u>	<u>64,256,193</u>	<u>60,611,817</u>
<u>\$ 372,414,889</u>	<u>\$ 375,738,747</u>	<u>\$ 379,953,299</u>	<u>\$ 369,277,222</u>	<u>\$ 377,126,439</u>	<u>\$ 377,487,768</u>

VILLAGE OF WELLINGTON, FLORIDA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2008	2009	2010	2011
Expenses:				
Governmental activities:				
General government	\$ 13,702,480	\$ 12,708,900	\$ 12,852,771	\$ 13,877,976
Public safety	6,457,703	6,986,980	7,386,470	7,461,621
Physical environment	8,552,728	10,924,849	12,828,063	14,191,365
Economic environment	-	-	-	-
Transportation	2,813,499	2,629,113	2,333,704	1,815,080
Culture and recreation	9,425,290	8,421,140	5,107,602	5,722,589
Interest on long-term debt	936,748	882,802	822,027	762,276
	<u>41,888,448</u>	<u>42,553,784</u>	<u>41,330,637</u>	<u>43,830,907</u>
Indirect expense allocation	<u>(5,453,586)</u>	<u>(3,643,904)</u>	<u>(1,831,073)</u>	<u>(1,938,467)</u>
Total governmental activities	<u>36,434,862</u>	<u>38,909,880</u>	<u>39,499,564</u>	<u>41,892,440</u>
Business-type activities:				
Utility system	12,089,449	16,051,971	12,915,882	13,288,369
Solid waste	2,228,903	5,837,492	3,129,986	3,175,847
Lake wellington professional centre	-	-	-	-
	<u>14,318,352</u>	<u>21,889,463</u>	<u>16,045,868</u>	<u>16,464,216</u>
Indirect expense allocation	<u>5,453,586</u>	<u>3,643,904</u>	<u>1,831,073</u>	<u>1,938,467</u>
Total business-type activities	<u>19,771,938</u>	<u>25,533,367</u>	<u>17,876,941</u>	<u>18,402,683</u>
Total government expenses	<u>\$ 56,206,800</u>	<u>\$ 64,443,247</u>	<u>\$ 57,376,505</u>	<u>\$ 60,295,123</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 262,929	\$ 290,636	\$ 439,374	\$ 298,700
Public safety	3,308,626	3,191,333	3,380,068	4,188,311
Physical environment	4,155,797	3,917,346	4,536,675	5,168,777
Economic environment	-	-	-	-
Transportation	334,597	102,042	118,893	409,993
Culture and recreation	2,256,172	1,732,729	1,710,091	2,208,716
Operating grants and contributions	2,057,158	2,696,528	1,559,255	1,527,840
Capital grants and contributions	<u>2,590,188</u>	<u>6,344,784</u>	<u>12,217,514</u>	<u>3,897,603</u>
Total governmental activities				
program revenues:	<u>14,965,467</u>	<u>18,275,398</u>	<u>23,961,870</u>	<u>17,699,940</u>
Business-type activities:				
Charges for services:				
Utility system	13,129,276	14,502,578	15,094,014	16,649,755
Solid waste	3,018,730	3,690,053	3,689,852	3,686,592
Lake wellington professional centre	-	-	-	-
Operating grants and contributions	1,522,575	-	1,503,794	166,415
Capital grants and contributions	<u>1,068,875</u>	<u>2,093,940</u>	<u>1,347,655</u>	<u>350,943</u>
Total business-type activities				
program revenues	<u>18,739,456</u>	<u>20,286,571</u>	<u>21,635,315</u>	<u>20,853,705</u>
Total program revenues	<u>\$ 33,704,923</u>	<u>\$ 38,561,969</u>	<u>\$ 45,597,185</u>	<u>\$ 38,553,645</u>

(Continued)

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 13,904,267	\$ 11,971,092	\$ 12,054,127	\$ 14,741,280	\$ 17,619,102	\$ 14,009,092
7,839,229	10,795,719	11,783,514	11,461,629	11,722,878	12,456,166
14,513,657	15,308,064	17,276,231	17,126,182	14,091,443	15,542,944
-	1,249,167	672,675	1,263,111	1,132,293	1,202,739
3,052,299	3,621,583	3,176,258	3,130,567	3,340,822	4,033,291
5,440,873	6,211,642	6,025,857	5,012,176	8,569,180	9,952,368
404,574	270,673	235,607	289,539	98,941	140,924
45,154,899	49,427,940	51,224,269	53,024,484	56,574,659	57,337,524
(1,616,157)	(1,182,578)	(1,526,246)	(1,483,933)	(2,601,695)	(2,351,344)
43,538,742	48,245,362	49,698,023	51,540,551	53,972,964	54,986,180
13,599,774	14,332,462	14,775,996	15,129,671	15,335,041	17,087,678
3,287,632	3,334,847	3,434,234	3,477,952	3,577,209	4,378,318
-	-	448,951	513,698	629,998	635,818
16,887,406	17,667,309	18,659,181	19,121,321	19,542,248	22,101,814
1,616,157	1,182,578	1,526,246	1,483,933	2,601,695	2,351,344
18,503,563	18,849,887	20,185,427	20,605,254	22,143,943	24,453,158
\$ 62,042,305	\$ 67,095,249	\$ 69,883,450	\$ 72,145,805	\$ 76,116,907	\$ 79,439,338
\$ 441,844	\$ 693,477	\$ 1,764,741	\$ 1,217,887	\$ 1,450,142	\$ 1,467,585
4,857,628	4,230,725	3,013,632	2,647,457	3,298,614	2,706,456
5,602,962	5,800,532	5,258,966	7,039,026	7,189,694	7,023,620
-	-	521,575	544,972	340,805	273,142
374,677	421,328	282,850	91,461	400,174	210,737
1,999,818	2,041,164	2,350,399	2,012,325	3,375,561	2,948,080
1,496,711	1,546,079	1,593,870	1,765,489	1,745,869	1,905,383
33,692	1,432,186	842,361	154,724	6,112,810	281,700
14,807,332	16,165,491	15,628,394	15,473,341	23,913,669	16,816,703
17,723,213	17,831,536	18,893,050	19,067,393	19,023,000	19,418,288
3,747,741	3,803,172	3,788,513	3,857,363	3,443,604	3,432,818
-	-	72,877	8,127	-	-
105,973	66,333	58,880	44,202	34,804	61,437
2,353,122	2,758,152	2,399,062	612,327	574,503	565,628
23,930,049	24,459,193	25,212,382	23,589,412	23,075,911	23,478,171
\$ 38,737,381	\$ 40,624,684	\$ 40,840,776	\$ 39,062,753	\$ 46,989,580	\$ 40,294,874

