

City of Winter Springs Florida



**Comprehensive Annual Financial Report
For the Year Ended September 30, 2005**

City of Winter Springs, Florida
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For The Year Ended September 30, 2005



Prepared by: Finance Department

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INTRODUCTORY SECTION

This section contains the following subsections:

- Table of Contents
- Letter of Transmittal
- GFOA Certificate of Achievement
- List of Principal Officers
- Organizational Chart

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CITY OF WINTER SPRINGS, FLORIDA

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WINTER SPRINGS, FLORIDA 32708-2799
Telephone (407) 327-1800

March 15, 2006

To the Honorable Mayor, City Commission and Citizens of the City of Winter Springs, Florida:

State law requires that all general-purpose local governments publish a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and that they be audited in accordance with generally accepted auditing standards (GAAS) by a firm of licensed certified public accountants. Pursuant to that requirement, it is with great pleasure that we present to you the City of Winter Springs, Florida Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2005.

Management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Winter Springs has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City of Winter Springs' financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City of Winter Springs' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of Winter Springs' financial statements have been audited by McDirmit, Davis & Company, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Winter Springs for the fiscal year ended September 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. Based upon the audit, the independent auditor concluded that there was a reasonable basis for rendering an unqualified opinion that the City of Winter Springs' financial statements for the fiscal year ended September 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The City of Winter Springs' Management's Discussion and Analysis (MD&A) can be found immediately following the report of the independent auditors and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complement this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Winter Springs, incorporated in 1959, is located in Seminole County, which is a part of the greater Orlando metropolitan area in East Central Florida. This area is one of the fastest growing areas in the country. The City currently has a land area of 14.78 square miles and a population of approximately 33,300.

The City operates according to a Council/Manager form of government, with an appointed City Manager, five elected City Commissioners and a separately elected Mayor. The Mayor and Commission are elected for four-year terms. The governing body is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the City's Manager, Clerk and Attorney. The City Manager is responsible for carrying out the policies and ordinances of the governing body, for overseeing the day-to-day operations of the government, and for hiring the directors of the various departments.

The City of Winter Springs provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets and other infrastructure; and recreational activities and cultural events. The City maintains both a Water and Sewer Utility, a Stormwater Utility, and Development Services, which function, in essence, as departments of the City of Winter Springs and therefore have been included as an integral part of the City of Winter Springs' financial statements.

The annual budget serves as the foundation for the City of Winter Springs' financial planning and control. All departments of the City of Winter Springs are required to submit requests for appropriation to the City Manager. The City Manager then uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to the City Commission for review on or before July 1. The City Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City of Winter Springs' fiscal year. The appropriated budget is prepared by fund (e.g., general fund), department (e.g., fire department) and division (e.g., prevention division). The City Manager may make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the special approval of the City Commission. Original and final amended budget-to-actual comparisons are provided in this report for each individual governmental fund. For the General Fund, the Public Service Tax Fund, and the Emergency and Disaster Relief Fund, these comparisons are presented on pages 22-25 as part of the basic financial statements for the governmental funds. For other governmental funds these comparisons are presented in the governmental fund subsection of this report, which starts on page 60.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Winter Springs operates.

Local economy. The City of Winter Springs is primarily a retail, office and residential area with a small amount of light industry and commercial business. The City's total assessed valuation for real and personal property (net of exemptions) increased 8.6% from the prior year and 109.4% since fiscal year 1995. The increase in valuations and millage resulted in an increased total tax levy of \$532,946 over last year and \$4,082,753 since 1995. The City's population has increased 30% from that of ten years ago. Local indicators still point to a continued trend of growth as the City works with builders, developers and residents for both commercial and residential development. This increased

growth helps the City maintain a moderate property tax rate, which was at 4.5500 mills during fiscal year 2005 (tax year 2004) and includes 0.2500 mills of voted debt service for Central Winds General Obligation debt.

Long-term financial planning. The City Commission updated and adopted a 5-year Capital Improvements Plan (CIP) during fiscal year 2004. The CIP is a multi-year prioritized schedule of improvements that lists each capital improvement by the year it is intended to be purchased or commenced; the amount to be spent per year; and the method of financing such improvement. Each year during the annual budget process the CIP is reviewed to ensure incorporation of all necessary capital improvements. It should be noted; however, that the CIP is not a fixed document but a flexible, dynamic document that may change to reflect changing priorities, opportunities, costs, or different financing approaches.

