

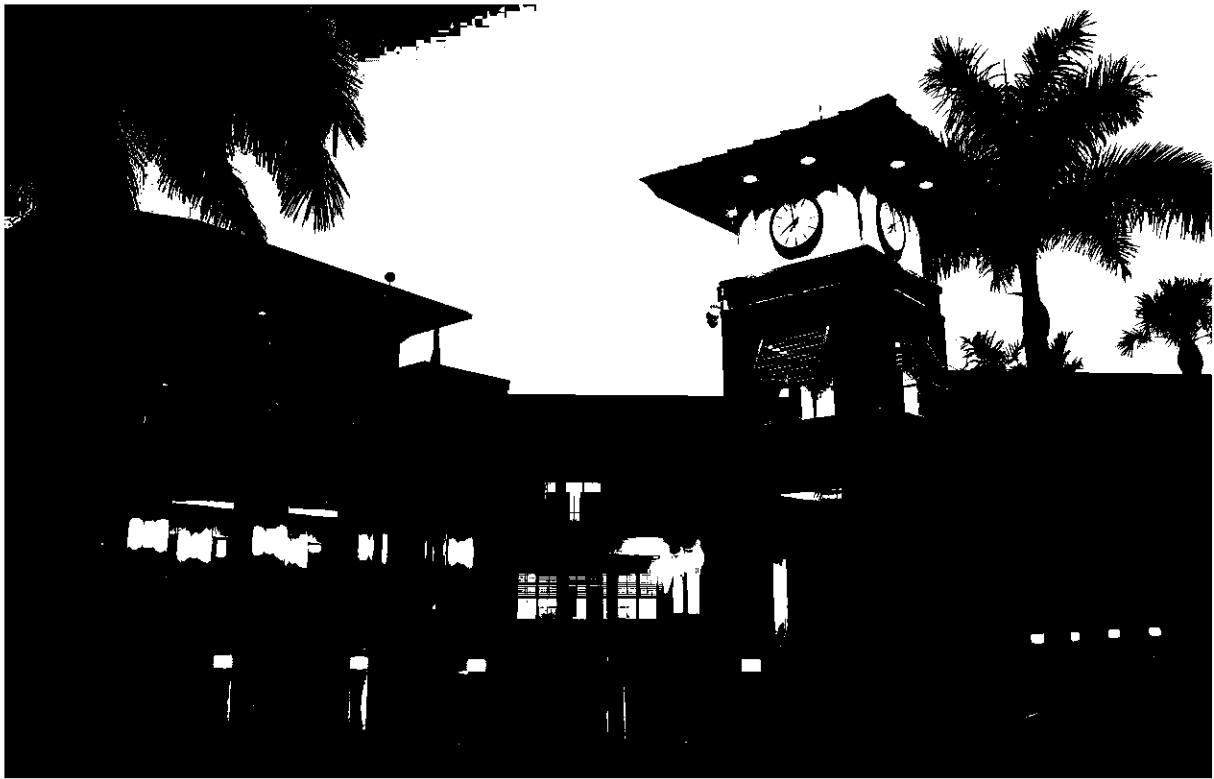
COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ending September 30, 2018

Village of Wellington, Florida



W THE VILLAGE OF
ELLINGTON 



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, 2018

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W THE VILLAGE OF
ELLINGTON 



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ELLINGTON



Introductory Section

Council

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

Manager
Paul Schofield

February 28, 2019

***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, 2018. 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, 2018. 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 61,775 people residing in 23,867 housing units with an average housing value of approximately \$308,200. Projections indicate that this population will exceed 63,017 residents by the year 2019. 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.

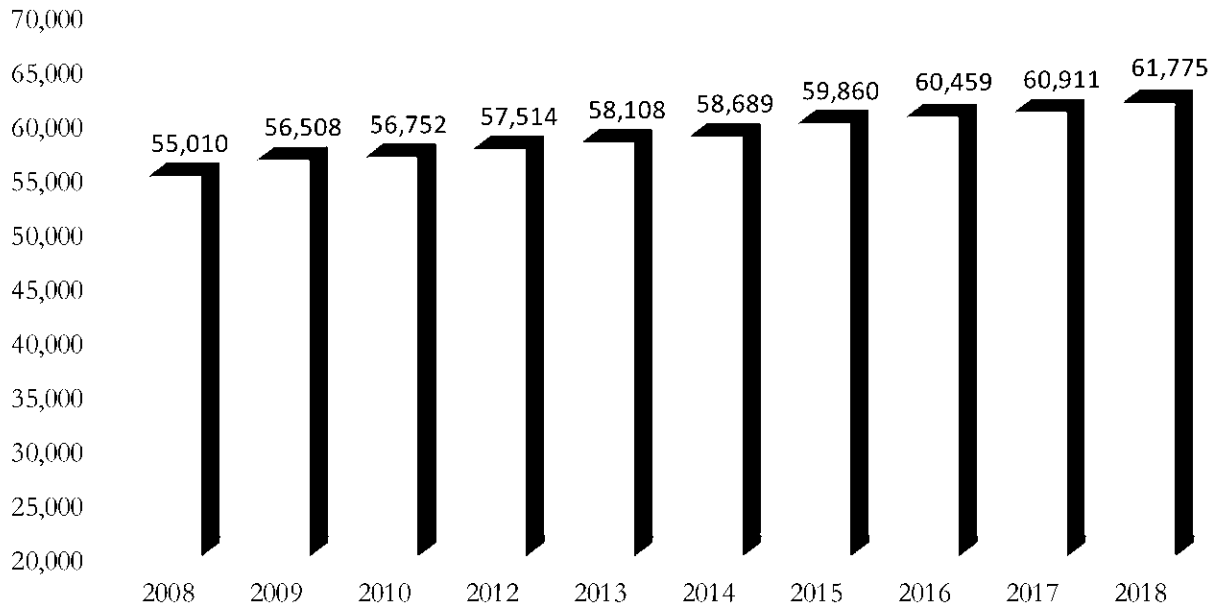
As one of the region's strongest employment bases, job opportunities within the healthcare industry continue to grow. The Medical Arts District currently consists of a multitude of uses including the Wellington Regional Medical Center: a full-service acute care community hospital. Since its inception 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.

2009-2018 HISTORICAL POPULATION

Wellington's estimated 2018 permanent population of 61,775 (excluding seasonal residents) makes it the 5th largest municipality in Palm Beach County.

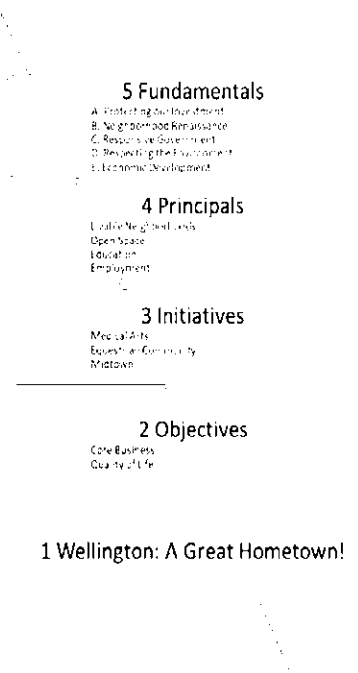


MAJOR INITIATIVES

Strategic Framework

Throughout the last 22 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 2018, Wellington celebrated its 22nd 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. 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 Directions 2016 visioning workshop addressed Wellington’s role in the western county communities as new regional developments move forward. Directions 2017 continued the conversation, focusing on Wellington’s sustainability and relevance in the future.

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:

- ❖ Repaired approximately 14,419 square feet of concrete sidewalks
- ❖ Instituted a Youth Services Program, SWAG, “Students Working to Achieve Greatness”.
- ❖ Building department fully adopted electronic permitting and plan review.
- ❖ Completed the Equestrian Plan of Action.
- ❖ Continued the optional benefits provided through Waste Management to schools and residents.

Completed the following projects during 2018:

- ❖ Scott’s Place Improvements
- ❖ Village Park Resurfacing
- ❖ WCC Broadcasting Equipment
- ❖ Tennis Center Parking
- ❖ Surface Water Management Improvements
- ❖ South Shore Blvd. & Pierson Road Northbound Right Turn Lane Extension

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

- ❖ Multi-use Path & Bike Lane Expansion
- ❖ Forest Hill Blvd & C-8 Improvements
- ❖ Water Treatment Plant and Water Reclamation Renewal & Replacement
- ❖ Communications & Technology Investment

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 2019 through 2023 calls for expenditures approximating \$68.5 million in the governmental funds and approximately \$92.4 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 \$1.5 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 fund an insurance reserve for future rate increases.
- ✓ 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, 2017. 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-two consecutive years (1996-2017). We believe our current report continues to conform to Certificate of Achievement Program requirements, and we are submitting it to the GFOA.

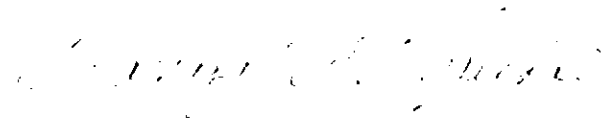
The GFOA has also given an award for Outstanding Achievement in Popular Annual Financial Reporting to Wellington for its Popular Annual Financial Report (PAFR) for the fiscal year ended September 30, 2017. This award is a prestigious national award recognizing conformance with the highest standards for 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 eighth 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, 2017. Wellington has received this award for the last twenty-three 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 2019 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



Michael Drahos
Vice Mayor



John T. McGovern
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

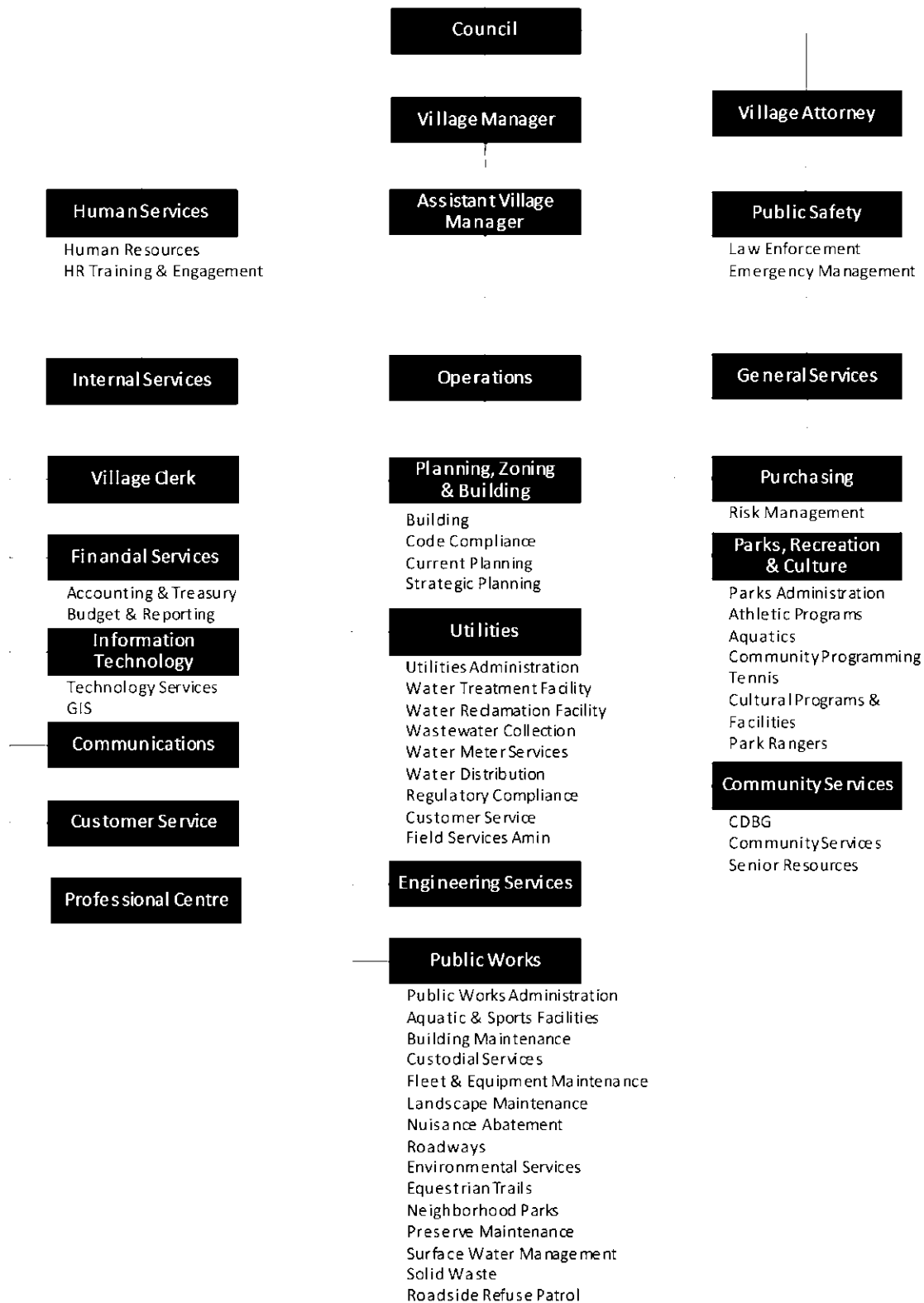
Shannon Larocque

Parks and Recreation Director

Eric Juckett

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, 2017

Christopher P. Morill

Executive Director/CEO



Financial Section



Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

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Fax (561) 994-5823
www.graucpa.com

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, 2018, 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, 2018, 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 non-major 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 non-major fund financial statements and schedules 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 non-major 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 February 28, 2019, 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 the effectiveness of the 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 February 28, 2019, 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.

B. Saw & Associates

February 28, 2019

VILLAGE OF WELLINGTON, FLORIDA

Management's Discussion and Analysis September 30, 2018

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 \$382 million, which is an increase of 1.26% or \$4.8 million from the prior year. Of this amount, \$46 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 \$263 million of total net position of \$382 million.
- ❖ Net position of governmental activities increased \$5.7 million or 2.82%.
- ❖ Government-wide total revenues were \$89.0 million, while government-wide total expenses were \$84.2 million. Total revenues increased 11% or \$9.0 million while total expenses increased 6% or \$4.8 million.
- ❖ Governmental Activities generated \$62.1 million in revenue with \$61.0 million in expenses.
- ❖ Business-type Activities generated \$26.9 million in revenue with \$23.3 million in expenses.
- ❖ Governmental funds ended the year with a combined fund balance of \$64.3 million, which is an increase of 16.9% or \$9.3 million from the prior year. Of that amount, the unassigned portion is \$19.2 million, an increase of \$2.5 million, or 15.2% 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 14-16 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, 2018 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 17-22 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, 2018 were the Utility System Fund and the Solid Waste Fund.

The basic proprietary fund financial statements can be found on pages 23-26 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 27-28 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 29 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 61 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 69 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 \$382 million at the close of the most recent year.