VILLAGE OF WELLINGTON, FLORIDA

CHANGES IN NET POSITION (Continued)

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2008	2009	2010	2011
Net (expense) revenue:				
Governmental activities	\$ (21,469,395)	\$ (20,637,482)	\$ (15,537,694)	\$ (24,192,500)
Business-type activities	(1,032,482)	(5,246,796)	3,758,374	2,451,022
Total net (expense) revenue	<u>\$ (22,501,877)</u>	<u>\$ (25,884,278)</u>	<u>\$ (11,779,320)</u>	<u>\$ (21,741,478)</u>
General revenues:				
Governmental activities:				
Taxes:				
Property taxes	\$ 17,412,203	\$ 16,049,186	\$ 14,459,669	\$ 12,876,240
Franchise fees and taxes	3,492,742	3,594,701	3,298,051	3,266,018
Utility and other taxes	6,184,787	6,634,632	6,771,127	6,656,092
Sales tax	3,837,153	3,382,611	3,400,224	3,538,673
Grants and contributions not restricted to specific programs	1,231,994	1,288,129	1,336,641	1,194,213
Investment earnings	2,910,930	3,401,293	1,335,770	834,816
Gain on sale of capital asset	-	-	482,601	29,138
Other	626,048	534,529	854,111	564,201
Total governmental activities	<u>35,695,857</u>	<u>34,885,081</u>	<u>31,938,194</u>	<u>28,959,391</u>
Business-type activities:				
Investment earnings	2,238,123	1,689,327	616,175	365,721
Gain on disposal of assets	-	-	-	8,304
Other	-	-	-	-
Total business-type activities	<u>2,238,123</u>	<u>1,689,327</u>	<u>616,175</u>	<u>374,025</u>
Total general revenues	<u>\$ 37,933,980</u>	<u>\$ 36,574,408</u>	<u>\$ 32,554,369</u>	<u>\$ 29,333,416</u>
Change in net position:				
Governmental activities	\$ 14,226,462	\$ 14,247,599	\$ 16,400,500	\$ 4,766,891
Business-type activities	1,205,641	(3,557,469)	4,374,549	2,825,047
Total change in net position	<u>\$ 15,432,103</u>	<u>\$ 10,690,130</u>	<u>\$ 20,775,049</u>	<u>\$ 7,591,938</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ (28,731,410)	\$ (32,079,871)	\$ (34,069,629)	\$ (36,067,210)	\$ (30,059,295)	\$ (38,169,477)
5,426,486	5,609,306	5,026,955	2,984,158	931,968	(974,987)
<u>\$ (23,304,924)</u>	<u>\$ (26,470,565)</u>	<u>\$ (29,042,674)</u>	<u>\$ (33,083,052)</u>	<u>\$ (29,127,327)</u>	<u>\$ (39,144,464)</u>
\$ 13,340,895	\$ 12,816,288	\$ 13,690,328	\$ 14,818,492	\$ 16,517,935	\$ 17,599,037
3,157,328	3,205,140	3,481,665	3,541,429	3,462,576	3,557,576
6,635,232	6,804,277	7,107,577	7,089,783	7,048,053	6,980,610
3,705,576	3,927,338	4,235,682	4,523,396	4,707,285	7,687,294
1,151,415	1,302,835	1,464,034	1,648,355	1,735,434	1,855,631
523,538	170,738	222,055	397,437	511,474	371,319
9,250	-	29,694	-	-	-
540,669	1,460,976	2,221,124	421,456	609,004	437,403
<u>29,063,903</u>	<u>29,687,592</u>	<u>32,452,159</u>	<u>32,440,348</u>	<u>34,591,761</u>	<u>38,488,870</u>
144,603	83,528	133,156	316,422	456,863	343,924
10,692	-	71,679	-	-	-
2,486	97,887	600,232	840,763	828,167	839,620
<u>157,781</u>	<u>181,415</u>	<u>805,067</u>	<u>1,157,185</u>	<u>1,285,030</u>	<u>1,183,544</u>
<u>\$ 29,221,684</u>	<u>\$ 29,869,007</u>	<u>\$ 33,257,226</u>	<u>\$ 33,597,533</u>	<u>\$ 35,876,791</u>	<u>\$ 39,672,414</u>
\$ 332,493	\$ (2,392,279)	\$ (6,643,146)	\$ (3,626,862)	\$ 4,532,466	\$ 319,393
5,584,267	5,790,721	10,857,698	4,141,343	2,216,998	208,557
<u>\$ 5,916,760</u>	<u>\$ 3,398,442</u>	<u>\$ 4,214,552</u>	<u>\$ 514,481</u>	<u>\$ 6,749,464</u>	<u>\$ 527,950</u>

