

INTRODUCTORY SECTION

This section contains the following subsections:

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

This page intentionally left blank.



CITY OF WINTER SPRINGS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

Year Ended September 30, 2009

	<u>Page</u>
I. Introductory Section:	
Table of Contents	i-iii
Letter of Transmittal	iv-vii
GFOA Certificate of Achievement	viii
List of Principal Officials	ix
Organizational Chart	x
II. Financial Section:	
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-15
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18-19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21-22
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	24-25
Public and Communications Service Tax Special Revenue Fund	26
Road Improvements Special Revenue Fund	27
Solid Waste/Recycling Special Revenue Fund	28
Statement of Net Assets - Proprietary Funds	29
Statement of Revenues, Expenses and Changes in Fund Net Assets - Proprietary Funds	30
Statement of Cash Flows - Proprietary Funds	31-32
Statement of Fiduciary Net Assets - Fiduciary Funds	33
Statement of Changes in Fiduciary Net Assets - Fiduciary Funds	34

CITY OF WINTER SPRINGS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

Year Ended September 30, 2009

	<u>Page</u>
II. Financial Section - Continued:	
Notes to Financial Statements	35-73
Required Supplementary Information	74-75
Combining and Individual Fund Statements and Schedules:	
Major Governmental Funds:	
Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget and Actual: TLBD Debt Service Fund	76
Nonmajor Governmental Funds:	
Combining Balance Sheet - Nonmajor Governmental Funds	77-85
Combining Statement of Revenues, Expenditures and Changes In Fund Balances - Nonmajor Governmental Funds	86-94
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual: Special Revenue Funds	95-114
Debt Service Funds	115-120
Capital Projects Funds	121-129
III. Statistical Section:	
Financial Trends	
Net Assets by Component	130
Changes in Net Assets	131-132
Governmental Activities Tax Revenues by Source	133
Fund Balances of Governmental Funds	134
Changes in Fund Balances of Governmental Funds	135-136
Revenue Capacity	
Assessed Value and Estimated Actual Value of Taxable Property	137
Property Tax Rates, Direct and Overlapping Governments	138
Special Assessment Billings and Collections	139
Principal Property Taxpayers	140
Property Tax Levies and Collections	141

CITY OF WINTER SPRINGS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
TABLE OF CONTENTS

Year Ended September 30, 2009

	<u>Page</u>
III. Statistical Section - Continued:	
Debt Capacity	
Legal Debt Margin	142
Ratio of Net General Obligation Bonded Debt to Assessed Value and Net General Obligation Bonded Debt Per Capita	143
Ratio of Outstanding Debt by Type	144
Direct and Overlapping Governmental Activities Debt	145
Pledged-Revenue Coverage	146-147
Demographic and Economic Information	
Demographic and Economic Statistics	148
Principal Employers	149
Operating Information	
Budgeted Full-time Equivalent City Government Employees by Function	150
Operating Indicators by Function	151-152
Capital Asset Statistics by Function	153
IV. Other Reports:	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	154-155
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i>	156-157
Schedule of Expenditures of Federal Awards	158
Notes to Schedule of Expenditures of Federal Awards	159
Schedule of Findings and Questioned Costs	160
Management Letter	161-164
Management Response	165
Communication with Those Charged with Governance	166-167
Affidavit of Impact Fee Compliance	168

This page intentionally left blank.





CITY OF WINTER SPRINGS, FLORIDA

1126 EAST STATE ROAD 434
WINTER SPRINGS, FLORIDA 32708-2799
Telephone (407) 327-1800

March 22, 2010

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, 2009.

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 benefit, 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, to the best of our knowledge and belief, we assert that this financial report is complete and reliable in all material respects.

The City of Winter Springs' financial statements have been audited by McDimit, 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, 2009 are free of material misstatement. The independent audit involved examination of evidence, on a test basis, supporting the amounts and disclosures in the financial statements; assessment of the accounting principles used and significant estimates made by management; and an evaluation of the overall financial statement presentation. Based upon the audit, the independent auditor concluded that reasonable basis existed to render an unqualified opinion that the City of Winter Springs' financial statements for the fiscal year ended September 30, 2009 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 complements 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 14.81 square miles and a population of approximately 34,340.

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 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 a Development Services Fund, 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's fiscal year. The appropriated budget is prepared by fund (e.g., General Fund), department (e.g., Police Department) and division (e.g., Criminal Investigation). 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 and Communications Service Tax Fund, the Road Improvements Fund and the Solid Waste/Recycling Fund, these comparisons are presented on pages 25-28 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 77.