Wellington's Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 75,754,359	\$ 66,228,151	\$ 70,492,593	\$ 69,219,947	\$ 146,246,952	\$ 135,448,098
Capital assets	155,737,755	160,096,511	110,518,031	112,584,261	266,255,786	272,680,772
Total Assets	231,492,114	226,324,662	181,010,624	181,804,208	412,502,738	408,128,870
Pension	7,596,343	7,210,181	1,677,461	1,591,310	9,273,804	8,801,491
Total Deferred Outflows of Resources	7,596,343	7,210,181	1,677,461	1,591,310	9,273,804	8,801,491
Noncurrent liabilities	23,402,231	24,704,281	4,321,428	4,090,023	27,723,659	28,794,304
Other liabilities	7,009,436	6,555,605	2,569,538	2,759,497	9,578,974	9,315,102
Total Liabilities	30,411,667	31,259,886	6,890,966	6,849,520	37,302,633	38,109,406
Pension	1,741,075	1,027,958	385,965	226,874	2,127,040	1,254,832
Other postemployment benefit	83,793	62,683	21,284	15,672	105,077	78,355
Total Deferred Inflows of Resources	1,824,868	1,090,641	407,249	242,546	2,232,117	1,333,187
Net Position:						
Net investment in capital assets	152,677,755	154,637,467	110,518,031	112,584,261	263,195,786	267,221,728
Restricted	22,873,221	17,654,628	49,900,680	31,999,595	72,773,901	49,654,223
Unrestricted	31,300,946	28,892,221	14,971,159	31,719,596	46,272,105	60,611,817
Total Net Position	\$ 206,851,922	\$ 201,184,316	\$ 175,389,870	\$ 176,303,452	\$ 382,241,792	\$ 377,487,768

The largest portion of net position (69%) 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 \$73 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

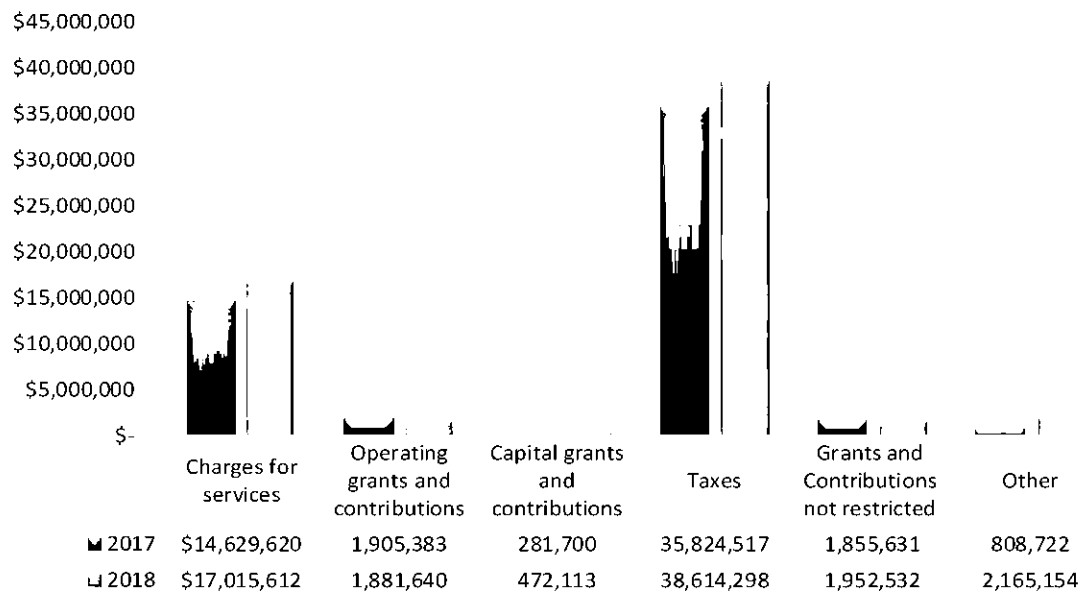
	Governmental Activities			Business-Type Activities			Total		
	2018	2017	Change	2018	2017	Change	2018	2017	Change
Revenues									
Program revenues:									
Charges for services	\$ 17,015,612	\$ 14,629,620	16%	\$ 22,993,590	\$ 22,851,106	1%	\$ 40,009,202	\$ 37,480,726	7%
Operating grants and contributions	1,881,640	1,905,383	-1%	15,599	61,437	-75%	1,897,239	1,966,820	-4%
Capital grants and contributions	472,113	281,700	68%	2,308,590	565,628	308%	2,780,703	847,328	228%
General revenues:									
Taxes	38,614,298	35,824,517	8%	-	-	-	38,614,298	35,824,517	8%
Grants and contributions not restricted to specific programs	1,952,532	1,855,631	5%	-	-	-	1,952,532	1,855,631	5%
Investment earnings	695,796	371,319	87%	626,843	343,924	82%	1,322,639	715,243	85%
Other	1,469,358	437,403	236%	954,080	839,620	14%	2,423,438	1,277,023	90%
Total Revenues	62,101,349	55,305,573	12%	26,898,702	24,661,715	9%	89,000,051	79,967,288	11%
Program expenses including indirect expenses:									
General government	16,077,909	8,936,960	80%	-	-	-	16,077,909	8,936,960	80%
Public safety	13,574,949	12,531,540	8%	-	-	-	13,574,949	12,531,540	8%
Physical environment	14,817,551	15,705,016	-6%	-	-	-	14,817,551	15,705,016	-6%
Economic environment	1,403,026	2,259,439	-38%	-	-	-	1,403,026	2,259,439	-38%
Transportation	4,658,100	4,402,383	6%	-	-	-	4,658,100	4,402,383	6%
Culture and recreation	10,343,565	11,009,918	-6%	-	-	-	10,343,565	11,009,918	-6%
Interest on debt	114,165	140,924	-19%	-	-	-	114,165	140,924	-19%
Water and wastewater	-	-	-	17,672,903	19,043,620	-7%	17,672,903	19,043,620	-7%
Solid waste	-	-	-	4,948,496	4,703,470	5%	4,948,496	4,703,470	5%
Lake Wellington Professional Centre	-	-	-	635,363	706,068	-10%	635,363	706,068	-10%
Total expenses	60,989,265	54,986,180	11%	23,256,762	24,453,158	-5%	84,246,027	79,439,338	6%
Change in net position before transfers	1,112,084	319,393	248%	3,641,940	208,557	-	4,754,024	527,950	-
Transfers in (out)	4,555,522	-	-	(4,555,522)	-	-	-	-	-
Change in net position	5,667,606	319,393	1674%	(913,582)	208,557	-538%	4,754,024	527,950	800%
Beginning net position - restated ⁽¹⁾	201,184,316	200,864,923	0%	176,303,452	176,094,895	0%	377,487,768	376,959,818	0%
Ending net position	\$ 206,851,922	\$ 201,184,316	3%	\$ 175,389,870	\$ 176,303,452	-1%	\$ 382,241,792	\$ 377,487,768	1%

(1) - Adjustment to beginning net position due to recalculation of OPEB in 2017.

Governmental Activities

During the current fiscal year, net position for governmental activities increased \$5.7 million from the prior fiscal year for an ending balance of \$207 million.

Changes in Revenue



Revenues increased from prior year by \$6.8 million or 12.3%. Key elements of this increase are as follows:

- ❖ Total taxes increased by \$2.8 million due to an increase in the sales tax and discretionary tax as well as the increase in property taxable value over prior year.
- ❖ Charges for services increased by \$2.4 million mostly due to increase of construction activity which increased building permits and related revenue.
- ❖ Other revenues increased by \$1.0 million due to the conclusion and settlement of open cases and an increase in investment earnings.

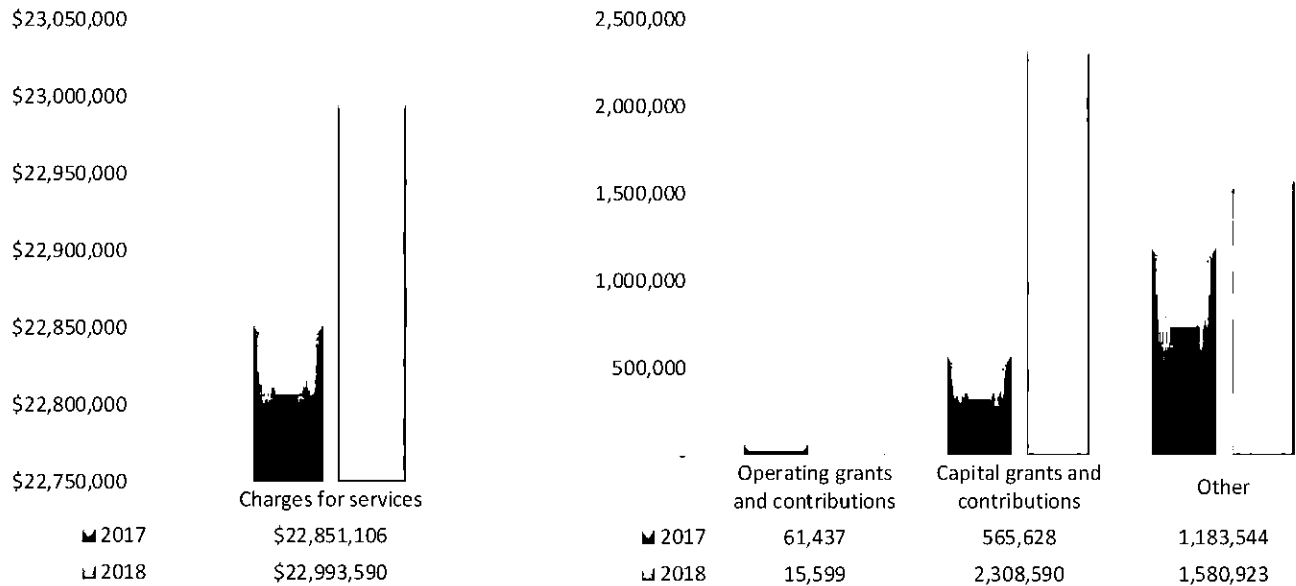
Expenses increased by \$6 million or approximately 11%. Key elements of this increase are as follows:

- ❖ Indirect cost allocation of \$5.1 million was eliminated in the current year thereby increasing general government. In addition, there was an increase of \$1.5 million in Technology Services for Munis implementation.
- ❖ Economic Environment decreased by \$900,000. This decrease is mainly due to the elimination of indirect cost allocation.
- ❖ Public Safety increased by \$1.0 million. The increase is mostly due to the increase in the Sheriff's contract and expenses due to hurricane recovery.

Business-type Activities

Business-type activities decreased \$914,000 from the prior fiscal year for an ending balance of \$175 million.

Changes in Revenue



Revenues increased by \$2.2 million or 9% over the prior year. Key elements of this increase are as follows:

- ❖ Capital grants and contributions increased \$1.7 million from prior year due to an increase in capacity fees collected on a new development.

Expenses decreased \$1.2 million or approximately 5% over prior year. Key elements of this decrease is as follows:

- ❖ Elimination of the indirect cost allocation for a decrease of \$2.4 million.
- ❖ General and Administrative increased \$200,000 mainly due to the increase in personnel expenses.
- ❖ Field Services was added as a new department and incurred \$349,000 in expenses.
- ❖ Increase of \$500,000 for hurricane debris removal.

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, 2018, Wellington's governmental funds reported combined ending fund balances of \$64.3 million, an increase of \$9.3 million from prior year.

The unassigned fund balance of \$19.2 million is available for spending at Wellington's discretion. The remainder of fund balance of \$45.1 million is either nonspendable, restricted, assigned or committed to indicate that it is not available for new spending. Funds are either nonspendable (\$1.1 million), have already been assigned to liquidate contracts, purchase orders, and subsequent year operating expenses (\$6.6 million), restricted or assigned for capital improvements (\$14.3 million), restricted to pay debt service (\$289,000), committed for future emergencies (\$3.0 million), insurance reserves (\$1.5 million), infrastructure (\$1.5 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 (\$14.0 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 \$19.2 million, while the total fund balance was \$35.1 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 40% of total 2018 general fund budgeted expenditures and transfers. Total revenues in the general fund were \$42.7 million which represents an increase of approximately \$1.8 million from the prior year or 4%. This increase is mainly due to higher ad valorem property tax revenue of \$1 million and \$430,000 in miscellaneous revenue.

The Building fund is used to account for the building function. At the end of the current fiscal year, \$7.9 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 \$5.3 million and \$2.6 million for fiscal years 2018 and 2017, respectively. This represents an increase of approximately \$2.7 million 104% from prior year. This is due to the increase in building permit revenue in FY 2018.

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 \$2.1 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. Revenues for the fund remained relatively the same in both years.

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 \$15.0 million; \$9.8 million for the Utility System, \$4.1 million for Solid Waste, and \$1.1 million for the Lake Wellington Professional Centre. Total net position for these funds was \$175 million, representing a decrease of \$914,000, or 0.52% due to expenses exceeding revenues during the year.

General Fund Budgetary Highlights

Differences between the original budget and the final amended budget total an increase of \$2.4 million, 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>
Utility and other taxes	\$ 6,682,000	\$ 7,216,895	\$ 534,895
Investment income (net)	200,000	415,463	215,463
Miscellaneous	333,153	1,048,966	715,813

<u>Expenditures</u>	<u>Budgeted expenditures</u>	<u>Actual expenditures</u>	<u>Difference</u>
General government	\$ 18,277,033	\$ 15,250,791	\$ 3,026,242
Public safety	10,610,332	11,176,487	(566,155)
Culture and recreation	9,591,498	8,522,352	1,069,146
Capital outlay	1,038,331	373,407	664,924

- ❖ Revenues were more than budgeted due to higher utility service and communication taxes (\$535,000), increases in investment income (\$215,000) and a legal claim settled in FY 2018 (\$677,000).
- ❖ General government expenditures were \$3 million less than budgeted. Personnel expenditures had savings of approximately \$1 million due to unfilled positions. A difference of \$1.6 million is due to projects carried forward, which are mostly related to the ERP project.
- ❖ Public safety expenditures were \$566,000 more than budgeted. This was due to the unexpected expenses for hurricane recovery.
- ❖ Culture and recreation expenditures were less than anticipated due to savings in unfilled positions and benefits of \$459,000, operating supplies in Cultural, Community and Team Programs of \$132,000, and repairs and maintenance in Aquatic and Sports Facilities and Neighborhood Parks of \$238,000.
- ❖ Capital Outlay differences of \$665,000 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 61 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, 2018, amounts to \$266 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		
	2018	2017	2018	2017	2018	2017	
Land	\$ 20,053,844	\$ 20,053,844	\$ 9,579,678	\$ 9,579,678	\$ 29,633,522	\$ 29,633,522	
Buildings	29,269,731	30,571,205	6,707,320	7,020,816	35,977,051	37,592,021	
Improvements	20,597,020	25,746,451	1,327,829	1,749,022	21,924,849	27,495,473	
Machinery and equipment	6,224,268	6,113,363	2,488,683	1,847,158	8,712,951	7,960,521	
Water and wastewater plant	-	-	40,166,040	42,370,580	40,166,040	42,370,580	
Meters	-	-	367,338	846,469	367,338	846,469	
Wells	-	-	2,519,491	2,781,790	2,519,491	2,781,790	
Distribution lines	-	-	42,553,728	44,282,206	42,553,728	44,282,206	
Infrastructure	76,713,695	76,587,325	-	-	76,713,695	76,587,325	
Construction in progress	2,879,197	1,024,323	4,807,924	2,106,542	7,687,121	3,130,865	
Total	\$ 155,737,755	\$ 160,096,511	\$ 110,518,031	\$ 112,584,261	\$ 266,255,786	\$ 272,680,772	

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

- ❖ Tennis Center Parking
- ❖ Surface Water Management Improvements

Additional information on capital assets can be found on page 68 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 \$27.7 million. Governmental activities debt of \$3.1 million is related to a special assessment bond issued to finance the Saddle Trail Improvement Project. An additional \$2.3 million for compensated absences and \$18.0 million for net pension liability is also outstanding. Business-Type activities debt of \$4.3 million is comprised of \$472,000 for compensated absences and \$3.8 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 Activities		Business-Type Activities		Total		
	2018	2017	2018	2017	2018	2017	
Revenue bonds and loans	\$ 3,060,000	\$ 5,459,044	\$ -	\$ -	\$ 3,060,000	\$ 5,459,044	
Compensated absences	2,339,415	2,253,532	471,823	465,988	2,811,238	2,719,520	
Net pension liability	18,002,816	16,991,705	3,849,605	3,624,035	21,852,421	20,615,740	
Total	\$ 23,402,231	\$ 24,704,281	\$ 4,321,428	\$ 4,090,023	\$ 27,723,659	\$ 28,794,304	

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.