VILLAGE OF WELLINGTON, FLORIDA

FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2008	2009	2010	2011
General fund:				
Reserved	\$ 918,193	\$ 646,625	\$ 720,464	\$ -
Unreserved	21,717,188	23,577,651	23,759,589	-
Nonspendable:				
Prepaid expenditures	-	-	-	12,088
Inventory	-	-	-	186,739
Deposits	-	-	-	-
Long-term notes receivable	-	-	-	-
Advances to other funds	-	-	-	-
Long-term advance	-	-	-	167,969
Committed for:				
Debt service	-	-	-	2,268,107
Rate stabilization	-	-	-	3,000,000
Insurance	-	-	-	540,000
Infrastructure	-	-	-	-
Disaster recovery	-	-	-	3,000,000
Subsequent year capital expenditures	-	-	-	5,200,000
Assigned for:				
Contracts	-	-	-	1,201,681
Capital projects	-	-	-	24,824
Subsequent year operating expenditures	-	-	-	643,000
Unassigned	-	-	-	14,135,136
Total general fund	<u>22,635,381</u>	<u>24,224,276</u>	<u>24,480,053</u>	<u>30,379,544</u>
All other governmental funds:				
Reserved	49,680,929	49,378,996	42,645,511	-
Unreserved, reported in:				
Special revenue funds	4,737,308	9,574,791	6,622,626	-
Nonspendable:				
Prepaid expenditures	-	-	-	158,321
Assets held for resale	-	-	-	-
Restricted for:				
Capital projects	-	-	-	20,272,900
Building	-	-	-	2,431,454
Road capital and maintenance	-	-	-	1,647,113
Surface water management	-	-	-	-
Wellington community foundation	-	-	-	766
Debt service	-	-	-	-
Assigned for:				
Surface water management	-	-	-	1,844,878
Planning and zoning	-	-	-	4,905,650
Contracts	-	-	-	-
Capital projects	-	-	-	-
Subsequent year operating expenditures	-	-	-	8,457,230
Unassigned	-	-	-	-
Total all other governmental funds	<u>54,418,237</u>	<u>58,953,787</u>	<u>49,268,137</u>	<u>39,718,312</u>
Total governmental funds	<u>\$ 77,053,618</u>	<u>\$ 83,178,063</u>	<u>\$ 73,748,190</u>	<u>\$ 70,097,856</u>

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
12,943	268,948	307,136	227,597	412,495	408,886
255,960	13,880	13,200	14,828	15,348	16,395
-	-	2,520	258,110	214,752	136,140
-	-	-	928,238	812,208	696,178
-	-	-	300,000	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,785,000	2,385,000	2,385,000	2,385,000	2,785,000	2,785,000
540,000	540,000	440,000	821,000	1,150,000	1,150,000
-	-	-	-	-	1,000,000
2,483,625	2,483,625	2,483,625	2,483,625	3,000,000	3,000,000
5,200,000	9,200,000	-	-	-	-
657,660	455,320	382,887	446,951	683,463	509,803
14,375	38,353	25,000	100,000	500,000	124,734
-	-	1,138,900	3,267,779	-	5,637,362
15,962,436	16,307,688	17,227,963	16,886,452	21,238,612	16,632,532
27,911,999	31,692,814	24,406,231	28,119,580	30,811,878	32,097,030
-	-	-	-	-	-
-	-	-	-	-	-
2,847	8,231	41,720	19,360	37,993	30,277
708,146	225,236	228,061	-	-	-
10,392,601	6,588,293	3,062,748	604,018	1,773,572	4,969,198
4,246,883	5,064,384	4,560,745	4,272,256	4,769,737	5,523,326
963,922	1,216,210	3,483,801	1,939,600	3,469,594	4,363,582
-	-	-	-	-	2,526,534
50,691	51,416	53,227	5,722	-	-
75,357	75,544	75,642	50,063	50,063	284,190
2,951,487	3,183,185	3,294,115	2,379,178	2,326,887	-
4,403,958	4,098,509	-	-	-	-
-	133,946	13,262,737	9,165,404	3,912,825	312,480
9,246,092	6,666,005	3,060,724	2,690,992	1,370,353	4,898,212
1,975,655	4,500	773,452	2,754,663	2,664,839	-
-	-	(298,960)	(285,440)	-	-
35,017,639	27,315,459	31,598,012	23,595,816	20,375,863	22,907,799
\$ 62,929,638	\$ 59,008,273	\$ 56,004,243	\$ 51,715,396	\$ 51,187,741	\$ 55,004,829