Relevant Financial Policies. The City has a policy to maintain at all times an Unreserved General Fund fund balance not less than 25% of the total operating expenses of the General Fund, excluding capital outlay and debt. By a super majority vote of the Commission, supplemental appropriation from Unreserved General Fund fund balance may be authorized by the Commission for a General Fund purpose which may potentially reduce the Unreserved General Fund fund balance which would be restored to, at least, the minimum in the following year's budget. This fund balance philosophy carries over to the Water and Sewer Utility, Stormwater Utility and Development Services. Some funds such as debt service exist for very specific purposes; as such, the potential for unforeseen expenditures is very low. Consequently, it is not necessary for all funds to be constrained by this policy. In such case, the budget serves as the sole constraint.

Major Initiatives. During fiscal year 2006, the City anticipates the following projects:

- begin construction of the Public Works/Utilities Compound of approximately 33,000 square feet and a total price of \$3,968,325. Construction is expected to take 15 months;
- begin expansion of City Hall by approximately 5,000 square feet and a total price of \$934,500. Construction is expected to take 9 months;
- begin year two of a three year Records Management Project for public records documents and research;
- begin working with FEMA on closing out approximately \$7.4 million of project worksheets relating to 2004 Hurricanes Charley, Frances and Jeanne;
- complete a compensation study to update pay classifications and ranges;
- begin year two of a four year Pension Plan enhancement program, by adding 1.5% to the employer contribution to reduce the amortization period from 30 years to 15 years as well as adding a 1.0% retroactive benefit for service prior to October 1, 2000; and,
- consider potential funding for Phase II of the Town Center project with James Doran and Company.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Winter Springs for its CAFR for the fiscal year ended September 30, 2004. This was the fifth consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we will be submitting it to the GFOA to determine its eligibility for a certificate.

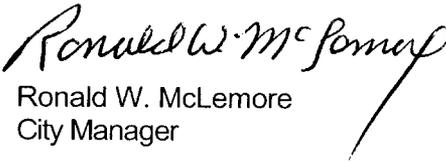
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report.

Other City departments, although not extensively involved in year-end audit activities, contributed significantly by ensuring the accuracy and integrity of accounting information compiled throughout the year. Without their diligence, the work of the Finance Department would have been considerably more difficult.

Appreciation must also be expressed to the City's auditors whose suggestions and attention to detail enhanced the quality of this report.

In closing, we would also like to express appreciation to the Mayor and the City Commission for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Winter Springs' finances.

Respectfully submitted,


Ronald W. McLemore
City Manager


Michelle Greco, CPA
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Winter Springs,
Florida

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Nancy L. Zjelle

President

Jeffrey R. Enew

Executive Director

CITY OF WINTER SPRINGS, FLORIDA
LIST OF PRINCIPAL OFFICIALS
September 30, 2005

ELECTED OFFICIALS

MAYOR	John F. Bush
DEPUTY-MAYOR/COMMISSIONER	Michael S. Blake
COMMISSIONER	Donald Gilmore
COMMISSIONER	Joanne Krebs
COMMISSIONER	Sally McGinnis
COMMISSIONER	Robert S. Miller

APPOINTED OFFICIALS

CITY MANAGER	Ronald McLemore
CITY CLERK	Andrea Lorenzo-Luaces
FINANCE DIRECTOR	Michelle Greco
INFORMATION SERVICES	Joanne Dalka
GENERAL SERVICES	Vacant
POLICE CHIEF	Daniel Kerr
FIRE CHIEF	Timothy Lallathin
UTILITY/PUBLIC WORKS DIRECTOR	Kipton Lockcuff
COMMUNITY DEVELOPMENT DIRECTOR	Randy Stevenson
PARKS AND RECREATION DIRECTOR	Chuck Pula

LEGAL COUNSEL

Anthony Garganese
Brown, Garganese, Weiss & D'Agresta, P.A.