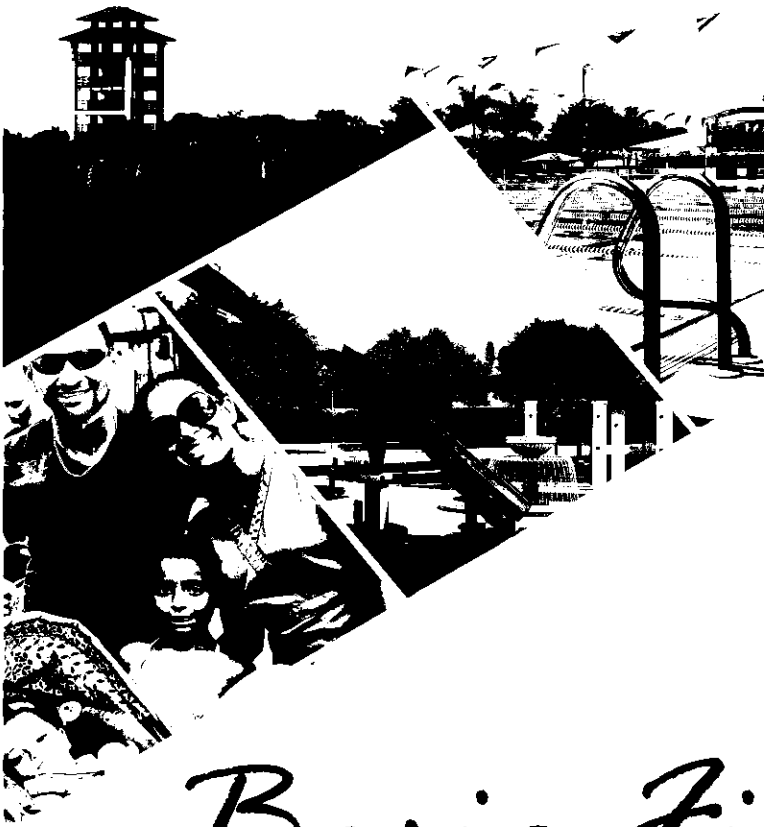
While property taxes are important, they represent only 21% of total revenue excluding transfers. Another 34% comes from program revenues such as licenses, permits, and other charges for services, while approximately 15% is related to intergovernmental revenue. Additionally, special assessments levied total approximately 10% and utility taxes and franchise fees total another 12%. 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 2.48 mills for fiscal year 2019 is up by .05 mill from the 2018 fiscal year. This millage resulted in a total tax levy of approximately \$19.6 million, an increase of \$1.1 million, or 5.9% from the property tax levy for 2018. The Surface Water Management Assessment rate remained unchanged for a total of \$230 per unit in the fiscal year 2019. The Solid Waste Assessment remained the same as 2018 at \$135 per curbside unit and \$100 per containerized unit. Additional information regarding the adoption of the annual budget can be found on page 64 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



W THE VILLAGE OF
ELLINGTON



Basic Financial Statements



W THE VILLAGE OF
ELLINGTON



VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash	\$ 4,916,461	\$ 1,543,419	\$ 6,459,880
Investments	62,696,191	58,204,104	120,900,295
Receivables (net)	967,070	2,287,950	3,255,020
Due from other governments	2,107,847	22,175	2,130,022
Prepaid expenses	416,831	14,636	431,467
Inventories	17,174	87,908	105,082
Deposits	124,007	-	124,007
Restricted assets:			
Cash	-	7,056,002	7,056,002
Investments	-	1,042,212	1,042,212
Net other postemployment benefit asset	1,124,962	234,187	1,359,149
Long-term assessment receivable	2,803,667	-	2,803,667
Long-term note receivable	580,149	-	580,149
Capital assets:			
Capital assets not being depreciated	99,646,736	14,387,602	114,034,338
Capital assets being depreciated, net	56,091,019	96,130,429	152,221,448
Total assets	<u>\$ 231,492,114</u>	<u>\$ 181,010,624</u>	<u>\$ 412,502,738</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension	7,596,343	1,677,461	9,273,804
Total deferred outflows of resources	<u>7,596,343</u>	<u>1,677,461</u>	<u>9,273,804</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 4,096,559	\$ 1,412,964	\$ 5,509,523
Escrows and deposits	93,101	-	93,101
Contracts and retainage payable	122,126	-	122,126
Due to other governments	54,180	15,690	69,870
Deposits payable from restricted assets	-	1,098,573	1,098,573
Unearned revenue	2,605,985	42,311	2,648,296
Accrued interest payable	37,485	-	37,485
Noncurrent liabilities:			
Due within one year:			
Bonds payable	180,000	-	180,000
Compensated absences	1,078,833	223,240	1,302,073
Due in more than one year:			
Bonds payable	2,880,000	-	2,880,000
Compensated absences	1,260,582	248,583	1,509,165
Net pension liability	18,002,816	3,849,605	21,852,421
Total liabilities	<u>30,411,667</u>	<u>6,890,966</u>	<u>37,302,633</u>
DEFERRED INFLOWS OF RESOURCES			
Pension	1,741,075	385,965	2,127,040
Other postemployment benefit	83,793	21,284	105,077
Total deferred inflows of resources	<u>1,824,868</u>	<u>407,249</u>	<u>2,232,117</u>
NET POSITION			
Net investment in capital assets	152,677,755	110,518,031	263,195,786
Restricted for:			
Debt service	251,320	-	251,320
Building department	7,896,097	-	7,896,097
Surfacewater management	2,124,401	-	2,124,401
Road capital and maintenance	3,972,727	-	3,972,727
Capital projects	8,628,676	49,900,680	58,529,356
Unrestricted	31,300,946	14,971,159	46,272,105
Total net position	<u>\$ 206,851,922</u>	<u>\$ 175,389,870</u>	<u>\$ 382,241,792</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, 2018

Function/Program Activities	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 16,077,909	\$ 1,336,431	\$ -	\$ -
Public safety	13,574,949	5,349,652	-	-
Physical environment	14,817,551	6,958,089	-	-
Economic environment	1,403,026	123,670	207,115	-
Transportation	4,658,100	246,063	1,674,525	272,113
Culture and recreation	10,343,565	3,001,707	-	200,000
Interest on long-term debt	114,165	-	-	-
Total governmental activities	60,989,265	17,015,612	1,881,640	472,113
Business-type activities:				
Utility system	17,672,903	19,583,647	-	2,308,590
Solid waste	4,948,496	3,409,943	15,599	-
Lake Wellington Professional Centre	635,363	-	-	-
Total business-type activities	23,256,762	22,993,590	15,599	2,308,590
Total primary government	\$ 84,246,027	\$ 40,009,202	\$ 1,897,239	\$ 2,780,703

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

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

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
\$ (14,741,478)	\$ -	\$ (14,741,478)
(8,225,297)	-	(8,225,297)
(7,859,462)	-	(7,859,462)
(1,072,241)	-	(1,072,241)
(2,465,399)	-	(2,465,399)
(7,141,858)	-	(7,141,858)
(114,165)	-	(114,165)
<u>(41,619,900)</u>	<u>-</u>	<u>(41,619,900)</u>
-	4,219,334	4,219,334
-	(1,522,954)	(1,522,954)
-	(635,363)	(635,363)
-	2,061,017	2,061,017
<u>(41,619,900)</u>	<u>2,061,017</u>	<u>(39,558,883)</u>
18,600,500	-	18,600,500
3,521,920	-	3,521,920
7,216,895	-	7,216,895
9,274,983	-	9,274,983
1,952,532	-	1,952,532
695,796	626,843	1,322,639
1,469,358	954,080	2,423,438
<u>4,555,522</u>	<u>(4,555,522)</u>	<u>-</u>
<u>47,287,506</u>	<u>(2,974,599)</u>	<u>44,312,907</u>
<u>5,667,606</u>	<u>(913,582)</u>	<u>4,754,024</u>
201,184,316	176,303,452	377,487,768
<u>\$ 206,851,922</u>	<u>\$ 175,389,870</u>	<u>\$ 382,241,792</u>

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

VILLAGE OF WELLINGTON, FLORIDA

BALANCE SHEET GOVERNMENTAL FUNDS

SEPTEMBER 30, 2018

	General	Building	Acme Improvement	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash	\$ 1,687,763	\$ 883,103	\$ 66,242	\$ 130,792	\$ 287,157	\$ 1,861,404	\$ 4,916,461
Investments	35,966,261	7,059,786	2,526,870	6,294,816	-	10,848,458	62,696,191
Current receivables:							
Utility taxes	422,278	-	-	-	-	-	422,278
Franchise fees	328,297	-	-	-	-	-	328,297
Accounts	15,318	-	-	-	-	29,253	44,571
Interest	98,862	18,031	7,358	17,853	-	29,820	171,924
Due from other governments	1,027,305	-	33,829	200,000	1,648	845,065	2,107,847
Prepaid expenditures	369,233	32,262	10,900	-	-	4,436	416,831
Inventory	17,174	-	-	-	-	-	17,174
Deposits	124,007	-	-	-	-	-	124,007
Long-term assessment receivable	-	-	-	-	2,803,667	-	2,803,667
Long-term note receivable	580,149	-	-	-	-	-	580,149
Total assets	<u>\$40,636,647</u>	<u>\$ 7,993,182</u>	<u>\$ 2,645,199</u>	<u>\$ 6,643,461</u>	<u>\$ 3,092,472</u>	<u>\$ 13,618,436</u>	<u>\$74,629,397</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, 2018

	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	\$ 2,712,330	\$ 45,516	\$ 509,748	\$ 273,250	\$ -	\$ 555,715	\$ 4,096,559
Escrows and deposits	93,101	-	-	-	-	-	93,101
Contracts and retainage payable	-	-	-	66,994	-	55,132	122,126
Due to other governments	8,437	45,743	-	-	-	-	54,180
Unearned revenue	2,182,923	5,826	11,050	-	-	406,186	2,605,985
Total liabilities	4,996,791	97,085	520,798	340,244	-	1,017,033	6,971,951
Deferred inflows of resources:							
Unavailable revenue	580,149	-	-	-	2,803,667	-	3,383,816
Fund balances:							
Nonspendable:							
Prepaid expenditures	369,233	32,262	10,900	-	-	4,436	416,831
Inventory	17,174	-	-	-	-	-	17,174
Deposits	124,007	-	-	-	-	-	124,007
Long-term notes receivable	580,149	-	-	-	-	-	580,149
Restricted for:							
Capital projects	-	-	-	-	-	8,628,676	8,628,676
Building	-	7,863,835	-	-	-	-	7,863,835
Surface Water Management	-	-	2,113,501	-	-	-	2,113,501
Road capital and maintenance	-	-	-	-	-	3,968,291	3,968,291
Debt service	-	-	-	-	288,805	-	288,805
Committed for:							
Rate stabilization	2,785,000	-	-	-	-	-	2,785,000
Insurance	1,530,000	-	-	-	-	-	1,530,000
Infrastructure	1,546,000	-	-	-	-	-	1,546,000
Emergency	3,000,000	-	-	-	-	-	3,000,000
Assigned for:							
Contracts	2,469,527	-	-	746,818	-	-	3,216,345
Capital projects	117,493	-	-	5,556,399	-	-	5,673,892
Subsequent year operating expenditures	3,359,268	-	-	-	-	-	3,359,268
Unassigned	19,161,856	-	-	-	-	-	19,161,856
Total fund balances	35,059,707	7,896,097	2,124,401	6,303,217	288,805	12,601,403	64,273,630
Total liabilities, deferred inflows of	\$ 40,636,647	\$ 7,993,182	\$ 2,645,199	\$ 6,643,461	\$ 3,092,472	\$ 13,618,436	\$ 74,629,397

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



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VILLAGE OF WELLINGTON, FLORIDA
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2018

Ending fund balance - governmental funds	\$ 64,273,630
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Amounts reported for governmental activities in the statement of net position 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	\$ 257,765,015	
Less accumulated depreciation	<u>(102,027,260)</u>	
Net capital assets		155,737,755

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	1,124,962
--	-----------

Assets that are not available to pay for current period expenditures are unavailable revenue in the fund statements	3,383,816
---	-----------

Deferred outflows of resources related to pensions are recorded in the statement of net position	7,596,343
--	-----------

Deferred inflows of resources related to pensions are recorded in the statement of net position	(1,741,075)
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Deferred inflows of resources related to OPEB are recorded in the statement of net position	(83,793)
---	----------

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

Bonds payable	(3,060,000)	
Accrued interest	(37,485)	
Compensated absences	(2,339,415)	
Net pension liability	<u>(18,002,816)</u>	

Net position of governmental activities	<u><u>\$ 206,851,922</u></u>
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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, 2018

	General	Building	Acme Improvement	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
Revenues:							
Ad valorem taxes	\$ 18,600,500	\$ -	\$ -	\$ -	\$ -	\$ -	\$18,600,500
Franchise fees	3,521,920	-	-	-	-	-	3,521,920
Utility and other taxes	7,216,895	-	-	-	-	-	7,216,895
Special assessments	-	-	5,761,643	-	272,113	-	6,033,756
Impact fees	-	-	-	-	-	508,798	508,798
Licenses and permits	2,166,058	5,166,220	1,400	-	-	-	7,333,678
Intergovernmental revenue	6,762,015	-	-	200,000	-	6,508,411	13,470,426
Charges for services	2,744,972	-	316,666	-	-	-	3,061,638
Fines and forfeitures	188,584	-	-	-	-	-	188,584
Investment income (net)	415,463	67,339	45,192	53,913	228	113,661	695,796
Miscellaneous	1,048,966	36,905	58,185	-	-	41,215	1,185,271
Total revenues	42,665,373	5,270,464	6,183,086	253,913	272,341	7,172,085	61,817,262

(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, 2018

	General	Building	Acme Improvement	Capital Projects	Debt Service	Other Nonmajor Governmental Funds	Total Governmental Funds
Expenditures:							
Current:							
General government	\$ 15,250,791	\$ -	\$ 29,454	\$ -	\$ 169	\$ -	\$15,280,414
Public safety	11,176,487	2,214,547	-	-	-	-	13,391,034
Physical environment	4,510,616	-	3,719,844	-	-	-	8,230,460
Economic environment	1,337,013	-	-	-	-	-	1,337,013
Transportation	-	-	-	-	-	3,554,858	3,554,858
Culture and recreation	8,522,352	-	416,936	-	-	-	8,939,288
Capital outlay	373,407	11,760	281,693	1,904,788	-	1,974,617	4,546,265
Debt service:							
Principal	-	-	-	-	2,399,044	-	2,399,044
Interest and other fiscal charges	-	-	-	-	119,159	-	119,159
Total expenditures	41,170,666	2,226,307	4,447,927	1,904,788	2,518,372	5,529,475	57,797,535
Excess (deficiency) of revenues over (under) expenditures	1,494,707	3,044,157	1,735,159	(1,650,875)	(2,246,031)	1,642,610	4,019,727
Other financing sources (uses):							
Transfers in	6,621,344	-	-	3,943,000	2,250,646	2,825,526	15,640,516
Transfers out	(5,812,244)	(689,635)	(2,166,587)	(1,199,600)	-	(1,216,928)	(11,084,994)
Proceeds from sale of capital assets	658,870	10,102	15,155	-	-	9,425	693,552
Total other financing sources (uses)	1,467,970	(679,533)	(2,151,432)	2,743,400	2,250,646	1,618,023	5,249,074
Net change in fund balances	2,962,677	2,364,624	(416,273)	1,092,525	4,615	3,260,633	9,268,801
Fund balances, beginning of year	32,097,030	5,531,473	2,540,674	5,210,692	284,190	9,340,770	55,004,829
Fund balances, end of year	\$ 35,059,707	\$ 7,896,097	\$ 2,124,401	\$ 6,303,217	\$ 288,805	\$12,601,403	\$64,273,630

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, 2018

Net change in fund balances - total governmental funds	\$ 9,268,801
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.	4,546,265
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense in the statement of activities.	(8,827,251)
In the statement of activities, only the gain (loss) on the sale of capital assets is reported	
Loss on capital asset disposals	(77,770)
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	2,399,044
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund financial statements.	3,383,816
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.	(3,715,511)
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	4,994
Change in compensated absences	(85,883)
Other postemployment benefit expense	109,167
Pension expense	<u>(1,338,066)</u>
Change in net position of governmental activities	<u>\$ 5,667,606</u>