VILLAGE OF WELLINGTON, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2008	2009	2010	2011
Revenues:				
Ad valorem taxes	\$ 17,412,203	\$ 16,049,186	\$ 14,459,669	\$ 12,876,240
Franchise fees and taxes	3,492,742	3,594,701	3,298,051	3,266,018
Utility and other taxes	6,184,787	6,634,632	6,771,127	6,656,092
Special assessments	3,572,397	3,549,190	4,193,890	4,787,957
Impact fees	676,741	356,648	479,118	1,057,618
Licenses and permits	3,276,635	2,963,269	3,314,643	3,698,233
Intergovernmental revenue	9,716,493	13,507,676	18,247,748	9,529,672
Grant revenue	-	-	-	-
Charges for services	2,145,313	1,766,751	1,710,416	1,942,911
Fines and forfeitures	613,082	540,967	447,439	726,229
Investment income	2,910,930	3,401,293	1,335,770	834,816
Miscellaneous	660,002	793,166	1,159,591	684,172
Total revenues	<u>50,661,325</u>	<u>53,157,479</u>	<u>55,417,462</u>	<u>46,059,958</u>
Expenditures:				
Current:				
General government	9,228,588	8,776,393	9,931,835	9,778,406
Public safety	6,457,703	6,986,980	7,386,470	7,461,621
Physical environment	10,379,479	11,443,114	12,172,833	12,919,949
Economic environment	-	-	-	-
Transportation	1,453,173	1,526,599	1,399,144	1,511,575
Culture and recreation	7,035,024	6,016,607	2,872,983	3,041,699
Capital outlay	7,500,174	13,773,712	31,637,022	15,386,283
Debt service:				
Principal retirement	1,215,000	1,270,000	1,325,000	1,385,000
Bond issuance costs	-	-	-	-
Interest and other fiscal charges	936,915	883,533	824,483	765,102
Total expenditures	<u>44,206,056</u>	<u>50,676,938</u>	<u>67,549,770</u>	<u>52,249,635</u>
Excess (deficiency) of revenues over expenditures	<u>6,455,269</u>	<u>2,480,541</u>	<u>(12,132,308)</u>	<u>(6,189,677)</u>
Other financing sources (uses):				
Transfers in	64,196,121	29,451,290	20,093,367	17,979,048
Transfers out	(58,742,535)	(25,807,386)	(18,262,294)	(16,040,581)
Transfer of remaining balance	-	-	-	-
Bond proceeds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
Sale of capital assets	400	-	871,362	30,635
Contribution of properties	-	-	-	570,241
Total other financing sources (uses)	<u>5,453,986</u>	<u>3,643,904</u>	<u>2,702,435</u>	<u>2,539,343</u>
Net change in fund balances	<u>\$ 11,909,255</u>	<u>\$ 6,124,445</u>	<u>\$ (9,429,873)</u>	<u>\$ (3,650,334)</u>
Debt service as a percentage of non-capital expenditures	5.74%	5.75%	5.94%	5.82%

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 13,340,895	\$ 12,816,288	\$ 13,690,328	\$ 14,818,492	\$ 16,517,936	\$ 17,599,037
3,157,328	3,205,140	3,481,665	3,541,429	3,462,576	3,557,576
6,635,232	6,804,277	7,107,577	7,089,783	7,048,053	6,980,610
5,242,755	5,009,053	4,939,815	5,675,878	6,876,876	6,056,741
841,752	786,353	879,450	303,411	1,923,074	407,227
4,688,586	4,606,677	4,593,357	4,818,743	5,299,157	4,856,574
6,331,199	7,108,438	7,857,401	8,091,964	9,967,336	11,592,374
-	-	396,966	-	-	-
1,957,485	2,125,562	2,066,545	2,139,469	2,213,611	3,107,111
546,350	659,581	594,576	615,627	841,333	339,603
523,538	170,737	222,054	397,436	511,474	371,319
545,365	1,999,858	1,716,458	563,714	772,474	769,098
<u>43,810,485</u>	<u>45,291,964</u>	<u>47,546,192</u>	<u>48,055,946</u>	<u>55,433,900</u>	<u>55,637,270</u>
10,013,562	10,859,650	11,176,906	11,049,014	12,349,978	13,853,152
7,812,972	10,766,274	11,383,375	11,427,036	11,541,197	12,256,563
12,762,389	9,588,086	9,784,481	10,922,086	8,257,011	8,828,134
-	698,604	1,001,063	1,228,858	1,098,172	1,126,265
1,529,301	1,528,289	1,647,185	2,708,505	2,897,195	3,029,636
3,137,982	3,319,296	4,256,828	4,425,433	7,338,176	8,700,609
7,620,150	11,955,055	6,382,188	11,080,682	17,197,640	5,343,270
4,900,000	940,000	970,000	1,064,271	1,070,015	1,086,670
-	-	-	15,000	83,997	-
<u>579,153</u>	<u>273,595</u>	<u>238,622</u>	<u>95,064</u>	<u>63,741</u>	<u>139,288</u>
<u>48,355,509</u>	<u>49,928,849</u>	<u>46,840,648</u>	<u>54,015,949</u>	<u>61,897,122</u>	<u>54,363,587</u>
<u>(4,545,024)</u>	<u>(4,636,885)</u>	<u>705,544</u>	<u>(5,960,003)</u>	<u>(6,463,222)</u>	<u>1,273,683</u>
15,075,310	11,893,035	26,262,483	8,163,625	12,087,413	10,769,267
(13,459,153)	(10,710,457)	(29,761,913)	(6,679,692)	(9,485,718)	(8,417,923)
-	-	-	-	(5,983)	-
-	-	-	5,445,000	3,235,000	-
(4,383,407)	-	-	(5,430,000)	-	-
162,056	(485,058)	89,856	(127,777)	104,855	192,061
-	-	-	-	-	-
<u>(2,605,194)</u>	<u>697,520</u>	<u>(3,409,574)</u>	<u>1,371,156</u>	<u>5,935,567</u>	<u>2,543,405</u>
<u>\$ (7,150,218)</u>	<u>\$ (3,939,365)</u>	<u>\$ (2,704,030)</u>	<u>\$ (4,588,847)</u>	<u>\$ (527,655)</u>	<u>\$ 3,817,088</u>
13.08%	2.96%	2.78%	2.74%	2.72%	2.50%