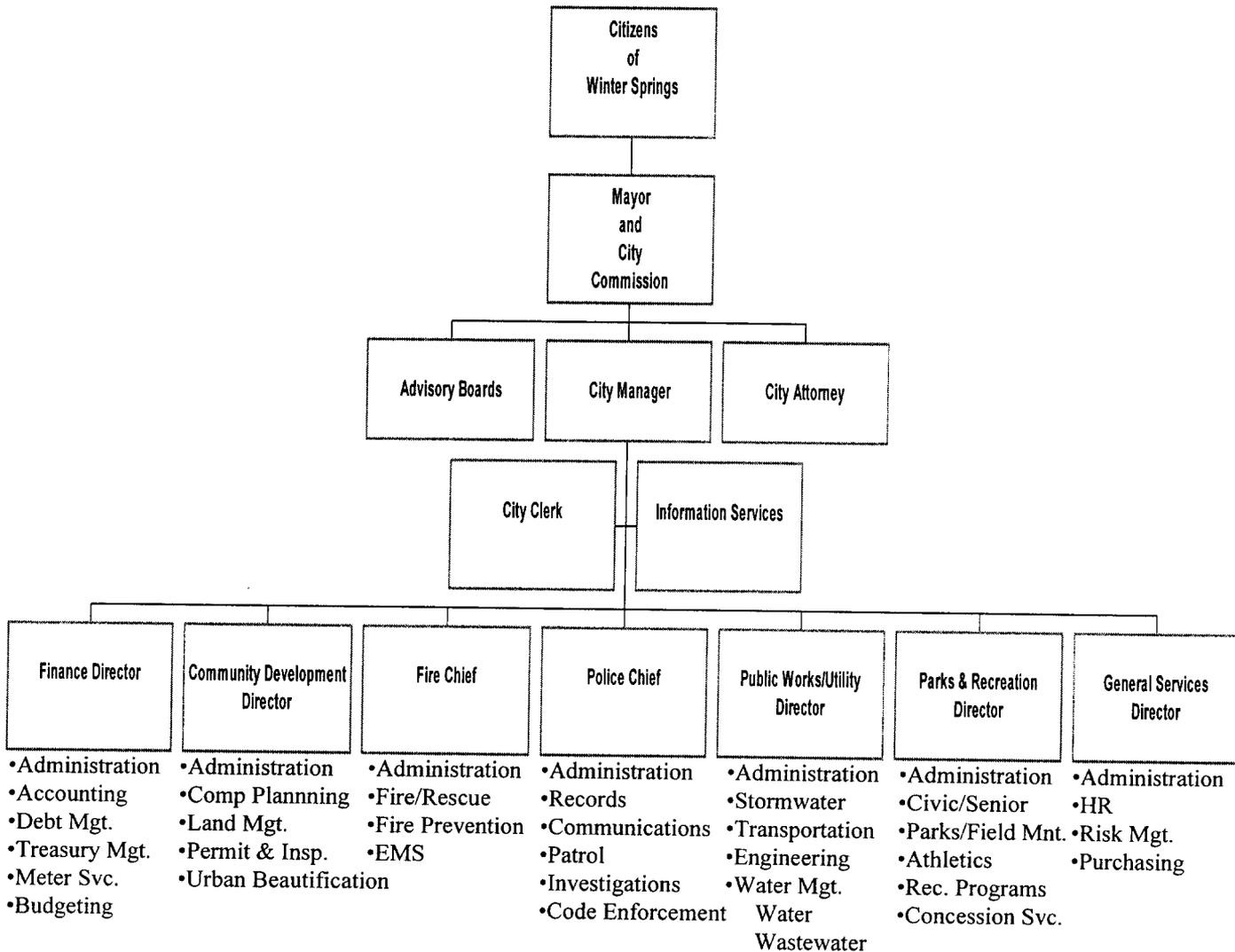
FINANCIAL ADVISOR

David Moore
Public Financial Management

AUDITORS

McDimit, Davis & Company, LLC

City of Winter Springs Organizational Chart



***The City Manager is appointed by the Commission.**

***The City Clerk is appointed by the Mayor with ratification of the City Commission and works under the direction of the City Manager.**

***The City Attorney is appointed by the Mayor with ratification of the City Commission and works under the direction of the City Commission.**

***Advisory Boards are appointed by the Mayor and City Commission and work under the direction of the City Commission.**