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



W THE VILLAGE OF
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VILLAGE OF WELLINGTON, FLORIDA

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

SEPTEMBER 30, 2018

	Major		Nonmajor	
	Utility	Solid	Lake Wellington	
	System	Waste	Professional	Total
			Centre	
ASSETS				
Current assets:				
Cash	\$ 264,847	\$ 61,616	\$ 1,216,956	\$ 1,543,419
Investments	53,626,249	4,577,855	-	58,204,104
Receivables:				
Accounts, net of allowance for uncollectible amounts	2,042,111	82,547	27	2,124,685
Interest	150,269	12,996	-	163,265
Due from other governments	-	22,175	-	22,175
Inventories	87,908	-	-	87,908
Prepaid expenses	14,043	493	100	14,636
Restricted cash	6,999,641	-	56,361	7,056,002
Restricted investments	1,042,212	-	-	1,042,212
Total current assets	64,227,280	4,757,682	1,273,444	70,258,406
Noncurrent assets:				
Net other postemployment benefit asset	216,722	12,159	5,306	234,187
Property, plant and equipment (net of accumulated depreciation)	106,151,284	46,673	4,320,074	110,518,031
Total noncurrent assets	106,368,006	58,832	4,325,380	110,752,218
Total assets	\$ 170,595,286	\$ 4,816,514	\$ 5,598,824	\$ 181,010,624
DEFERRED OUTFLOW OF RESOURCES				
Pension	1,534,550	77,948	64,963	1,677,461
LIABILITIES				
Current liabilities:				
Accounts payable and accrued liabilities	838,903	555,132	18,929	\$ 1,412,964
Due to other governments	11,326	226	4,138	15,690
Deposits, payable from restricted assets	1,042,212	-	56,361	1,098,573
Compensated absences payable	200,855	14,169	8,216	223,240
Unearned revenue	21,851	-	20,460	42,311
Total current liabilities	2,115,147	569,527	108,104	2,792,778
Noncurrent liabilities:				
Compensated absences payable	218,074	25,137	5,372	248,583
Pension	3,535,620	158,568	155,417	3,849,605
Total noncurrent liabilities	3,753,694	183,705	160,789	4,098,188
Total liabilities	5,868,841	753,232	268,893	6,890,966
DEFERRED INFLOW OF RESOURCES				
Pension	353,033	17,955	14,977	385,965
Other postemployment benefit	19,182	1,051	1,051	21,284
Total deferred inflow of resources	372,215	19,006	16,028	407,249
NET POSITION				
Net investment in capital assets	106,151,284	46,673	4,320,074	110,518,031
Restricted for capital improvements - capacity fees	6,999,641	-	-	6,999,641
Restricted for renewal and replacement of capital assets	42,899,318	1,721	-	42,901,039
Unrestricted	9,838,537	4,073,830	1,058,792	14,971,159
Total net position	\$ 165,888,780	\$ 4,122,224	\$ 5,378,866	\$ 175,389,870

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, 2018

	Major		Nonmajor	
	Utility	Solid	Lake Wellington	
	System	Waste	Professional	Total
			Centre	
Operating revenues:				
Charges for services	\$ 19,541,119	\$ 5,954	\$ -	\$ 19,547,073
Special assessments	-	3,034,139	-	3,034,139
Licenses and permits	42,528	29,388	-	71,916
Intergovernmental revenue	-	15,599	-	15,599
Franchise fees	-	340,462	-	340,462
Rent revenue	-	-	744,966	744,966
Other	143,571	-	8,825	152,396
Total operating revenues	19,727,218	3,425,542	753,791	23,906,551
Operating expenses:				
Water services	3,754,328	-	-	3,754,328
Wastewater services	3,760,585	-	-	3,760,585
Field services	349,400	-	-	349,400
Laboratory	223,610	-	-	223,610
Water distribution	1,079,489	-	-	1,079,489
Customer service	770,522	-	-	770,522
General and administrative	1,613,174	-	-	1,613,174
Operations and maintenance	-	-	486,336	486,336
Solid waste	-	4,933,329	-	4,933,329
Depreciation	6,081,343	15,167	149,027	6,245,537
Total operating expenses	17,632,451	4,948,496	635,363	23,216,310
Income from operations	2,094,767	(1,522,954)	118,428	690,241
Nonoperating revenues (expenses):				
Investment income (net)	575,725	51,118	-	626,843
Net gain (loss) on sale or disposition of capital assets	56,718	-	-	56,718
Interest expense	(40,452)	-	-	(40,452)
Total nonoperating revenues (expenses)	591,991	51,118	-	643,109
Income before contributions and transfers	2,686,758	(1,471,836)	118,428	1,333,350
Capital contributions:				
Capacity charges	1,810,003	-	-	1,810,003
Distribution lines	469,089	-	-	469,089
Meters	29,498	-	-	29,498
Transfers out	(4,150,660)	(331,082)	(73,780)	(4,555,522)
Change in net position	844,688	(1,802,918)	44,648	(913,582)
Net position - beginning	165,044,092	5,925,142	5,334,218	176,303,452
Net position - end of year	\$ 165,888,780	\$ 4,122,224	\$ 5,378,866	\$ 175,389,870

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, 2018

	Major		Nonmajor	
	Utility	Solid	Lake Wellington	
	System	Waste	Professional	Total
			Centre	
Cash flows from operating activities:				
Receipts from customers	\$ 19,750,596	\$ 3,380,953	\$ 754,602	\$ 23,886,151
Payments to suppliers for goods and services	(5,460,816)	(4,978,024)	(203,156)	(10,641,996)
Payments to employees for services	(5,625,110)	(349,580)	(262,300)	(6,236,990)
Other operating revenues	142,533	53,251	8,980	204,764
Net cash provided (used) by operating activities	8,807,203	(1,893,400)	298,126	7,211,929
Cash flows from noncapital financing activities:				
Payments from other funds	-	-	3,356	3,356
Transfers to other funds	(4,150,660)	(331,082)	(73,990)	(4,555,732)
Net cash (used) in noncapital financing activities	(4,150,660)	(331,082)	(70,634)	(4,552,376)
Cash flows from capital and related financing activities:				
Capital contributions	1,839,501	-	-	1,839,501
Sale proceeds of capital assets	70,438	-	-	70,438
Acquisition of property, plant and equipment	(3,702,494)	(22,216)	-	(3,724,710)
Interest paid on indebtedness	(40,452)	-	-	(40,452)
Net cash (used) in capital and related financing activities	(1,833,007)	(22,216)	-	(1,855,223)
Cash flows from investing activities:				
Interest received	775,502	88,049	-	863,551
Sale of investments	25,997,329	6,812,751	-	32,810,080
Purchase of investments	(28,119,071)	(4,850,508)	-	(32,969,579)
Net cash provided (used) by investing activities	(1,346,240)	2,050,292	-	704,052
Net increase (decrease) in cash	1,477,296	(196,406)	227,492	1,508,382
Cash, beginning of year	5,787,192	258,022	1,045,825	7,091,039
Total cash, end of year	\$ 7,264,488	\$ 61,616	\$ 1,273,317	\$ 8,599,421
Cash				
Unrestricted	\$ 264,847	\$ 61,616	\$ 1,216,956	\$ 1,543,419
Restricted	6,999,641	-	56,361	7,056,002
Total cash	\$ 7,264,488	\$ 61,616	\$ 1,273,317	\$ 8,599,421

(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, 2018

	Major		Nonmajor	
	Utility	Solid	Lake Wellington	
	System	Waste	Professional	Total
			Centre	
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income	\$ 2,094,767	\$ (1,522,954)	\$ 118,428	\$ 690,241
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation expense	6,081,343	15,167	149,027	6,245,537
GASB 68 pension expense	272,979	13,911	11,620	298,510
Change in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	193,815	398	(27)	194,186
Due from other governments	-	8,254	-	8,254
Inventories	(25,863)	-	-	(25,863)
Prepaid expenses	12,566	871	-	13,437
OPEB expense	(26,255)	(1,382)	(1,382)	(29,019)
Increase (decrease) in:				
Accounts payable and accrued liabilities	219,363	(399,459)	8,983	(171,113)
Due to other governments	(1,038)	10	155	(873)
Deposits	(27,706)	-	7,779	(19,927)
Unearned revenue	840	-	1,884	2,724
Compensated absences payable	12,392	(8,216)	1,659	5,835
Total adjustments	6,712,436	(370,446)	179,698	6,521,688
Net cash provided (used) by operating activities	\$ 8,807,203	\$ (1,893,400)	\$ 298,126	\$ 7,211,929
Noncash investing, capital, and financing activities:				
Developer contributed distribution lines	\$ 469,089	\$ -	\$ -	\$ 469,089
Unrealized losses on investments	131,164	17,842	-	149,006

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, 2018

	Employee Retirement Healthcare Trust
	<hr/>
ASSETS	
Investments:	
Florida Municipal Pension Trust Fund - OPEB 70/30 Allocation	<u>\$ 1,658,616</u>
 NET POSITION	
Net position restricted for other postemployment benefits	<u>\$ 1,658,616</u>

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, 2018

	Employee Retirement Healthcare Trust
	<u> </u>
Additions:	
Investment income	\$ 133,844
Deductions:	
Administrative expense	<u>(11,080)</u>
Change in net position	122,764
Net position held in trust for other postemployment benefits, beginning of year	<u>1,535,852</u>
Net position held in trust for other postemployment benefits, end of year	<u><u>\$ 1,658,616</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, 2018

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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 and as an enterprise fund – Utility System.

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/Unearned 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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 2018 fiscal year was 2.43 (\$2.43 for each \$1,000 of assessed valuation). This levy was based upon an assessed valuation as of January 1, 2017, of approximately \$7.99 billion.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of February. All unpaid taxes become delinquent on April 1st following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1st following the tax year, certificates are offered for sale for all delinquent taxes on real property. 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, 2018, 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. 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, 2016. Earlier application is encouraged.

GASB Statement No. 85 - Omnibus 2017

The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). The provisions of this Statement are effective for periods beginning after June 15, 2017. Earlier application is encouraged.

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. Earlier application is encouraged.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (L.GIP)), 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, 2018 had a carrying value of \$13,515,884 and a bank balance of \$13,923,860.

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.

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;

NOTE 2. DEPOSITS AND INVESTMENTS (continued)

- 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, 2018:

Investment	Amortized Cost	Fair Value	Weighted Average Maturity	Credit Rating (S&P)	Level	Percent Distribution
Florida Education Investment Fund (FEITF)	\$ 7,972,346	-	77 days	AAAm	N/A	5.89%
FJ. Class	9,207,723	-	72 days	AAAm	N/A	6.80%
Fidelity Invst M Mkt Trsy 696	9,438,150	-	33 days	N/A	N/A	6.97%
Public Trust Advisor Cash	6,673,128	-	N/A	AAA	N/A	4.93%
Total	\$ 33,291,347	-				24.59%
U.S. Treasuries		\$ 55,932,435	1.29 years		1	41.27%
FMIVT- Intermediate High Quality Bond Fund		790,633	5 years		2	0.58%
FMIVT- 1-3 Year High Quality Bond Fund		103,545	2 years		2	0.08%
U.S. Government Sponsored Enterprises:			1.61 years			
Federal National Mortgage Association		7,208,496		AA+	2	5.32%
Federal Home Loan Bank		3,935,430		AA+	2	2.91%
Federal Home Loan Mortgage Corporation		2,965,380		AA+	2	2.19%
Commercial Paper		3,929,000	.18 years	A-1	2	2.90%
Corporate Notes		13,786,241	1.17 years	(A-) - (AA+)	2	10.18%
Total Investments		88,651,160				65.43%
Total Cash Deposits		13,515,884				9.98%
Total Cash & Investments	\$ 33,291,347	\$ 102,167,044				100.00%

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

NOTE 2. DEPOSITS AND INVESTMENTS (continued)

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, 2018.

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	Nonmajor Lake Wellington Prof. Centre	Total
Utility taxes	\$ 422,278	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 422,278
Franchise taxes	328,297	-	-	-	-	-	82,547	-	410,844
Accounts	15,318	-	-	-	29,253	2,118,088	-	27	2,162,686
Interest	98,862	18,031	7,358	17,853	29,820	150,269	12,996	-	335,189
Gross receivables	864,755	18,031	7,358	17,853	59,073	2,268,357	95,543	27	3,330,997
Less allowance for uncollectible accounts	-	-	-	-	-	(75,977)	-	-	(75,977)
	<u>\$ 864,755</u>	<u>\$ 18,031</u>	<u>\$ 7,358</u>	<u>\$ 17,853</u>	<u>\$ 59,073</u>	<u>\$ 2,192,380</u>	<u>\$ 95,543</u>	<u>\$ 27</u>	<u>\$ 3,255,020</u>

NOTE 3. RECEIVABLES (continued)***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, 2018, the amount owed is \$580,149 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 14, 2018, the Village adopted Resolution 2018-39 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.	Capital Projects	Debt Service	Nonmajor Gov'tl Funds	Solid Waste	Total
Federal Government:							
Grants	\$ 41,920	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 41,920
State of Florida:							
Grants	-	-	200,000	-	-	-	200,000
Half cent sales tax	745,909	-	-	-	-	-	745,909
Sales Surtax	-	-	-	-	704,595	-	704,595
Communication services tax	186,154	-	-	-	-	-	186,154
Local option gas tax	-	-	-	-	139,208	-	139,208
Fuel tax refund	-	-	-	-	1,262	-	1,262
Palm Beach County:							
County shared revenues	51,822	-	-	-	-	4,179	56,001
PBC Tax Collector	-	33,829	-	1,648	-	17,996	53,473
Board of County Commissioners	1,500	-	-	-	-	-	1,500
	<u>\$ 1,027,305</u>	<u>\$ 33,829</u>	<u>\$ 200,000</u>	<u>\$ 1,648</u>	<u>\$ 845,065</u>	<u>\$ 22,175</u>	<u>\$ 2,130,022</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2018 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	1,024,323	3,859,611	(60,032)	(1,944,705)	2,879,197
Infrastructure	76,587,325	-	(4,742)	131,112	76,713,695
Total capital assets, not being depreciated	97,665,492	3,859,611	(64,774)	(1,813,593)	99,646,736
Capital assets, being depreciated:					
Buildings	39,243,569	-	-	-	39,243,569
Improvements	100,523,994	-	-	1,261,387	101,785,381
Machinery and equipment	16,379,058	686,654	(528,589)	552,206	17,089,329
Total capital assets, being depreciated	156,146,621	686,654	(528,589)	1,813,593	158,118,279
Less accumulated depreciation for:					
Buildings	(8,672,364)	(1,301,474)	-	-	(9,973,838)
Improvements	(74,777,543)	(6,410,818)	-	-	(81,188,361)
Machinery and equipment	(10,265,695)	(1,114,959)	515,593	-	(10,865,061)
Total accumulated depreciation	(93,715,602)	(8,827,251)	515,593	-	(102,027,260)
Total capital assets, being depreciated, net	62,431,019	(8,140,597)	(12,996)	1,813,593	56,091,019
Governmental activities capital assets, net	\$ 160,096,511	\$ (4,280,986)	\$ (77,770)	\$ -	\$ 155,737,755

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	2,106,542	2,722,872	-	(21,490)	4,807,924
Total capital assets, not being depreciated	11,686,220	2,722,872	-	(21,490)	14,387,602
Capital assets, being depreciated:					
Buildings	9,540,389	-	-	-	9,540,389
Land improvements	5,844,737	-	-	21,490	5,866,227
Furniture, fixtures, equipment and vehicles	3,668,664	490,775	(46,490)	-	4,112,949
Meters	4,791,309	-	-	-	4,791,309
Major equipment	9,535,656	500,689	(242,890)	-	9,793,455
Water and wastewater plant	71,595,449	-	-	-	71,595,449
Wells	11,752,964	9,600	-	-	11,762,564
Distribution lines	89,969,711	469,089	-	-	90,438,800
Total capital assets, being depreciated	206,698,879	1,470,153	(289,380)	21,490	207,901,142
Less accumulated depreciation for:					
Buildings	(2,519,573)	(313,496)	-	-	(2,833,069)
Land improvements	(4,095,715)	(442,683)	-	-	(4,538,398)
Furniture, fixtures, equipment and vehicles	(2,518,802)	(246,444)	46,490	-	(2,718,756)
Meters	(3,944,840)	(479,131)	-	-	(4,423,971)
Major equipment	(8,838,360)	(89,777)	229,172	-	(8,698,965)
Water and wastewater plant	(29,224,869)	(2,204,540)	-	-	(31,429,409)
Wells	(8,971,174)	(271,899)	-	-	(9,243,073)
Distribution lines	(45,687,505)	(2,197,567)	-	-	(47,885,072)
Total accumulated depreciation	(105,800,838)	(6,245,537)	275,662	-	(111,770,713)
Total capital assets, being depreciated, net	100,898,041	(4,775,384)	(13,718)	21,490	96,130,429
Business-type activities capital assets, net	\$ 112,584,261	\$ (2,052,512)	\$ (13,718)	\$ -	\$ 110,518,031

NOTE 5. CAPITAL ASSETS (continued)

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 105,263
Public Safety	37,529
Physical environment	6,395,361
Economic environment	52,110
Transportation	1,062,225
Culture and recreation	1,174,763
Total depreciation expense - governmental activities	<u>\$ 8,827,251</u>
Business-type activities:	
Water utility	\$ 6,081,343
Lake Wellington Professional Centre - nonmajor	149,027
Solid waste	15,167
Total depreciation expense - business-type activities	<u>\$ 6,245,537</u>

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

Noncurrent liability activity for the year ended September 30, 2018, was as follows:

Governmental Activities

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Public Service Tax Revenue					
Refunding Bonds, Series 2014	\$ 2,224,044	\$ -	\$ (2,224,044)	\$ -	\$ -
Special Assessment Bond, Series 2016	3,235,000	-	(175,000)	3,060,000	180,000
Total Bonds Payable, net	5,459,044	-	(2,399,044)	3,060,000	180,000
Compensated absences payable	2,253,532	1,385,155	(1,299,272)	2,339,415	1,078,833
Net pension liability	16,991,705	1,724,229	(713,118)	18,002,816	-
Total	<u>\$ 24,704,281</u>	<u>\$ 3,109,384</u>	<u>\$ (4,411,434)</u>	<u>\$ 23,402,231</u>	<u>\$ 1,258,833</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 balance was paid off during the current fiscal year.