VILLAGE OF WELLINGTON, FLORIDA
NET ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Real Property					Total Net Assessed Value	Total Direct Tax Rate
	Residential Property	Commercial Property	Industrial Property	Other Property	Personal Property		
2008	6,493,225,855	649,188,244	64,425,012	376,943,187	222,576,413	7,806,358,711	2.34
2009	6,045,508,619	675,537,691	67,877,389	373,935,182	198,237,894	7,361,096,775	2.34
2010	4,736,001,049	665,267,744	109,364,258	345,592,130	221,937,048	6,078,162,229	2.50
2011	4,260,847,088	512,704,843	103,080,658	315,178,556	205,081,937	5,396,893,082	2.50
2012	4,282,833,446	515,350,446	103,612,563	316,804,906	206,140,179	5,424,741,540	2.50
2013	4,217,895,919	488,694,893	97,198,984	399,055,830	197,097,940	5,399,943,566	2.47
2014	4,482,004,183	519,295,069	103,285,207	424,043,156	209,439,448	5,738,067,063	2.47
2015	4,882,016,251	573,823,256	64,381,454	533,993,011	219,032,397	6,273,246,369	2.45
2016	5,215,829,223	715,026,267	67,061,804	685,894,075	238,955,239	6,922,766,608	2.45
2017	5,540,943,649	794,310,872	73,172,941	799,509,683	252,460,806	7,460,397,951	2.44

Source: Palm Beach County Property Appraiser's Office

Note 1: Assessed values are established by the Palm Beach County Property Appraiser's Office as of January 1, each year.

Note 2: Property in the Village is reassessed each year. Property is assessed at actual value, therefore,

VILLAGE OF WELLINGTON, FLORIDA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll Year	Village Direct Rates		Overlapping Rates (1)							Total Direct and Overlapping Rates
		General Operations	Total Direct	Palm Beach County School Board	Palm Beach County	Palm Beach County Health Care District	Palm Beach County Library System	South Florida Water Management District	Children's Services Council	Florida Inland Navigation District	
2008	2007	2.34	2.34	7.36	6.76	0.89	0.54	0.62	0.58	0.03	19.12
2009	2008	2.34	2.34	7.25	6.92	1.00	0.54	0.62	0.60	0.04	19.31
2010	2009	2.50	2.50	7.98	8.02	1.15	0.55	0.62	0.69	0.04	21.55
2011	2010	2.50	2.50	8.15	8.45	1.15	0.61	0.62	0.75	0.03	22.26
2012	2011	2.50	2.50	8.18	8.45	1.13	0.61	0.44	0.75	0.03	22.08
2013	2012	2.47	2.47	7.78	8.45	1.12	0.61	0.43	0.73	0.03	21.62
2014	2013	2.47	2.47	7.78	8.45	1.12	0.61	0.43	0.73	0.03	21.62
2015	2014	2.45	2.45	7.59	8.43	1.08	0.60	0.38	0.67	0.03	21.23
2016	2015	2.45	2.45	7.51	8.39	1.04	0.60	0.36	0.67	0.03	21.05
2017	2016	2.44	2.44	7.07	8.37	0.90	0.59	0.33	0.68	0.03	20.41

Source: Wellington's Office of Financial Management and Budget and Palm Beach County Property Appraiser's Office

Note: Millage rates are based on \$1 for every \$1,000 of assessed value. Wellington has a 5 mill limit as specified in its Charter.

- (1) Overlapping rates are those of local and county governments that apply to property owners within Wellington. Not all overlapping rates apply to all Wellington property owners
(i.e. the rates for special districts apply only to the proportion of the government's property owners

VILLAGE OF WELLINGTON, FLORIDA

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2017			2008		
	Net Assessed Value	Rank	Percent of Total Village Net Assessed Value	Net Assessed Value	Rank	Percent of Total Village Net Assessed Value
TM Wellington Green Mall, LP	\$ 245,991,193	1	3.55%			
Florida Power & Light Corp	104,960,397	2	1.52%			
EQR Wellington Green LLC	60,073,335	3	0.87%			
Polo Lakes Apartments LLC	55,842,959	4	0.81%	47,695,727	4	0.66%
Universal Health Realty Income	58,740,058	5	0.85%	\$ 29,049,326	8	0.40%
Camden Court, LLC	46,970,232	6	0.68%			
Wellington Residential LLC	47,442,933	7	0.69%			
Real Sub LLC	33,129,938	8	0.48%			
Aerc Wellington, LLC.	34,354,736	9	0.50%			
Centre at Wellington Green	31,889,223	10	0.46%	33,968,353	7	0.47%
TJ Palm Beach Assoc Ltd Partnership				178,501,850	1	2.46%
Wellington Preserve Corporation				66,357,390	2	0.92%
Eqr- R.E Tax Department				58,000,000	3	0.80%
Minto Communities				37,817,752	5	0.52%
Autc Polo Chase FL LLC				34,000,000	6	0.47%
TCRDAD Wellington Ltd Partnership				26,500,000	9	0.37%
FR Courtyard Shops LLC				22,864,125	10	0.32%
	<u>\$ 719,395,004</u>		<u>10.41%</u>	<u>\$ 534,754,523</u>		<u>7.39%</u>