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. Approximately 88% of our tax base is comprised of residential properties. Per the DR 422 (Certificate of Final Taxable Value) and relative to the 2008-2009 fiscal year (tax year 2008), the gross taxable value reflects a decrease of 9% from the prior year but an increase of 122% since fiscal year 1999. The operating millage rate decreased from 3.2496 to 2.4714 mills, due to the consolidation of the fire department with Seminole County. The voted debt millage rate associated with the Central Winds General Obligation debt increased slightly from 0.1022 to 0.1100 mills as a result of the declining property valuation. During fiscal year 2009-2010 (tax year 2009), despite declining property values, the City was able to maintain constant operating and voted debt millage rates at 2.4714 and 0.1100 mills, respectively.

The City's population has increased 18% from that of ten years ago. Local indicators are still reflective of a slow real estate market, low construction activity, high foreclosure and unemployment rates and decreased spending. This economic downturn has had an impact on revenue at both the state and local level. At the local level, revenues such as review and permit fees, investment income and state revenue sources have declined. The City has mitigated the effect of reduced revenues with reduced expenditures, constrained hiring and/or project delays and the use of reserves for capital. Thus far into the 2010 fiscal year, there have been no mid-year adjustments to those revenues which the City receives from the state. The best approach for balancing the state's 2010 budget is currently ongoing in the legislature.

Long-term financial planning. The City Commission updated and adopted a 5-year Capital Improvements Plan (CIP) on September 28, 2009 for fiscal years 2010 through 2015. The CIP is currently being evaluated and updated through Fiscal Year 2016 with anticipated completion by summer 2010. 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 static document but a flexible and dynamic one that may change to reflect changing priorities, opportunities, costs, or financing approach.

Relevant Financial Policies. Implementation of Zero-Based Budgeting represents a major change in the fiscal year 2010 model as compared to incremental budgeting used in prior fiscal years. There are three fiscal policies that are utilized when preparing and adopting the City's annual budget. The first policy is to maintain an Unreserved General 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 balance may be authorized by the Commission for a General Fund purpose which may potentially reduce the Unreserved General 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. The second fiscal policy is that sufficient recurring revenues exist to pay for all recurring costs, thus avoiding the use of non-recurring revenues and fund balance to fund recurring costs. The final fiscal policy is that sufficient recurring and non-recurring revenues are available to fund non-recurring costs.

Major Initiatives. During fiscal year 2010, as approved during the budget process the City anticipates the following projects:

- MUNIS software module to increase efficiencies in payroll timekeeping and reporting at a cost of approximately \$11,000;
- Implementation of VM Ware designed to provide Public Safety with greater reliability to their data and applications necessary for improved work flow at a cost of approximately \$18,000;
- City Hall message board to improve public communications/notifications \$27,000;
- The purchase of 38 new and leased vehicles, including 2 new motorcycles and 3 ATVs for various Police Department Divisions at a cost of approximately \$370,000;
- New mobile desktops and other data processing equipment for Police staff to cut costs by reducing redundancy of equipment and increase efficiency of reporting at a cost of approximately \$158,000;
- Projects to replace Police tactical equipment and the establishment of a forensics lab totaling approximately \$91,000;
- Continued development of Magnolia Park, a Town Center outdoor amphitheatre totaling

- \$1,188,750;
- Additional improvements at Trotwood Park and park expansion plans to include a permanent dog park, at a cost of approximately \$145,000;
 - New road construction, road improvements and resurfacing and other transportation projects totaling approximately \$4,245,000;
 - Stormwater improvements to meet state water quality regulations and improve efficiencies at a cost of approximately \$220,000;
 - Completion of the Utility/Public Works Facility – Administration building and storage facility project at an approximate cost of \$1,139,000;
 - Replace/upgrade transportation improvement equipment at a cost of approximately \$60,000;
 - Improvements to water treatment plant facilities, water system looping and major maintenance and improvement of water supply, water mains and sanitary sewer lines in order to meet conservation goals and increase efficiencies at a cost of \$1,568,000;
 - Replace/upgrade and add new equipment to Water & Sewer operations at a cost of almost \$97,000.

Awards and Acknowledgements

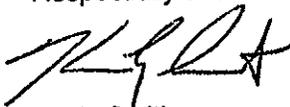
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Winter Springs for its CAFR for the fiscal year ended September 30, 2008. This was the ninth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the government must publish 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 requirements and will be submitting it to the GFOA to determine its eligibility for another fiscal year.

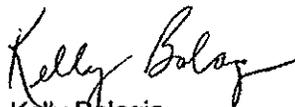
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance department. We would like to express our appreciation to all members the department who assisted and contributed to its preparation. Other City departments, although 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 support and for maintaining high standards of professionalism in management of the City of Winter Springs' finances.

Respectfully submitted,



Kevin Smith
City Manager



Kelly Balagia
Interim 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, 2008

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.