\$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 \$180,000 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, 2018, the outstanding balance was \$3,060,000.

Future debt service requirements to maturity are:

	Special Assessment Bond, Series 2016		
	Principal	Interest	Total
Year Ending September 30:			
2019	\$ 180,000	\$ 87,318	\$ 267,318
2020	185,000	81,952	266,952
2021	190,000	76,440	266,440
2022	195,000	70,781	265,781
2023	200,000	64,974	264,974
2024-2028	1,105,000	230,717	1,335,717
2029-2032	1,005,000	60,048	1,065,048
	<u>\$ 3,060,000</u>	<u>\$ 672,230</u>	<u>\$ 3,732,230</u>

Business-type Activities

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Compensated absences payable	\$ 465,988	\$ 334,851	\$ (329,016)	\$ 471,823	\$ 223,240
Net pension liability	3,624,035	384,661	(159,091)	3,849,605	-
Total	<u>\$ 4,090,023</u>	<u>\$ 719,512</u>	<u>\$ (488,107)</u>	<u>\$ 4,321,428</u>	<u>\$ 223,240</u>

NOTE 7. INTERFUND TRANSFERS

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, 2018 were as follows:

	Transfers In	Transfers Out
General	\$ 6,621,344	\$ 5,812,244
Building	-	689,635
Acme Improvement	-	2,166,587
Debt Service	2,250,646	-
Capital Projects	3,943,000	1,199,600
Nonmajor governmental funds	2,825,526	1,216,928
Utility System	-	4,150,660
Lake Wellington Professional Centre	-	73,780
Solid Waste	-	331,082
Total	<u>\$ 15,640,516</u>	<u>\$ 15,640,516</u>

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, 2018 are as follows:

Major funds:	
General Fund	\$ 2,469,527
Building Fund	24,582
Acme Improvement	92,762
Capital Projects	<u>746,818</u>
Total Major Funds	3,333,689
Non-Major Governmental Funds	<u>1,106,445</u>
Total Encumbrances	<u>\$ 4,440,134</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 \$1,636,576 for the fiscal year ended September 30, 2018.

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.

NOTE 9. RETIREMENT PLAN (continued)

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:

Class, Initial Enrollment, and Retirement Age/Years of Service	% Value
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

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 2018 fiscal year were as follows:

Class	Percent of Gross Salary		Percent of Gross Salary	
	October 1, 2017 to		July 1, 2018 to	
	June 30, 2018		September 30, 2018	
	Employee	Employer (1)	Employee	Employer (1)
FRS, Regular	3.00	7.92	3.00	8.26
FRS, Elected Local Officers	3.00	45.50	3.00	48.70
FRS, Senior Management Service Class	3.00	22.71	3.00	24.06
DROP - Applicable to all members in the above classes	0.00	13.26	0.00	14.03

(1) Employer rates include a postemployment HRS 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, 2017 to September 30, 2018.

NOTE 9. RETIREMENT PLAN (continued)

The Village's contributions to the Plan totaled \$1,787,444 (which includes \$454,248 of employee contributions) for the fiscal year ended September 30, 2018. 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, 2018, the Village reported a liability of \$15,440,590 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Village's proportionate share of the net pension liability was based on the Village's contributions for the year ended June 30, 2018 relative to the contributions made during the year ended June 30, 2017 of all participating members. At June 30, 2018, the Village's proportionate share was .0513% percent, which was an increase of .003% from its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018 the Village recognized pension expense of \$1,400,751 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:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,308,050	\$ (47,476)
Change of assumptions	5,045,234	-
Net difference between projected and actual earnings on FRS pension plan investments	-	(1,192,974)
Changes in proportion and differences between Wellington FRS contributions and proportionate share of contributions	1,204,894	(172,417)
Wellington FRS contributions subsequent to the measurement date	426,296	-
Total	\$ 7,984,474	\$ (1,412,867)

The deferred outflows of resources related to pensions, totaling \$426,296, 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, 2019. The net amount of the remaining deferred outflows of resources and deferred inflows of resources in the amount of \$6,145,311 will be recognized in pension expense as follows:

Year Ending September 30:	Amount
2019	\$ 2,380,952
2020	1,624,900
2021	226,559
2022	1,081,972
2023	723,470
Thereafter	107,458
Total	\$ 6,145,311

NOTE 9. RETIREMENT PLAN (continued)

Actuarial Assumptions – The total pension liability in the July 1, 2018 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	7.00 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, 2018, 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:

Asset Class	Target Allocation (1)	Arithmetic Return	Geometric Return	Standard Deviation
Cash	1.0%	2.9%	2.9%	1.8%
Fixed income	18.0%	4.4%	4.3%	4.0%
Global Equity	54.0%	7.6%	6.3%	17.0%
Real estate (property)	11.0%	6.6%	6.0%	11.3%
Private equity	10.0%	10.7%	7.8%	26.5%
Strategic investments	6.0%	6.0%	5.7%	8.6%
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 7.0 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.

NOTE 9. RETIREMENT PLAN (continued)

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 7.0%, 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 (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Village's proportionate share of the net pension liability	\$ 28,179,724	\$ 15,440,590	\$ 4,859,986

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, 2018, the Village reported a payable of \$172,262 for the outstanding amount of contributions to the Plan required for the fiscal year ended September 30, 2018.

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, 2018, 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 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, 2018, the contribution rate was 1.66% of payroll for July 1, 2017 through September 30, 2018 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 \$323,715 (including the Investment Plan) for the fiscal year ended September 30, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At September 30, 2018, the Village reported a net pension liability of \$6,411,831 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018. The Village's

NOTE 9. RETIREMENT PLAN (continued)

proportionate share of the net pension liability was based on the year ended June 30, 2018 contributions relative to the year ended June 30, 2017 contributions of all participating members. At June 30, 2018, the Village's proportionate share was .0606%, which was an increase of .0013% from its proportionate share measured as of June 30, 2017.

For the fiscal year ended September 30, 2018 the Village recognized pension expense of \$235,825 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	\$ 98,162	\$ (10,893)
Change of assumptions	713,075	(677,912)
Net difference between projected and actual earnings on HIS pension plan investments	3,870	-
Changes in proportion and differences between Wellington HIS contributions and proportionate share of HIS contributions	384,657	(25,368)
Wellington HIS contributions subsequent to the measurement date	89,566	-
Total	\$ 1,289,330	\$ (714,173)

The deferred outflows of resources related to pensions, totaling \$89,566, 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 \$485,591 will be recognized in pension expense as follows:

Year Ending September 30:	Amount
2019	\$ 339,145
2020	337,891
2021	236,715
2022	53,168
2023	(330,025)
Thereafter	(151,303)
Total	\$ 485,591

Actuarial Assumptions – The total pension liability in the July 1, 2018, 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	3.87 percent

NOTE 9. RETIREMENT PLAN (continued)

Mortality rates were based on the Generational RP-2000 with Projected Scale BB. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2008, through June 30, 2013.

Discount Rate – The discount rate used to measure the total pension liability was 3.87%. 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 3.87%, 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 (2.87%) or 1-percentage-point higher (4.87%) than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Village's proportionate share of the net pension liability	\$ 7,302,700	\$ 6,411,831	\$ 5,669,240

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, 2018, the Village reported a payable of \$24,880 for the outstanding amount of contributions to the HIS Plan required for the fiscal year ended September 30, 2018.

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.

NOTE 9. RETIREMENT PLAN (continued)

Allocations to the investment member's accounts during the 2018 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, 2017 – September 30, 2018 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 \$262,545 for the fiscal year ended September 30, 2018.

Payables to the Investment Plan – At September 30, 2018, the Village reported a payable of \$38,026 for the outstanding amount of contributions to the Investment Plan required for the fiscal year ended September 30, 2018.

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, 2018 the reserve accumulation with CIGNA is \$0.

On average the employee bears 8.80% of the total premium cost and the Village bears the remaining 91.20% 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 \$200,000/\$300,000 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 Superion 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, 2018, amounts were remitted pursuant to this agreement. The amount paid in the 2018 fiscal year is \$160,654.

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 \$9,263,691 for the year ended September 30, 2018.

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 adjustments on the basis of extraordinary and unusual changes in the cost of operations. Amounts paid pursuant to this agreement in fiscal year 2018 total \$3,294,612. 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.

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (continued)

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 three retirees eligible to receive benefits as of September 30, 2018.

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, 2018, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	0
Active employees	289
	<u>292</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 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 \$840 to a maximum of \$2,521.

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (continued)

Actuarial Assumptions: The total OPEB asset in the September 30, 2018 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	2.89 percent
Healthcare cost trend rates	7.5 percent for FY 18, 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 \$475.00 for the retiree and \$550 for the retiree's spouse has been assumed at age 62 for FY 2018.
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.

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, 2018 valuation were based on the results of an actuarial experience study for the period October 1, 2017-September 30, 2018.

NOTE 14. OTHER POSTEMPLOYMENT BENEFITS (continued)

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%	
Weighted Arithmetic average		4.6%

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.

	Increase (Decrease)		
	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Asset
	(a)	(b)	(a) + (b)
Balances at 9/30/2017	\$ (341,611)	\$ 1,535,852	\$ 1,194,241
Changes for the year:			
Service cost	(11,276)	-	(11,276)
Expected interest growth	(24,839)	114,781	89,942
Demographic experience	34,071	-	34,071
Unexpected investment growth	-	19,063	19,063
Benefit payments & refunds	44,188	-	44,188
Administrative expense	-	(11,080)	(11,080)
Net Changes	42,144	122,764	164,908
Balance at 9/30/2018	\$ (299,467)	\$ 1,658,616	\$ 1,359,149

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 (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Net OPEB asset	\$ 1,339,652	\$ 1,359,149	\$ 1,376,674

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 (7.0% decreasing to 4.0%)	Healthcare Cost Trend Rates (8.0% decreasing to 5.0%)	1% Increase (9.0% decreasing to 6.0%)
Net OPEB asset	\$ 1,382,978	\$ 1,359,149	\$ 1,331,489

The annual money-weighted rate of return for OPEB plan investments was as follows:

Year Ending September 30:	Annual Money- Weighted Rate of Return
2018	8.02%
2017	15.20%

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

For the year ended September 30, 2018, the Village recognized OPEB expense of (\$138,185). At September 30, 2018, the Village reported deferred inflows of resources related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Balances at 9/30/2017	-	\$ 78,354
Changes for the year:		
Amortization payments	-	(26,411)
Investment gain/loss	-	19,063
Demographic gain/loss	-	34,071
Balances at 9/30/2018	-	\$ 105,077

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>
2019	\$ (26,411)
2020	(26,411)
2021	(26,413)
2022	(6,821)
2023	(3,010)
Thereafter	(16,011)
Total	\$ (105,077)

NOTE 15. PRONOUNCEMENTS ISSUED BUT NOT YET ADOPTED

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.

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. 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

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

GASB Statement No. 88 - Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements

The objective of this Statement is to improve consistency in the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements, and to provide financial statement users with additional essential information about debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. This Statement applies to notes to financial statements of all periods presented. If application for prior periods presented is not practicable, the reason for not applying this Statement to prior periods presented should be disclosed.

GASB 89 - Accounting for Interest Cost Incurred before the End of a Construction Period

The objectives of this Statement are (a) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (b) to simplify accounting for certain interest costs. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. Changes adopted to conform to the provisions of this Statement should be applied prospectively. For construction-in-progress, interest cost incurred after the beginning of the first reporting period to which this Statement is applied should not be capitalized.

GASB 90 - Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61

The primary objectives of this Statement are to improve consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations and to improve the relevance of financial statement information for certain component units. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. Except as discussed in paragraph 11, in the period this Statement is first applied, changes adopted to conform to the provisions of this Statement should be applied retroactively by restating financial statements, if practicable, for all periods presented. If restatement for prior periods is not practicable, the cumulative effect, if any, of applying this Statement should be reported as a restatement of beginning net position (or fund balance or fund net position, as applicable) for the earliest period restated. Also, the reason for not restating prior periods presented should be disclosed. In the first period that this Statement is applied, the notes to financial statements should disclose the nature of the restatement and its effect

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



W THE VILLAGE OF
ELLINGTON



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, 2018

	Original Adopted Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 18,547,979	\$ 18,547,979	\$ 18,600,500	\$ 52,521
Franchise fees and taxes	3,465,000	3,465,000	3,521,920	56,920
Utility and other taxes	6,682,000	6,682,000	7,216,895	534,895
Licenses and permits	2,106,000	2,106,000	2,166,058	60,058
Intergovernmental revenue	6,860,800	6,847,115	6,762,015	(85,100)
Charges for services	2,772,000	2,772,000	2,744,972	(27,028)
Fines and forfeitures	365,000	365,000	188,584	(176,416)
Investment income (net)	200,000	200,000	415,463	215,463
Miscellaneous	333,153	333,153	1,048,966	715,813
Total revenues	41,331,932	41,318,247	42,665,373	1,347,126
Expenditures:				
Current:				
General government	16,358,873	18,277,033	15,250,791	3,026,242
Public safety	10,608,682	10,610,332	11,176,487	(566,155)
Physical environment	4,728,213	4,717,781	4,510,616	207,165
Economic environment	1,745,707	1,501,757	1,337,013	164,744
Culture and recreation	9,407,832	9,591,498	8,522,352	1,069,146
Capital outlay	506,775	1,038,331	373,407	664,924
Total expenditures	43,356,082	45,736,732	41,170,666	4,566,066
Excess (deficiency) of revenues over expenditures	(2,024,150)	(4,418,485)	1,494,707	5,913,192
Other financing sources (uses):				
Transfers in	3,419,744	6,621,344	6,621,344	-
Transfers out	(4,576,144)	(5,812,244)	(5,812,244)	-
Proceeds from sale of capital assets	-	-	658,870	658,870
Total other financing sources (uses)	(1,156,400)	809,100	1,467,970	658,870
Net change in fund balances	(3,180,550)	(3,609,385)	2,962,677	6,572,062
Fund balances, beginning of year	32,097,030	32,097,030	32,097,030	-
Fund balances, end of year	\$ 28,916,480	\$ 28,487,645	\$ 35,059,707	\$ 6,572,062