Source: Tax roll provided by Palm Beach County Property Appraiser's Office

VILLAGE OF WELLINGTON, FLORIDA

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

	Original Taxes		Adjusted Taxes	Collected within the Fiscal Year				
Fiscal Year Ended	Levied for Fiscal	Levy Adjustments	Levied for Fiscal	of the Levy		Collections in Subsequent	Total Collections	
September 30,	Year	(1)	Year	Amount	Percent of Original Levy	Years (2)	Amount	Percent of Adjusted Levy
2008	18,270,635	(101,269)	18,169,366	15,937,793	87.23%	1,016,363	16,954,156	93.31%
2009	16,864,233	(119,627)	16,744,606	15,032,823	89.14%	629,325	15,662,148	93.54%
2010	15,195,406	(84,217)	15,111,189	13,830,344	91.02%	527,574	14,357,918	95.02%
2011	13,492,233	(36,689)	13,455,544	12,348,666	91.52%	947,872	13,296,538	98.82%
2012	13,435,068	(132,376)	13,302,692	12,393,023	92.24%	304,929	12,697,952	95.45%
2013	13,399,112	(61,251)	13,337,861	12,511,359	93.37%	56,259	12,808,488	96.03%
2014	14,212,850	(39,824)	14,173,026	13,634,069	95.93%	37,891	13,671,960	96.46%
2015	15,459,908	(90,454)	15,369,454	14,780,601	95.61%	132,440	14,913,041	97.03%
2016	17,011,047	(50,269)	16,960,778	16,385,496	96.32%	47,800	16,433,296	96.89%
2017	18,287,501	(84,130)	18,203,371	17,551,237	95.97%	-	17,551,237	96.42%

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

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

VILLAGE OF WELLINGTON, FLORIDA

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Governmental Activities Revenue Bonds	Business-Type Activities Revenue Bonds	Total	Percent of Personal Income (1)	Per Capita (1)
2008	20,355,000	13,705,000	34,060,000	45.97%	618
2009	19,085,000	11,425,000	30,510,000	n/a	555
2010	17,760,000	9,090,000	26,850,000	n/a	475
2011	16,375,000	6,670,000	23,045,000	n/a	406
2012	7,050,614	4,000,191	11,050,805	n/a	200
2013	6,400,000	1,500,000	7,900,000	n/a	136
2014	5,430,000	-	5,430,000	n/a	93
2015	4,380,729	-	4,380,729	n/a	72
2016	6,545,714	-	6,545,714	n/a	108
2017	5,459,044	-	5,459,044	n/a	90

Note: Details regarding the Village's outstanding debt can be found in the notes to the financial statements

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data

VILLAGE OF WELLINGTON, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2017

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to the Village of Wellington (1)</u>	<u>Amount Applicable to the Village of Wellington</u>
Overlapping:			
Debt repaid with property taxes:			
Palm Beach County	\$ 122,760,000	4.53%	5,561,028
Other debt:			
Palm Beach County	800,100,028	4.53%	36,244,531
Palm Beach County School Board	1,501,639,000	4.18%	62,768,510
Subtotal, Overlapping Debt	<u>2,424,499,028</u>		<u>104,574,069</u>
Village of Wellington Direct Debt	5,459,044	100.00%	<u>5,459,044</u>
Total Direct and Overlapping Debt			<u><u>\$ 110,033,113</u></u>

Sources: Data provided by the Palm Beach County Finance Department, Palm Beach County Property Appraiser and the Palm Beach County School Board

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Village. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Village of Wellington. This process recognizes that, when considering the Village's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values by taking the value that is within the Village's boundaries and dividing it by the County's and School Board's total taxable assessed value.

VILLAGE OF WELLINGTON, FLORIDA

PLEDGED REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year Ended Sept. 30	Utility System Revenue Bond (1)					
	Utility	Less	Net	Debt Service		Coverage
	Charges	Operating	Available	Principal	Interest	
	and Other	Expenses	Revenue			
2008	13,129,276	7,273,946	5,855,330	2,225,000	517,349	2.14
2009	14,502,578	8,262,523	6,240,055	2,280,000	457,499	2.28
2010	15,094,014	7,179,471	7,914,543	2,335,000	377,449	2.92
2011	16,649,755	7,673,519	8,976,236	2,420,000	319,551	3.28
2012	17,725,699	7,919,743	9,805,956	2,535,000	341,713	3.41
2013	17,908,365	8,025,923	9,882,442	2,635,000	110,066	3.60
2014	19,000,746	8,687,757	10,312,989	1,500,000	58,862	6.62
2015	-	-	-	-	-	-
2016	-	-	-	-	-	-
2017	-	-	-	-	-	-

Fiscal Year Ended Sept. 30	Special Assessment Bond				Public Service Tax Bond			
	Special	Debt Service		Coverage	Public	Debt Service		Coverage
	Assessment	Principal	Interest		Service	Principal	Interest	
	Collections				Taxes (2)			
2008	-	-	-	-	6,184,787	765,000	445,065	5.11
2009	-	-	-	-	6,634,632	800,000	411,167	5.48
2010	-	-	-	-	6,771,127	835,000	374,246	5.60
2011	-	-	-	-	6,656,092	870,000	339,990	5.50
2012	-	-	-	-	-	905,000	339,990	0.00
2013	-	-	-	-	7,275,141	940,000	273,782	5.99
2014	-	-	-	-	8,006,951	970,000	238,622	6.62
2015	-	-	-	-	8,140,932	1,064,271	95,064	7.02
2016	-	-	-	-	8,222,500	1,070,015	63,741	7.25
2017	-	-	92,203	-	7,611,334	1,086,670	47,085	6.71