President

Executive Director

CITY OF WINTER SPRINGS, FLORIDA
LIST OF PRINCIPAL OFFICIALS
September 30, 2009

ELECTED OFFICIALS

MAYOR	John F. Bush
DEPUTY - MAYOR/COMMISSIONER	Joanne M. Krebs
COMMISSIONER	Rick Brown
COMMISSIONER	Gary Bonner
COMMISSIONER	Sally M. McGinnis
COMMISSIONER	Jean Hovey

CITY MANAGER

Kevin L. Smith

CITY CLERK

Andrea Lorenzo-Luaces

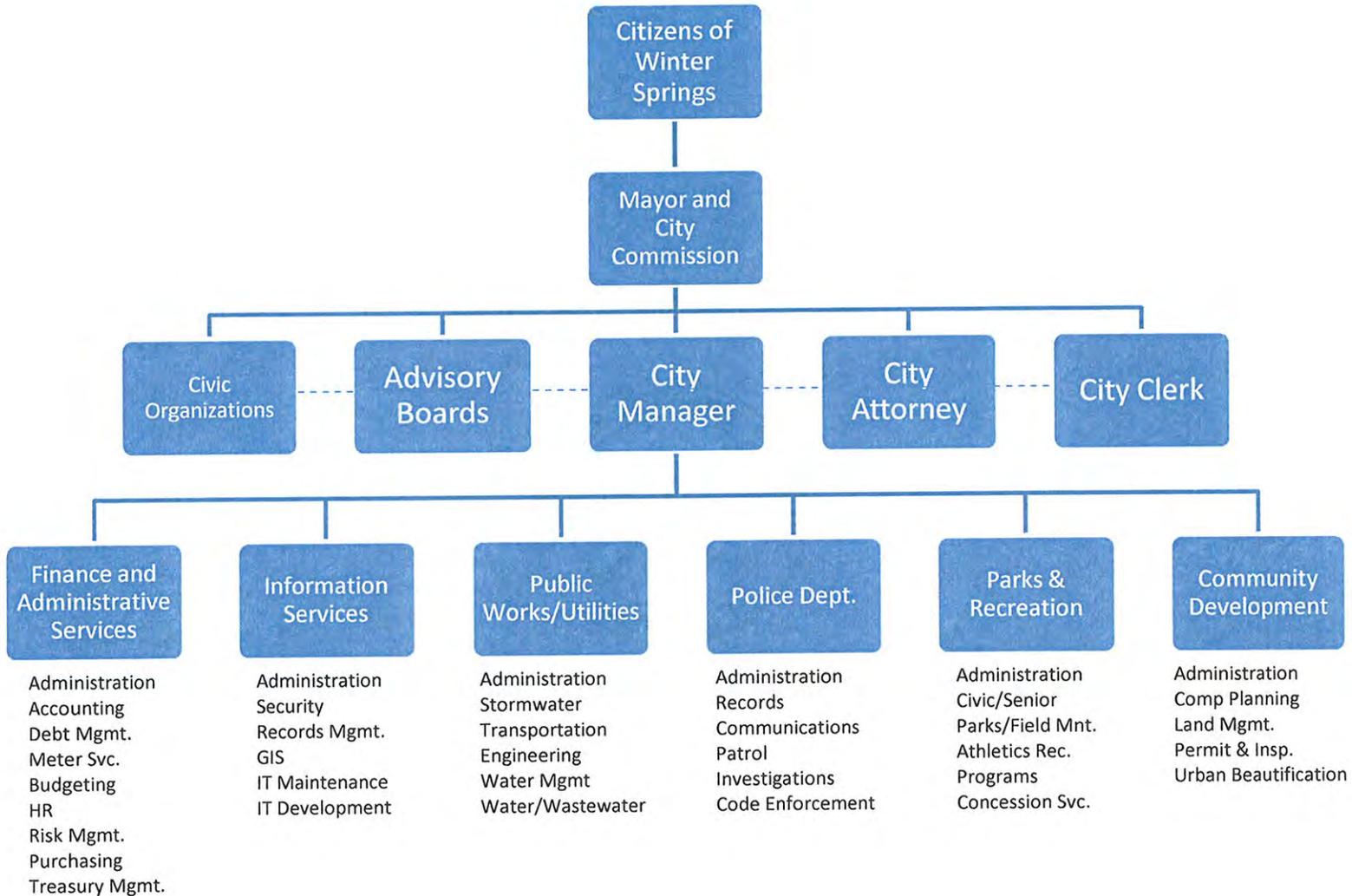
LEGAL COUNSEL

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

**DEPARTMENT
DIRECTORS**

COMMUNITY DEVELOPMENT	Randy Stevenson
FINANCE/ADMIN SERVICES (INTERIM)	Kelly Balagia
INFORMATION SERVICES	Joanne Dalka
PARKS AND RECREATION	Chuck Pula
POLICE CHIEF	Kevin Brunelle
UTILITY/PUBLIC WORKS	Kipton Lockcuff

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 the City Commission and work under the direction of the City Commission.