VILLAGE OF WELLINGTON, FLORIDA
BUDGETARY COMPARISON SCHEDULE
BUILDING - SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2018

	Original Adopted Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Licenses and permits	\$ 2,770,000	\$ 2,770,000	\$ 5,166,220	\$ 2,396,220
Investment income (net)	42,000	42,000	67,339	25,339
Miscellaneous	30,000	30,000	36,905	6,905
Total revenues	<u>2,842,000</u>	<u>2,842,000</u>	<u>5,270,464</u>	<u>2,428,464</u>
Expenditures:				
Current:				
Building	2,298,926	2,298,926	2,214,547	84,379
Capital outlay	23,175	41,069	11,760	29,309
Total expenditures	<u>2,322,101</u>	<u>2,339,995</u>	<u>2,226,307</u>	<u>113,688</u>
Excess (deficiency) of revenues over expenditures	<u>519,899</u>	<u>502,005</u>	<u>3,044,157</u>	<u>2,542,152</u>
Other financing sources (uses):				
Transfers out	(489,635)	(689,635)	(689,635)	-
Proceeds from sale of capital assets	-	-	10,102	10,102
Total other financing sources (uses)	<u>(489,635)</u>	<u>(689,635)</u>	<u>(679,533)</u>	<u>10,102</u>
Net change in fund balances	30,264	(187,630)	2,364,624	2,552,254
Fund balances, beginning of year	<u>5,049,943</u>	<u>5,049,943</u>	<u>5,531,473</u>	<u>481,530</u>
Fund balances, end of year	<u>\$ 5,080,207</u>	<u>\$ 4,862,313</u>	<u>\$ 7,896,097</u>	<u>\$ 3,033,784</u>

VILLAGE OF WELLINGTON, FLORIDA
BUDGETARY COMPARISON SCHEDULE
ACME IMPROVEMENT - SPECIAL REVENUE FUND
YEAR ENDED SEPTEMBER 30, 2018

	Original Adopted Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Special assessments	\$ 5,679,908	\$ 5,679,908	\$ 5,761,643	\$ 81,735
Charges for services	348,000	348,000	316,666	(31,334)
Investment income (net)	37,000	37,000	45,192	8,192
Licenses and permits	-	-	1,400	1,400
Miscellaneous	94,000	94,000	58,185	(35,815)
Total revenues	6,158,908	6,158,908	6,183,086	24,178
Expenditures:				
Current:				
General government	83,229	66,280	29,454	36,826
Physical environment	3,900,393	4,021,037	3,719,844	301,193
Culture and recreation	367,623	424,894	416,936	7,958
Capital outlay	277,000	304,328	281,693	22,635
Total expenditures	4,628,245	4,816,539	4,447,927	368,612
Excess (deficiency) of revenues over expenditures	1,530,663	1,342,369	1,735,159	392,790
Other financing uses:				
Transfers out	(2,166,587)	(2,166,587)	(2,166,587)	-
Proceeds from sale of capital assets	-	-	15,155	15,155
Total other financing uses	(2,166,587)	(2,166,587)	(2,151,432)	15,155
Net change in fund balances	(635,924)	(824,218)	(416,273)	407,945
Fund balances, beginning of year	2,540,674	2,540,674	2,540,674	-
Fund balances, end of year	\$ 1,904,750	\$ 1,716,456	\$ 2,124,401	\$ 407,945



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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, 2018, several supplementary appropriations were necessary. The supplementary appropriations increased the general fund budget by \$2,380,650 and increased the major special revenue funds budgets by \$206,188. 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, 2018

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

	2018	2017	2016	2015	2014
Village's proportion of the FRS net pension liability	0.0513%	0.0483%	0.0420%	0.0439%	0.0445%
Village's proportionate share of the FRS net pension liability	15,440,590	14,276,459	10,615,415	5,674,291	2,713,638
Village's covered payroll	19,786,378	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 payroll	78.04%	75.54%	60.84%	33.07%	14.04%
FRS plan fiduciary net position as a percentage of the total pension liability	84.26%	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⁾

	2018	2017	2016	2015	2014
Village's proportion of the HIS net pension liability	0.0606%	0.0593%	0.0565%	0.0566%	0.0571%
Village's proportionate share of the HIS net pension liability	6,411,831	6,339,281	6,585,785	5,768,050	5,341,134
Village's covered payroll	19,786,378	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 payroll	32.41%	33.54%	37.75%	33.62%	27.63%
HIS plan fiduciary net position as a percentage of the total pension liability	2.15%	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, 2018

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

	2018	2017	2016	2015
Contractually required FRS contribution	\$ 1,333,196	\$ 1,252,698	\$ 1,004,373	\$ 925,579
FRS contributions in relation to the contractually required contribution	<u>(1,333,196)</u>	<u>(1,252,698)</u>	<u>(1,004,373)</u>	<u>(925,579)</u>
FRS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	19,500,893	19,478,310	18,354,726	17,179,188
FRS contributions as a percentage of covered payroll	6.84%	6.43%	5.47%	5.39%

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

	2018	2017	2016	2015
Contractually required HIS contribution	\$ 323,715	\$ 323,340	\$ 304,688	\$ 285,175
HIS contributions in relation to the contractually required contribution	<u>(323,715)</u>	<u>(323,340)</u>	<u>(304,688)</u>	<u>(285,175)</u>
HIS contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Village's covered payroll	19,500,893	19,478,310	18,354,726	17,179,188
HIS contributions as a percentage of covered payroll	1.66%	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, 2018

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

	2018	2017
Total OPEB liability		
Service Cost	\$ 11,276	\$ 8,343
Expected interest growth	24,839	25,067
Demographic experience	(34,071)	-
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	-	-
Benefit payments	(44,188)	(34,743)
Net change in total OPEB liability	(42,144)	(1,333)
Total OPEB liability - beginning	341,611	342,944
Total OPEB liability - ending (a)	<u>\$ 299,467</u>	<u>\$ 341,611</u>
 Plan fiduciary net position		
Contributions - employer	\$ -	\$ -
Expected interest growth	114,781	100,494
Unexpected investment income	19,063	97,942
Benefit refunds	-	-
Administrative expense	(11,080)	(4,907)
Net change in plan fiduciary net position	122,764	193,529
Plan fiduciary net position - beginning	1,535,852	1,342,323
Plan fiduciary net position - ending (b)	<u>\$ 1,658,616</u>	<u>\$ 1,535,852</u>
 Village's net OPEB asset - ending (b) - (a)	<u>\$ 1,359,149</u>	<u>\$ 1,194,241</u>
 Plan fiduciary net position as a percentage of the total OPEB liability	553.86%	449.59%
 Covered-employee payroll	17,593,811	16,763,480
 Village's net OPEB liability as a percentage of covered-employee payroll	N/A	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, 2018

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%
2018	100%

Percentage of lane miles in substandard condition

Overall System:

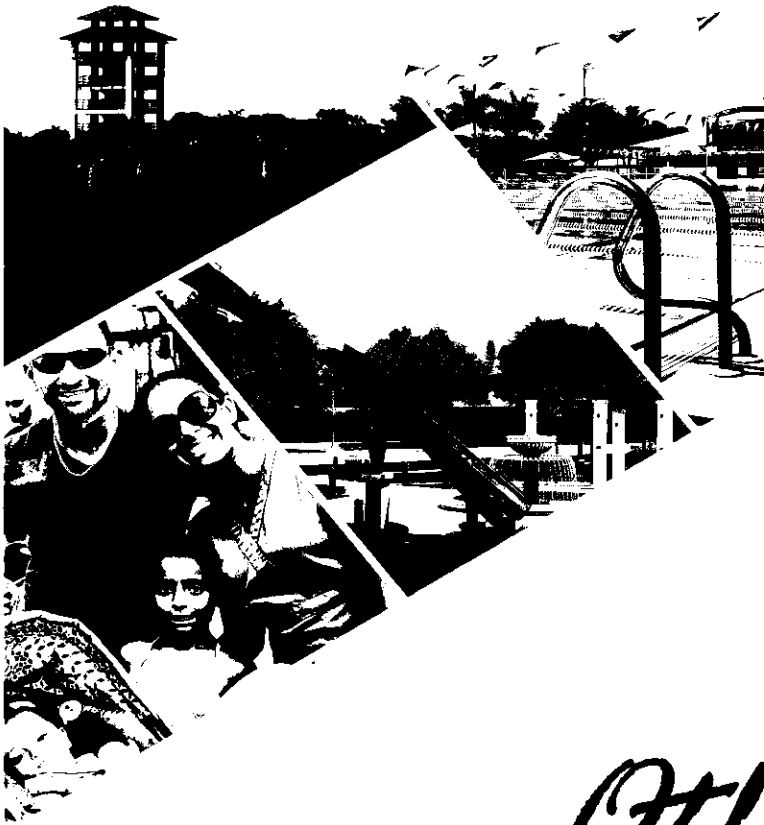
2015	0%
2016	0%
2017	0%
2018	0%

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	1,743,687	1,445,990	(297,697)
2018	2,559,983	1,973,588	(586,395)
Total	<u>\$ 22,439,835</u>	<u>\$ 21,188,535</u>	<u>\$ (1,251,300)</u>



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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.

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, 2018

	Special Revenue		Capital Project Funds			Total Nonmajor Funds
	Fund					
	Gas Tax Maintenance	Recreation Impact Fees	Gas Tax Capital	Road Impact Fees	Sales Surtax	
ASSETS						
Cash and cash equivalents	\$ 329,529	\$ 71,075	\$ 320,663	\$ 7,203	\$ 1,132,934	\$ 1,861,404
Investments	1,425,238	-	2,637,374	1,602,090	5,183,756	10,848,458
Receivables:						
Accounts	29,253	-	-	-	-	29,253
Accrued interest receivable	3,918	-	7,249	4,404	14,249	29,820
Prepaid expenditures	4,436	-	-	-	-	4,436
Due from other governments	96,326	-	44,144	-	704,595	845,065
Total assets	<u>\$ 1,888,700</u>	<u>\$ 71,075</u>	<u>\$ 3,009,430</u>	<u>\$ 1,613,697</u>	<u>\$ 7,035,534</u>	<u>\$ 13,618,436</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued liabilities	\$ 129,369	\$ -	\$ 373,366	\$ -	\$ 52,980	\$ 555,715
Retainage payable	-	-	55,132	-	-	55,132
Unearned revenue	-	-	367,536	38,650	-	406,186
Total liabilities	<u>129,369</u>	<u>-</u>	<u>796,034</u>	<u>38,650</u>	<u>52,980</u>	<u>1,017,033</u>
Fund balances:						
Nonspendable:						
Prepaid expenditures	4,436	-	-	-	-	4,436
Restricted for:						
Capital projects	-	71,075	-	1,575,047	6,982,554	8,628,676
Road capital and maintenance	1,754,895	-	2,213,396	-	-	3,968,291
Total fund balances	<u>1,759,331</u>	<u>71,075</u>	<u>2,213,396</u>	<u>1,575,047</u>	<u>6,982,554</u>	<u>12,601,403</u>
Total liabilities and fund balances	<u>\$ 1,888,700</u>	<u>\$ 71,075</u>	<u>\$ 3,009,430</u>	<u>\$ 1,613,697</u>	<u>\$ 7,035,534</u>	<u>\$ 13,618,436</u>

VILLAGE OF WELLINGTON, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED SEPTEMBER 30, 2018

	Special Revenue Fund	Capital Project Funds				Total Nonmajor Funds
	Gas Tax Maintenance	Recreation Impact Fees	Gas Tax Capital	Road Impact Fees	Sales Surtax	
Revenues:						
Impact fees	\$ -	\$ 262,735	\$ -	\$ 246,063	\$ -	\$ 508,798
Intergovernmental revenue	1,616,127	-	529,909	-	4,362,375	6,508,411
Investment income (net)	16,307	(605)	29,251	14,039	54,669	113,661
Miscellaneous	28,021	10,738	-	2,456	-	41,215
Total revenues	1,660,455	272,868	559,160	262,558	4,417,044	7,172,085
Expenditures:						
Current:						
Transportation	3,554,858	-	-	-	-	3,554,858
Capital outlay	19,000	-	1,523,997	-	431,620	1,974,617
Total expenditures	3,573,858	-	1,523,997	-	431,620	5,529,475
Excess (deficiency) of revenues over expenditures	(1,913,403)	272,868	(964,837)	262,558	3,985,424	1,642,610
Other financing sources (uses):						
Transfers in	2,225,526	250,000	350,000	-	-	2,825,526
Transfers out	-	(953,375)	(105,556)	(157,997)	-	(1,216,928)
Proceeds from sale of capital assets	9,425	-	-	-	-	9,425
Total other financing sources (uses)	2,234,951	(703,375)	244,444	(157,997)	-	1,618,023
Net change in fund balances	321,548	(430,507)	(720,393)	104,561	3,985,424	3,260,633
Fund balances, beginning of year	1,437,783	501,582	2,933,789	1,470,486	2,997,130	9,340,770
Fund balances, end of year	\$ 1,759,331	\$ 71,075	\$ 2,213,396	\$ 1,575,047	\$ 6,982,554	\$ 12,601,403

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	1,492,000	1,492,000	\$ 1,616,127	\$ 124,127
Investment income (net)	9,000	9,000	16,307	7,307
Miscellaneous	17,000	17,000	28,021	11,021
Total revenues	1,518,000	1,518,000	1,660,455	142,455
Expenditures:				
Current:				
Transportation	3,732,026	4,187,009	3,554,858	632,151
Capital outlay	11,500	25,064	19,000	6,064
Total expenditures	3,743,526	4,212,073	3,573,858	638,215
Excess (deficiency) of revenues over expenditures	(2,225,526)	(2,694,073)	(1,913,403)	780,670
Other financing sources (uses):				
Transfers in	2,225,526	2,225,526	2,225,526	-
Proceeds from sale of capital assets	-	-	9,425	9,425
Total other financing sources	2,225,526	2,225,526	2,234,951	9,425
Net change in fund balances	-	(468,547)	321,548	790,095
Fund balances, beginning of year	1,437,783	1,437,783	1,437,783	-
Fund balances, end of year	\$ 1,437,783	\$ 969,236	\$ 1,759,331	\$ 790,095

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Impact fees	\$ 220,000	\$ 220,000	\$ 262,735	\$ 42,735
Investment income (net)	8,300	8,300	(605)	(8,905)
Miscellaneous	-	-	10,738	10,738
Total revenues	228,300	228,300	272,868	44,568
Expenditures:				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	228,300	228,300	272,868	44,568
Other financing sources (uses):				
Transfers in	-	250,000	250,000	-
Transfers out	(953,375)	(953,375)	(953,375)	-
Total other financing (uses)	(953,375)	(703,375)	(703,375)	-
Net change in fund balances	(725,075)	(475,075)	(430,507)	44,568
Fund balances, beginning of year	501,582	501,582	501,582	-
Fund balances, end of year	\$ (223,493)	\$ 26,507	\$ 71,075	\$ 44,568

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, 2018

	Original Adopted Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	\$ 500,000	\$ 500,000	\$ 529,909	\$ 29,909
Investment income (net)	30,000	30,000	29,251	(749)
Total revenues	530,000	530,000	559,160	29,160
Expenditures:				
Capital outlay	476,827	1,959,919	1,523,997	\$ 435,922
Total expenditures	476,827	1,959,919	1,523,997	435,922
Excess (deficiency) of revenues over expenditures	53,173	(1,429,919)	(964,837)	465,082
Other financing sources (uses):				
Transfers in	-	350,000	350,000	-
Transfers out	(53,173)	(105,556)	(105,556)	-
Total other financing sources (uses)	(53,173)	244,444	244,444	-
Net change in fund balances	-	(1,185,475)	(720,393)	465,082
Fund balances, beginning of year	2,933,789	2,933,789	2,933,789	-
Fund balances, end of year	\$ 2,933,789	\$ 1,748,314	\$ 2,213,396	\$ 465,082