Source: Wellington's Office of Financial Management and Budget

(1) Utility Bond was paid in full in 2015

(2) Public service taxes include utility service taxes and franchise fees

VILLAGE OF WELLINGTON, FLORIDA

DEBT COMPLIANCE

SEPTEMBER 30, 2017

General government debt service as a percentage of non-ad valorem general fund expenditures:	<u>Policy Limit</u>	<u>Actual</u>
Debt Limit	20.00%	3.19%
Contribution to CIP from general governmental capital and debt service:	\$ 7,212,720	\$ 1,893,905
Weighted average maturity of all debt programs:		
Governmental	15 years	9.67
General government debt per capita:	\$ 850	\$ 90
Net direct tax supported debt as a percentage of property values:	3.00%	n/a
Overlapping governmental debt as a percentage of property values:	5.00%	0.07%
General fund reserve as a percentage of future year's operating budget:	25-30%	38%

Source: Wellington's Office of Financial Management and Budget

VILLAGE OF WELLINGTON, FLORIDA
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST TEN FISCAL YEARS

Year	Village of Wellington		Palm Beach County		
	Population	School Enrollment (2)	Personal Income (1)	Per Capita Personal Income (1)	Unemployment Rate (3)
2008	55,076	13,767	74,099,427	58,358	6.5%
2009	55,010	13,924	n/a	n/a	10.5%
2010	56,508	13,689	n/a	n/a	11.4%
2011	56,752	13,043	n/a	n/a	10.5%
2012	57,514	13,004	n/a	n/a	8.9%
2013	58,108	13,222	n/a	n/a	7.3%
2014	58,689	13,221	n/a	n/a	5.9%
2015	59,860	13,223	n/a	n/a	5.2%
2016	60,459	13,624	n/a	n/a	5.2%
2017	60,911	13,859	n/a	n/a	4.4%

Sources: (1) University of Florida, Bureau of Economic Research; (2) Palm Beach County School Board Budget Office; and (3) the U.S. Department of Labor, Bureau of Labor Statistics.

Note 1: Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year. Personal income and per capita personal income were not available after 2008.

Note 2: Palm Beach County figures were used for total personal income and unemployment rate, as Wellington data is not available.

VILLAGE OF WELLINGTON, FLORIDA
PRINCIPAL EMPLOYERS - PALM BEACH COUNTY
CURRENT YEAR AND NINE YEARS AGO

Employer	2017			2008		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Palm Beach County School District	21,200	1	3.06%	21,718	1	3.57%
Tenet Healthcare Corp	6,136	2	0.89%	4,500	3	0.74%
Palm Beach County BOCC	5,928	3	0.86%	11,319	2	1.86%
Next Era Energy (FP&L)	4,021	4	0.58%	3,632	4	0.60%
Hospital Corporation of America	3,550	5	0.51%	3,395	5	0.56%
Boca Raton Regional Hospital	2,800	6	0.40%	1,860	10	0.31%
Florida Atlantic University	2,761	7	0.40%	2,838	7	0.47%
Veterans Health Administration	2,468	8	0.36%	2,207	8	0.36%
Bethesda Health, Inc	2,200	9	0.32%			
Office Depot	2,034	10	0.29%	2,100	9	0.35%
Florida Power & Light						
Wackenhut Corporation				3,000	6	0.49%
	<u>53,098</u>		<u>7.67%</u>	<u>56,569</u>		<u>9.31%</u>

Source: Business Development Board of Palm Beach County

Note: Wellington is not a significant area for employment but rather a residential community.
Therefore, Palm Beach County statistics were used.

VILLAGE OF WELLINGTON, FLORIDA
FULL-TIME VILLAGE GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Number of Employees:										
General government	66.3	56.3	53.2	63.6	58.0	63.0	68.0	68.0	73.0	80.0
Public safety	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
Physical environment	61.8	65.0	62.0	56.0	54.0	63.0	64.0	64.0	63.0	65.0
Transportation	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Economic environment	28.0	31.0	37.6	30.6	33.0	34.0	34.0	34.0	35.0	36.0
Culture and recreation	45.4	49.4	45.4	46.0	48.0	47.0	49.0	49.0	48.0	49.0
Lake Wellington Professional Centre	-	-	-	-	-	-	3.0	3.0	3.0	3.0
Utility system	47.0	52.0	44.0	43.0	44.0	44.0	51.0	51.0	51.0	52.0
Solid waste	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>	<u>4.0</u>	<u>4.0</u>
 Total Number of Employees	 <u>275.5</u>	 <u>280.7</u>	 <u>269.2</u>	 <u>266.2</u>	 <u>264.0</u>	 <u>278.0</u>	 <u>296.0</u>	 <u>296.0</u>	 <u>302.0</u>	 <u>314.0</u>