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Impact fees	\$ 150,000	\$ 150,000	\$ 246,063	\$ 96,063
Investment income (net)	13,000	13,000	14,039	1,039
Miscellaneous	-	-	2,456	2,456
Total revenues	163,000	163,000	262,558	99,558
Expenditures:				
Capital outlay	300,000	4,500	-	4,500
Total expenditures	300,000	4,500	-	4,500
Excess (deficiency) of revenues over expenditures	(137,000)	158,500	262,558	104,058
Other financing uses:				
Transfers out	(79,590)	(157,997)	(157,997)	-
Total other financing uses	(79,590)	(157,997)	(157,997)	-
Net change in fund balances	(216,590)	503	104,561	104,058
Fund balances, beginning of year	1,470,486	1,470,486	1,470,486	-
Fund balances, end of year	\$ 1,253,896	\$ 1,470,989	\$ 1,575,047	\$ 104,058

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, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Intergovernmental revenue	\$ 3,496,000	\$ 3,496,000	\$ 4,362,375	\$ 866,375
Investment income (net)	10,000	10,000	54,669	44,669
Total revenues	<u>3,506,000</u>	<u>3,506,000</u>	<u>4,417,044</u>	<u>911,044</u>
Expenditures:				
Capital outlay	3,506,000	865,728	431,620	434,108
Total expenditures	<u>3,506,000</u>	<u>865,728</u>	<u>431,620</u>	<u>434,108</u>
Excess (deficiency) of revenues over expenditures	-	2,640,272	3,985,424	1,345,152
Fund balances, beginning of year	<u>2,997,130</u>	<u>2,997,130</u>	<u>2,997,130</u>	-
Fund balances, end of year	<u>\$ 2,997,130</u>	<u>\$ 5,637,402</u>	<u>\$ 6,982,554</u>	<u>\$ 1,345,152</u>

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, 2018

	Original Adopted Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Intergovernmental	\$ -	\$ 200,000	\$ 200,000	\$ -
Investment income (net)	22,000	22,000	53,913	31,913
Total revenues	22,000	222,000	253,913	31,913
Expenditures:				
Capital outlay:				
Community services	250,000	4,456	-	4,456
Information Technology	300,000	-	-	-
Surface water management	1,540,000	701,026	377,036	323,990
Operations	675,000	43,200	3,194	40,006
Parks and recreation	1,200,000	1,784,864	1,524,558	260,306
Total expenditures	3,965,000	2,533,546	1,904,788	628,758
Excess (deficiency) of revenues over expenditures	(3,943,000)	(2,311,546)	(1,650,875)	660,671
Other financing sources (uses):				
Transfers in	3,943,000	3,943,000	3,943,000	-
Transfers out	-	(1,199,600)	(1,199,600)	-
Total other financing sources (uses)	3,943,000	2,743,400	2,743,400	-
Net change in fund balances	-	431,854	1,092,525	660,671
Fund balances, beginning of year	5,210,692	5,210,692	5,210,692	-
Fund balances, end of year	\$ 5,210,692	\$ 5,642,546	\$ 6,303,217	\$ 660,671

VILLAGE OF WELLINGTON, FLORIDA

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL DEBT SERVICE FUND YEAR ENDED SEPTEMBER 30, 2018

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues:				
Special Assessments	\$ 268,536	\$ 268,536	\$ 272,113	\$ 3,577
Investment income (net)	-	-	228	228
	<u>268,536</u>	<u>268,536</u>	<u>272,341</u>	<u>3,805</u>
Expenditures:				
General government	-	-	169	(169)
Debt service:				
Principal	1,278,575	2,399,044	2,399,044	-
Interest and other fiscal charges	122,718	119,139	119,159	(20)
Total expenditures	<u>1,401,293</u>	<u>2,518,183</u>	<u>2,518,372</u>	<u>(189)</u>
Excess (deficiency) of revenues over expenditures	(1,132,757)	(2,249,647)	(2,246,031)	3,616
Other financing sources (uses):				
Transfers in	1,133,756	2,250,646	2,250,646	-
Total other financing sources (uses)	<u>1,133,756</u>	<u>2,250,646</u>	<u>2,250,646</u>	<u>-</u>
Net change in fund balances	999	999	4,615	3,616
Fund balances, beginning of year	<u>284,190</u>	<u>284,190</u>	<u>284,190</u>	<u>-</u>
Fund balances, end of year	<u>\$ 285,189</u>	<u>\$ 285,189</u>	<u>\$ 288,805</u>	<u>\$ 3,616</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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Source: Unless otherwise 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		
	2009	2010	2011
Governmental activities:			
Net investment in capital assets	\$ 114,279,239	\$ 140,245,218	\$ 148,993,447
Restricted	50,325,250	43,881,398	35,101,628
Unrestricted	32,332,563	29,210,936	34,009,368
Total governmental activities net position	<u>196,937,052</u>	<u>213,337,552</u>	<u>218,104,443</u>
Business-type activities:			
Net investment in capital assets	99,398,303	108,139,572	119,615,685
Restricted	21,642,000	16,090,694	11,959,724
Unrestricted	20,153,787	21,338,373	16,818,277
Total business-type activities net position	<u>141,194,090</u>	<u>145,568,639</u>	<u>148,393,686</u>
Total government:			
Net investment in capital assets	213,677,542	248,384,790	268,609,132
Restricted	71,967,250	59,972,092	47,061,352
Unrestricted	52,486,350	50,549,309	50,827,645
Total government net position	<u>\$ 338,131,142</u>	<u>\$ 358,906,191</u>	<u>\$ 366,498,129</u>

Fiscal Year						
2012	2013	2014	2015	2016	2017	2018
\$ 156,259,669	\$ 157,294,472	\$ 152,841,077	\$ 153,712,972	\$ 156,477,844	\$ 154,637,467	\$ 152,677,755
15,688,323	13,054,226	11,860,096	8,668,360	12,878,989	17,654,628	22,873,221
46,488,944	45,664,992	44,669,371	34,090,973	31,647,938	28,892,221	31,300,946
<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>	<u>206,851,922</u>
121,309,078	119,051,675	121,767,825	118,477,452	117,260,300	112,584,261	110,518,031
14,600,130	19,715,884	22,519,428	25,911,904	26,253,113	31,999,595	49,900,680
18,068,745	20,957,498	26,295,502	28,415,561	32,608,255	31,719,596	14,971,159
<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>	<u>175,389,870</u>
277,568,747	276,346,147	274,608,902	272,190,424	273,738,144	267,221,728	263,195,786
30,288,453	32,770,110	34,379,524	34,580,264	39,132,102	49,654,223	72,773,901
64,557,689	66,622,490	70,964,873	62,506,534	64,256,193	60,611,817	46,272,105
<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>	<u>\$ 382,241,792</u>

VILLAGE OF WELLINGTON, FLORIDA

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS (ACCRUAL BASIS OF ACCOUNTING)

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

(Continued)

Fiscal Year						
2012	2013	2014	2015	2016	2017	2018
\$ 13,904,267	\$ 11,971,092	\$ 12,054,127	\$ 14,741,280	\$ 17,619,102	\$ 14,009,092	\$ 16,077,909
7,839,229	10,795,719	11,783,514	11,461,629	11,722,878	12,456,166	13,574,949
14,513,657	15,308,064	17,276,231	17,126,182	14,091,443	15,542,944	14,817,551
-	1,249,167	672,675	1,263,111	1,132,293	1,202,739	1,403,026
3,052,299	3,621,583	3,176,258	3,130,567	3,340,822	4,033,291	4,658,100
5,440,873	6,211,642	6,025,857	5,012,176	8,569,180	9,952,368	10,343,565
404,574	270,673	235,607	289,539	98,941	140,924	114,165
45,154,899	49,427,940	51,224,269	53,024,484	56,574,659	57,337,524	60,989,265
(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	60,989,265
13,599,774	14,332,462	14,775,996	15,129,671	15,335,041	17,087,678	17,672,903
3,287,632	3,334,847	3,434,234	3,477,952	3,577,209	4,378,318	4,948,496
-	-	448,951	513,698	629,998	635,818	635,363
16,887,406	17,667,309	18,659,181	19,121,321	19,542,248	22,101,814	23,256,762
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	23,256,762
\$ 62,042,305	\$ 67,095,249	\$ 69,883,450	\$ 72,145,805	\$ 76,116,907	\$ 79,439,338	\$ 84,246,027
\$ 441,844	\$ 693,477	\$ 1,764,741	\$ 1,217,887	\$ 1,450,142	\$ 1,467,585	\$ 1,336,431
4,857,628	4,230,725	3,013,632	2,647,457	3,298,614	2,706,456	5,349,652
5,602,962	5,800,532	5,258,966	7,039,026	7,189,694	7,023,620	6,958,089
-	-	521,575	544,972	340,805	273,142	123,670
374,677	421,328	282,850	91,461	400,174	210,737	246,063
1,999,818	2,041,164	2,350,399	2,012,325	3,375,561	2,948,080	3,001,707
1,496,711	1,546,079	1,593,870	1,765,489	1,745,869	1,905,383	1,881,640
33,692	1,432,186	842,361	154,724	6,112,810	281,700	472,113
14,807,332	16,165,491	15,628,394	15,473,341	23,913,669	16,816,703	19,369,365
17,723,213	17,831,536	18,893,050	19,067,393	19,023,000	19,418,288	19,583,647
3,747,741	3,803,172	3,788,513	3,857,363	3,443,604	3,432,818	3,409,943
-	-	72,877	8,127	-	-	-
105,973	66,333	58,880	44,202	34,804	61,437	15,599
2,353,122	2,758,152	2,399,062	612,327	574,503	565,628	2,308,590
23,930,049	24,459,193	25,212,382	23,589,412	23,075,911	23,478,171	25,317,779
\$ 38,737,381	\$ 40,624,684	\$ 40,840,776	\$ 39,062,753	\$ 46,989,580	\$ 40,294,874	\$ 44,687,144

VILLAGE OF WELLINGTON, FLORIDA

CHANGES IN NET POSITION (Continued)

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

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

Fiscal Year						
2012	2013	2014	2015	2016	2017	2018
\$(28,731,410)	\$(32,079,871)	\$(34,069,629)	\$(36,067,210)	\$(30,059,295)	\$(38,169,477)	\$(41,619,900)
<u>5,426,486</u>	<u>5,609,306</u>	<u>5,026,955</u>	<u>2,984,158</u>	<u>931,968</u>	<u>(974,987)</u>	<u>2,061,017</u>
<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>	<u>\$(39,558,883)</u>
\$ 13,340,895	\$ 12,816,288	\$ 13,690,328	\$ 14,818,492	\$ 16,517,935	\$ 17,599,037	\$ 18,600,500
3,157,328	3,205,140	3,481,665	3,541,429	3,462,576	3,557,576	3,521,920
6,635,232	6,804,277	7,107,577	7,089,783	7,048,053	6,980,610	7,216,895
3,705,576	3,927,338	4,235,682	4,523,396	4,707,285	7,687,294	9,274,983
1,151,415	1,302,835	1,464,034	1,648,355	1,735,434	1,855,631	1,952,532
523,538	170,738	222,055	397,437	511,474	371,319	695,796
9,250	-	29,694	-	-	-	-
540,669	1,460,976	2,221,124	421,456	609,004	437,403	1,469,358
-	-	-	-	-	-	4,555,522
<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>	<u>47,287,506</u>
144,603	83,528	133,156	316,422	456,863	343,924	626,843
10,692	-	71,679	-	-	-	-
2,486	97,887	600,232	840,763	828,167	839,620	954,080
-	-	-	-	-	-	(4,555,522)
<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>(2,974,599)</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>	<u>\$ 44,312,907</u>
\$ 332,493	\$ (2,392,279)	\$ (6,643,146)	\$ (3,626,862)	\$ 4,532,466	\$ 319,393	\$ 5,667,606
<u>5,584,267</u>	<u>5,790,721</u>	<u>10,857,698</u>	<u>4,141,343</u>	<u>2,216,998</u>	<u>208,557</u>	<u>(913,582)</u>
<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>	<u>\$ 4,754,024</u>

VILLAGE OF WELLINGTON, FLORIDA
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year		
	2009	2010	2011
General fund:			
Reserved	\$ 646,625	\$ 720,464	\$ -
Unreserved	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>24,224,276</u>	<u>24,480,053</u>	<u>30,379,544</u>
All other governmental funds:			
Reserved	49,378,996	42,645,511	-
Unreserved, reported in:			
Special revenue funds	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>58,953,787</u>	<u>49,268,137</u>	<u>39,718,312</u>
Total governmental funds	<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	2018
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
12,943	268,948	307,136	227,597	412,495	408,886	369,233
255,960	13,880	13,200	14,828	15,348	16,395	17,174
-	-	2,520	258,110	214,752	136,140	124,007
-	-	-	928,238	812,208	696,178	580,149
-	-	-	300,000	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,785,000	2,385,000	2,385,000	2,385,000	2,785,000	2,785,000	2,785,000
540,000	540,000	440,000	821,000	1,150,000	1,150,000	1,530,000
-	-	-	-	-	1,000,000	1,546,000
2,483,625	2,483,625	2,483,625	2,483,625	3,000,000	3,000,000	3,000,000
5,200,000	9,200,000	-	-	-	-	-
657,660	455,320	382,887	446,951	683,463	509,803	2,469,527
14,375	38,353	25,000	100,000	500,000	124,734	117,493
-	-	1,138,900	3,267,779	-	5,637,362	3,359,268
<u>15,962,436</u>	<u>16,307,688</u>	<u>17,227,963</u>	<u>16,886,452</u>	<u>21,238,612</u>	<u>16,632,532</u>	<u>19,161,856</u>
<u>27,911,999</u>	<u>31,692,814</u>	<u>24,406,231</u>	<u>28,119,580</u>	<u>30,811,878</u>	<u>32,097,030</u>	<u>35,059,707</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
2,847	8,231	41,720	19,360	37,993	30,277	47,598
708,146	225,236	228,061	-	-	-	-
10,392,601	6,588,293	3,062,748	604,018	1,773,572	4,969,198	8,628,676
4,246,883	5,064,384	4,560,745	4,272,256	4,769,737	5,523,326	7,863,835
963,922	1,216,210	3,483,801	1,939,600	3,469,594	4,363,582	3,968,291
-	-	-	-	-	2,526,534	2,113,501
50,691	51,416	53,227	5,722	-	-	-
75,357	75,544	75,642	50,063	50,063	284,190	288,805
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	746,818
9,246,092	6,666,005	3,060,724	2,690,992	1,370,353	4,898,212	5,556,399
1,975,655	4,500	773,452	2,754,663	2,664,839	-	-
-	-	(298,960)	(285,440)	-	-	-
<u>35,017,639</u>	<u>27,315,459</u>	<u>31,598,012</u>	<u>23,595,816</u>	<u>20,375,863</u>	<u>22,907,799</u>	<u>29,213,923</u>
<u>\$ 62,929,638</u>	<u>\$ 59,008,273</u>	<u>\$ 56,004,243</u>	<u>\$ 51,715,396</u>	<u>\$ 51,187,741</u>	<u>\$ 55,004,829</u>	<u>\$ 64,273,630</u>

VILLAGE OF WELLINGTON, FLORIDA

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year			
	2009	2010	2011	2012
Revenues:				
Ad valorem taxes	\$ 16,049,186	\$ 14,459,669	\$ 12,876,240	\$ 13,340,895
Franchise fees and taxes	3,594,701	3,298,051	3,266,018	3,157,328
Utility and other taxes	6,634,632	6,771,127	6,656,092	6,635,232
Special assessments	3,549,190	4,193,890	4,787,957	5,242,755
Impact fees	356,648	479,118	1,057,618	841,752
Licenses and permits	2,963,269	3,314,643	3,698,233	4,688,586
Intergovernmental revenue	13,507,676	18,247,748	9,529,672	6,331,199
Grant revenue	-	-	-	-
Charges for services	1,766,751	1,710,416	1,942,911	1,957,485
Fines and forfeitures	540,967	447,439	726,229	546,350
Investment income	3,401,293	1,335,770	834,816	523,538
Miscellaneous	793,166	1,159,591	684,172	545,365
Total revenues	<u>53,157,479</u>	<u>55,417,462</u>	<u>46,059,958</u>	<u>43,810,485</u>
Expenditures:				
Current:				
General government	8,776,393	9,931,835	9,778,406	10,013,562
Public safety	6,986,980	7,386,470	7,461,621	7,812,972
Physical environment	11,443,114	12,172,833	12,919,949	12,762,389
Economic environment	-	-	-	-
Transportation	1,526,599	1,399,144	1,511,575	1,529,301
Culture and recreation	6,016,607	2,872,983	3,041,699	3,137,982
Capital outlay	13,773,712	31,637,022	15,386,283	7,620,150
Debt service:				
Principal retirement	1,270,000	1,325,000	1,385,000	4,900,000
Bond issuance costs	-	-	-	-
Interest and other fiscal charges	883,533	824,483	765,102	579,153
Total expenditures	<u>50,676,938</u>	<u>67,549,770</u>	<u>52,249,635</u>	<u>48,355,509</u>
Excess (deficiency) of revenues over expenditures	<u>2,480,541</u>	<u>(12,132,308)</u>	<u>(6,189,677)</u>	<u>(4,545,024)</u>
Other financing sources (uses):				
Transfers in	29,451,290	20,093,367	17,979,048	15,075,310
Transfers out	(25,807,386)	(18,262,294)	(16,040,581)	(13,459,153)
Transfer of remaining balance	-	-	-	-
Bond proceeds	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(4,383,407)
Sale of capital assets	-	871,362	30,635	162,056
Contribution of properties	-	-	570,241	-
Total other financing sources (uses)	<u>3,643,904</u>	<u>2,702,435</u>	<u>2,539,343</u>	<u>(2,605,194)</u>
Net change in fund balances	<u>\$ 6,124,445</u>	<u>\$ (9,429,873)</u>	<u>\$ (3,650,334)</u>	<u>\$ (7,150,218)</u>
Debt service as a percentage of non-capital expenditures	5.75%	5.94%	5.82%	13.08%

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 12,816,288	\$ 13,690,328	\$ 14,818,492	\$ 16,517,936	\$ 17,599,037	\$ 18,600,500
3,205,140	3,481,665	3,541,429	3,462,576	3,557,576	3,521,920
6,804,277	7,107,577	7,089,783	7,048,053	6,980,610	7,216,895
5,009,053	4,939,815	5,675,878	6,876,876	6,056,741	6,033,756
786,353	879,450	303,411	1,923,074	407,227	508,798
4,606,677	4,593,357	4,818,743	5,299,157	4,856,574	7,333,678
7,108,438	7,857,401	8,091,964	9,967,336	11,592,374	13,470,426
-	396,966	-	-	-	-
2,125,562	2,066,545	2,139,469	2,213,611	3,107,111	3,061,638
659,581	594,576	615,627	841,333	339,603	188,584
170,737	222,054	397,436	511,474	371,319	695,796
<u>1,999,858</u>	<u>1,716,458</u>	<u>563,714</u>	<u>772,474</u>	<u>769,098</u>	<u>1,185,271</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>	<u>61,817,262</u>
10,859,650	11,176,906	11,049,014	12,349,978	13,853,152	15,280,414
10,766,274	11,383,375	11,427,036	11,541,197	12,256,563	13,391,034
9,588,086	9,784,481	10,922,086	8,257,011	8,828,134	8,230,460
698,604	1,001,063	1,228,858	1,098,172	1,126,265	1,337,013
1,528,289	1,647,185	2,708,505	2,897,195	3,029,636	3,554,858
3,319,296	4,256,828	4,425,433	7,338,176	8,700,609	8,939,288
11,955,055	6,382,188	11,080,682	17,197,640	5,343,270	4,546,265
940,000	970,000	1,064,271	1,070,015	1,086,670	2,399,044
-	-	15,000	83,997	-	-
<u>273,595</u>	<u>238,622</u>	<u>95,064</u>	<u>63,741</u>	<u>139,288</u>	<u>119,159</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>57,797,535</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>	<u>4,019,727</u>
11,893,035	26,262,483	8,163,625	12,087,413	10,769,267	15,640,516
(10,710,457)	(29,761,913)	(6,679,692)	(9,485,718)	(8,417,923)	(11,084,994)
-	-	-	(5,983)	-	-
-	-	5,445,000	3,235,000	-	-
-	-	(5,430,000)	-	-	-
(485,058)	89,856	(127,777)	104,855	192,061	693,552
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</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>5,249,074</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>	<u>\$ 9,268,801</u>
2.96%	2.78%	2.74%	2.72%	2.50%	4.73%

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 Direct Tax Rate	
	Residential Property	Commercial Property	Industrial Property	Other Property	Personal Property		
						Total	
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
2018	5,873,938,822	824,685,403	81,079,131	919,404,092	224,714,343	7,923,821,791	2.43

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, the assessed values are equal to actual value. Tax rates are per \$1,000 of assessed value.

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	
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	21.04
2017	2016	2.44	2.44	7.07	8.37	0.90	0.59	0.33	0.68	0.03	20.42
2018	2017	2.43	2.43	6.77	8.36	0.78	0.59	0.31	0.66	0.03	19.93

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 whose property is located within the geographic boundaries of the special district).

VILLAGE OF WELLINGTON, FLORIDA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2018			2009		
	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	\$ 253,901,850	1	3.67%			
Florida Power & Light Corp	100,199,136	2	1.45%			
SGC Atlas Wellington Holdings, LLC	67,313,093	3	0.97%			
Polo Lakes Apartments LLC	64,373,793	4	0.93%	\$ 44,614,035	4	0.62%
Universal Health Realty Income	64,659,102	5	0.93%	32,518,294	6	0.45%
Wellington Residential LLC	50,114,455	6	0.72%			
Camden Court, LLC	49,628,279	7	0.72%			
Isla Verde Wellington, LLC	45,838,406	8	0.66%			
Real Sub, LLC	34,967,909	9	0.51%			
Aerc Wellington, LLC.	34,409,216	10	0.50%			
TJ Palm Beach Assoc Ltd Partnership				165,001,850	1	2.28%
Wellington Preserve Corporation				54,678,642	2	0.75%
City National Bank of Florida TR				48,245,334	3	0.67%
Autc Polo Chase FL LLC				32,177,822	5	0.44%
Centre at Wellington Green Ltd.				30,738,207	7	0.42%
Shoppes at Isla Verde Ltd.				27,657,258	8	0.38%
Wellington Land Development				25,317,649	9	0.35%
TCRDAD Wellington Ltd Partnership				24,012,163	10	0.33%
	<u>\$ 765,405,239</u>		<u>11.06%</u>	<u>\$ 484,961,254</u>		<u>6.69%</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

Fiscal Year Ended September 30,	Original Taxes		Adjusted Taxes	Collected within the Fiscal Year		Collections in Subsequent Years (2)	Total Collections	
	Levied for Fiscal Year	Levy Adjustments (1)	Levied for Fiscal Year	of the Levy			Amount	Percent of Adjusted Levy
				Amount	Percent of Original Levy			
2009	16,864,233	(119,627)	16,744,606	15,032,823	89.14%	629,074	15,661,897	93.53%
2010	15,195,406	(84,217)	15,111,189	13,830,344	91.02%	527,441	14,357,785	95.01%
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%	53,574	12,808,488	96.03%
2014	14,212,850	(39,824)	14,173,026	13,634,069	95.93%	28,330	13,662,399	96.40%
2015	15,459,908	(90,454)	15,369,454	14,780,601	95.61%	124,204	14,904,805	96.98%
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	17,541,705	95.92%	57,332	17,599,037	96.68%
2018	19,524,188	(269,301)	19,254,887	18,590,968	95.22%	-	18,590,968	96.55%

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

² Represents delinquent taxes for all prior years collected in the subsequent year, including proceeds from tax sales

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)
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
2018	3,060,000	-	3,060,000	n/a	50

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

n/a Information not available

VILLAGE OF WELLINGTON, FLORIDA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2018

	<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	\$ 82,850,000	4.49%	3,723,882
Other debt:			
Palm Beach County	927,706,160	4.49%	41,697,871
Palm Beach County School Board	1,380,857,000	4.18%	57,705,385
Subtotal, Overlapping Debt	<u>2,391,413,160</u>		<u>103,127,139</u>
Village of Wellington Direct Debt	3,060,000	100.00%	<u>3,060,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 106,187,139</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			
	and Other	Expenses	Revenue	Principal	Interest	
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						
2018	-	-	-	-	-	-

Fiscal Year Ended Sept. 30	Special Assessment Bond				Public Service Tax Bond (3)					
	Special	Debt Service		Coverage	Public	Debt Service		Coverage		
	Assessment				Service					
	Collections	Principal	Interest		Taxes (2)	Principal	Interest			
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	281,700	-	92,203	3.06	7,611,334	1,086,670	47,085	6.71		
2018	272,113	175,000	92,537	1.02	8,485,721	2,224,044	26,622	3.77		

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

(3) Public service tax bond was paid in full in 2018

VILLAGE OF WELLINGTON, FLORIDA
DEBT COMPLIANCE
SEPTEMBER 30, 2018

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%	6.14%
Contribution to CIP from general governmental capital and debt service:	\$ 7,654,527	\$2,624,053
Weighted average maturity of all debt programs:		
Governmental	15 years	14
General government debt per capita:	\$ 850	\$ 50
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%	0.05%
General fund reserve as a percentage of future year's operating budget:	25-30%	45%

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)
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%
2018	61,775	14,456	n/a	n/a	3.1%

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.

n/a Information not available

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

Employer	2018			2009		
	Employees	Rank	Percentage of Total County Employment	Employees	Rank	Percentage of Total County Employment
Palm Beach County School District	21,466	1	3.06%	21,718	1	3.93%
Palm Beach County BOCC	5,952	2	0.85%	11,319	2	2.05%
Tenet Healthcare Corp	5,939	3	0.85%	4,500	3	0.81%
Next Era Energy (FP&L)	4,404	4	0.63%	3,632	4	0.66%
Hospital Corporation of America	3,550	5	0.51%	3,395	5	0.61%
Boca Raton Regional Hospital	2,800	6	0.40%	2,100	10	0.38%
Florida Atlantic University	2,644	7	0.38%	2,838	7	0.51%
Veterans Health Administration	2,535	8	0.36%	2,207	8	0.40%
Bethesda Health, Inc	2,282	9	0.33%			
Office Depot	2,034	10	0.29%	2,100	9	0.38%
Wackenhut Corporation				3,000	6	0.54%
	<u>53,606</u>		<u>7.66%</u>	<u>56,809</u>		<u>10.27%</u>

Source: Business Development Board of Palm Beach County- Service Industry

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>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>	<u>2018</u>
Number of Employees:										
General government	56.3	53.2	63.6	58.0	63.0	68.0	68.0	73.0	80.0	79.0
Public safety	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	15.0
Physical environment	65.0	62.0	56.0	54.0	63.0	64.0	64.0	63.0	65.0	63.0
Transportation	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Economic environment	31.0	37.6	30.6	33.0	34.0	34.0	34.0	35.0	36.0	34.0
Culture and recreation	49.4	45.4	46.0	48.0	47.0	49.0	49.0	48.0	49.0	49.0
Lake Wellington Professional Centre	-	-	-	-	-	3.0	3.0	3.0	3.0	3.0
Utility system	52.0	44.0	43.0	44.0	44.0	51.0	51.0	51.0	52.0	55.0
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>4.0</u>	<u>4.0</u>	<u>4.0</u>
 Total Number of Employees	 <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>	 <u>313.0</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	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government:										
Bids, contracts awarded & administered	24	33	37	41	38	36	23	29	20	25
Purchase orders processed	939	971	1,245	1,352	1,011	1,008	1,115	1,229	973	1,018
Payroll transactions	8,194	7,762	7,666	7,801	9,143	9,721	9,668	10,046	10,634	10,157
Public safety:										
Police personnel and officers	117	117	117	117	134	132	141	141	144	145
Fire personnel	71	71	71	71	71	71	71	71	71	71
Calls for service	33,453	34,672	34,478	34,874	34,662	34,764	34,222	45,482	42,628	45,008
Physical environment - Surface water:										
Water quality samples analyzed	896	861	802	833	836	802	842	775	435	801
Canal right-of-way miles maintained	560	560	305	265	700	850	900	300	300	300
Physical environment - Engineering & public works:										
Work orders performed	869	997	1,163	1,359	1,454	1,649	1,305	1,200	795	770
Inspections performed	n/a	n/a	1,050	1,331	1,289	1,624	1,108	1,045	755	720
Planning and development:										
Building inspections	15,781	16,774	23,979	28,146	35,384	26,023	30,609	31,348	28,384	29,189
Single family building permits issued	94	130	197	226	232	147	342	134	118	170
Transportation:										
Miles of roads resurfaced	14	18	15	14	16	11	9	10	2	25
Miles of streets cleaned/swept	1,512	2,224	3,056	2,581	3,369	1,950	1,185	3,493	4,855	4,310
Signs repaired	1,654	955	1,124	1,121	1,427	1,164	1,974	1,145	2,225	1,715
Culture and recreation:										
Participants registered:										
Athletics	15,829	16,599	12,726	12,962	10,282	8,166	10,077	8,856	8,183	7,940
Community programs	2,081	1,760	2,344	2,683	2,353	887	706	648	1,667	2,160
Pool	11,058	16,468	34,538	73,809	78,285	80,469	70,830	72,660	57,511	53,427
Number of program sessions	1,227	1,048	1,070	1,091	1,140	1,634	1,099	1,070	1,433	1,467
Utility system:										
Active accounts - water	19,682	19,701	19,785	19,929	20,052	20,169	20,397	20,375	20,398	20,458
Active accounts - sewer	17,867	18,024	18,028	18,658	18,781	18,721	18,825	19,055	19,033	19,138
Water production (millions of gallons)	1,848	2,102	2,187	2,052	2,065	2,174	2,163	2,070	2,107	2,129
Solid waste:										
Residential accounts	22,103	22,166	22,294	22,468	22,673	23,018	21,349	20,902	20,931	20,961

Source: Various Village Departments

(1) Aquatic weed control increased in FY 16 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

<u>Function/Program</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>	<u>2018</u>
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	9	9	9	9	9	9	9	9	9	9
Early response stabilization units	4	4	4	4	4	4	4	4	4	4
Physical environment:										
Acreage of lakes (1)	166	166	166	166	166	166	166	553	553	553
Canal miles	110	110	110	91	89	89	89	89	89	89
Transportation:										
Miles of streets	152	152	152	152	152	152	152	152	152	151
Number of street lights	2,311	2,311	2,311	2,465	2,465	2,465	2,465	2,465	2,465	2,493
Miles of bike paths	40	40	40	40	40	40	40	45	45	39
Miles of sidewalks	153	153	153	153	153	153	155	198	198	198
Culture and recreation:										
Parks acreage	342	342	348	348	350	350	350	271	285	271
Open space preserves/passive recreation	452	452	452	452	452	452	452	436	422	437
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	21	21	21	21
Baseball/softball fields	18	18	18	18	18	18	18	18	17	17
Utility system:										
Miles of water mains	327	327	327	327	327	327	327	327	327	336
Fire hydrants - Wellington	1,746	1,746	1,746	1,746	1,746	1,746	1,746	1,889	2,002	2,096
Fire hydrants - Outside Wellington	195	195	195	195	195	195	195	226	336	233

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



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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, 2018, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements and have issued our report thereon dated February 28, 2019.

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.

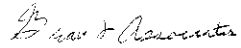
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies 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 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.



February 28, 2019



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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, 2018. 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 Village 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 Village 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 Village'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, 2018.

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

February 28, 2019



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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, 2018, and have issued our report thereon dated February 28, 2019.

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 February 28, 2019, 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

February 28, 2019

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, 2017.

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, 2018.

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, 2018.

4. The name or official title and legal authority of the Village are disclosed in the notes to the financial statements.
5. The Village has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
6. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted as of September 30, 2018. 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.



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ELLINGTON 



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