Source: Wellington's Office of Financial Management and Budget

VILLAGE OF WELLINGTON, FLORIDA

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government:										
Bids, contracts awarded & administered	20	24	33	37	41	38	36	23	29	20
Purchase orders processed	795	939	971	1,245	1,352	1,011	1,008	1,115	1,229	973
Payroll transactions	8,985	8,194	7,762	7,666	7,801	9,143	9,721	9,668	10,046	10,634
Public safety:										
Police personnel and officers	115	117	117	117	117	134	132	141	141	144
Fire personnel	71	71	71	71	71	71	71	71	71	71
Calls for service	35,163	33,453	34,672	34,478	34,874	34,662	34,764	34,222	45,482	42,628
Physical environment - Surface water:										
Water quality samples analyzed	777	896	861	802	833	836	802	842	775	435
Canal right-of-way miles maintained	560	560	560	305	265	700	850	900	300	300
Physical environment - Engineering & public works:										
Work orders performed	1,034	869	997	1,163	1,359	1,454	1,649	1,305	1,200	795
Inspections performed	1,052	n/a	n/a	1,050	1,331	1,289	1,624	1,108	1,045	755
Planning and development:										
Building inspections	21,327	15,781	16,774	23,979	28,146	35,384	26,023	30,609	31,348	28,384
Single family building permits issued	118	94	130	197	226	232	147	342	134	118
Transportation:										
Miles of roads resurfaced	15	14	18	15	14	16	11	9	10	2
Miles of streets cleaned/swept	1,065	1,512	2,224	3,056	2,581	3,369	1,950	1,185	3,493	4,855
Signs repaired	374	1,654	955	1,124	1,121	1,427	1,164	1,974	1,145	2,225
Culture and recreation:										
Participants registered:										
Athletics	11,282	15,829	16,599	12,726	12,962	10,282	8,166	10,077	8,856	8,183
Community programs	2,549	2,081	1,760	2,344	2,683	2,353	887	706	648	1,667
Pool	13,150	11,058	16,468	34,538	73,809	78,285	80,469	70,830	72,660	57,511
Number of program sessions	1,526	1,227	1,048	1,070	1,091	1,140	1,634	1,099	1,070	1,433
Utility system:										
Active accounts - water	19,851	19,682	19,701	19,785	19,929	20,052	20,169	20,397	20,375	20,398
Active accounts - sewer	18,004	17,867	18,024	18,028	18,658	18,781	18,721	18,825	19,055	19,033
Water production (millions of gallons)	1,684	1,848	2,102	2,187	2,052	2,065	2,174	2,163	2,070	1,947
Solid waste:										
Residential accounts	21,977	22,103	22,166	22,294	22,468	22,673	23,018	21,349	20,902	20,931

Source: Various Village Departments

(1) Aquatic weed control increased in FY16 due to a bloom in aquatic vegetation that required additional treating

VILLAGE OF WELLINGTON, FLORIDA
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

Function/Program	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government:										
Number of general government buildings	1	1	1	1	1	1	1	1	1	1
Public safety:										
Police:										
Sheriff substations	1	1	1	1	1	1	1	1	1	1
Fire:										
Fire stations	4	4	4	4	4	4	4	4	4	4
Suppression units	6	9	9	9	9	9	9	9	9	9
Early response stabilization units	3	4	4	4	4	4	4	4	4	4
Physical environment:										
Acreage of lakes (1)	166	166	166	166	166	166	166	166	553	553
Canal miles	110	110	110	110	91	89	89	89	89	89
Transportation:										
Miles of streets	176	152	152	152	152	152	152	152	152	152
Number of street lights	2,187	2,311	2,311	2,311	2,465	2,465	2,465	2,465	2,465	2,465
Miles of bike paths	40	40	40	40	40	40	40	40	45	45
Miles of sidewalks	153	153	153	153	153	153	153	155	198	198
Culture and recreation:										
Parks acreage	342	342	342	348	348	350	350	350	271	285
Open space preserves/passive recreation	452	452	452	452	452	452	452	452	436	422
Community center	1	1	1	1	1	1	1	1	1	1
Swimming pools	3	3	3	3	3	3	3	3	3	3
Tennis courts	16	16	16	16	16	16	16	21	21	21
Baseball/softball fields	18	18	18	18	18	18	18	18	18	17
Utility system:										
Miles of water mains	327	327	327	327	327	327	327	327	327	327
Fire hydrants - Wellington	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,889	2,002
Fire hydrants - Outside Wellington	195	195	195	195	195	195	195	195	226	336

Source: Various Wellington Departments

Note: Indicators are not available for the solid waste function

(1) Acreage of lakes prior to FY2016 were for public acres. FY16 and beyond will include total acres, public and private.

Compliance Section



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT
AUDITING STANDARDS***

Honorable Mayor and Village Council
Village of Wellington, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Wellington, Florida, (the "Village") as of and for the fiscal year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 15, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read "Brian J. Asencio".

March 15, 2018



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor and Village Council
Village of Wellington, Florida

We have examined the Village of Wellington, Florida's (the "Village") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2017. Management is responsible for the Village's compliance with those requirements. Our responsibility is to express an opinion on the Village's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the District complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the District complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the District's compliance with specified requirements.

In our opinion, the Village complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2017.

This report is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, management, and the Board of Supervisors of the Village of Wellington, Florida and is not intended to be and should not be used by anyone other than these specified parties.

Grau & Associates

March 15, 2018



**MANAGEMENT LETTER PURSUANT TO THE RULES OF
THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor and Village Council
Village of Wellington, Florida

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Village of Wellington, Florida (the "Village") as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated March 15, 2018.

Auditor's Responsibility

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Auditor General.

Other Reporting Requirements

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 15, 2018, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the Village, as described in the first paragraph, we report the following:

- I. Current year findings and recommendations.**
- II. Status of prior year findings and recommendations.**
- III. Compliance with the Provisions of the Auditor General of the State of Florida.**

Our management letter is intended solely for the information and use of the Mayor, Village Council, management, the Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, and Federal and other granting agencies, as applicable, and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the Village of Wellington, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

Grau & Associates

March 15, 2018

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS AND RECOMMENDATIONS

None

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

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

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

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2016.

2. Any recommendations to improve the local governmental entity's financial management.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2017.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2017.

4. The name or official title and legal authority of the Village are disclosed in the notes to the financial statements.

5. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2017 financial audit report.

6. The Village has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

7. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted as of September 30, 2017. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.



