



THE VILLAGE OF **PALM SPRINGS,** **FLORIDA**



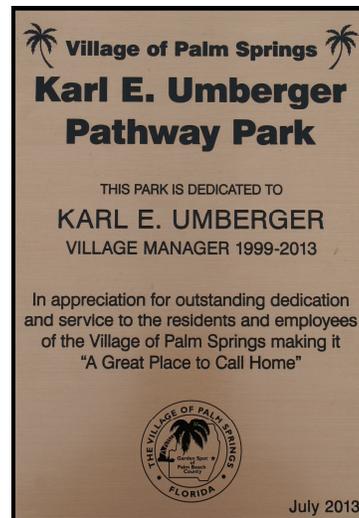
Comprehensive Annual Financial Report

**Fiscal Year Ended
September 30, 2013**

The CAFR photo taken by our Leisure Services Director, Bill Golson shows the newest addition to our park system. Village Manager, Karl Umberger, had the creative idea to build a linear walkway that would connect other Village park areas together with the Village Center complex. The hard working Public Service department joined together with the Leisure Service personnel to construct the walkway, landscaping it and installing benches for the residents to stop and enjoy the beauty of our Village.

Karl served the Village as Public Safety Chief for three years and then was selected to be our Village Manager in 1999. To honor his devoted service and contributions to the Village, the Village Council named the park the "Karl E. Umberger Pathway Park." Karl worked tirelessly for over 17 years to ensure that the Village would always be "A Great Place to Call Home." We will not forget his significant contributions to this Village.

Rebecca L. Morse
Chief Financial Officer



The seal of The Village of Palm Springs, Florida, is a circular emblem. It features a central shield with a palm tree, a sun, and a beach. The shield is surrounded by a blue ring containing the text "THE VILLAGE OF PALM SPRINGS" at the top and "FLORIDA" at the bottom. The text "Palm Springs" and "Palm Beach County" is faintly visible in the background of the seal.

**THE VILLAGE OF
PALM SPRINGS, FLORIDA**

Comprehensive Annual
Financial Report

**Fiscal Year Ended
September 30, 2013**

**Prepared by:
Finance Department**

**Rebecca L. Morse, CGFO, CPFO
Chief Financial Officer**

VILLAGE OF PALM SPRINGS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2013

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VILLAGE OF PALM SPRINGS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2013

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INTRODUCTORY SECTION



Village of Palm Springs

Department of Finance

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January 20, 2014

***The Honorable Mayor, Members of
the Village Council and Residents
of the Village of Palm Springs***

The Finance Department is pleased to present the Village's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2013. The CAFR has been prepared in accordance with the Village Charter, Florida State Statutes and U.S. generally accepted accounting principles (GAAP) for governments. This report provides full financial disclosure to assist users of this report in evaluating the financial condition and activities of the Village government.

Sole responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Village. The Village's financial operations are designed with a comprehensive system of internal controls established to safeguard assets from loss, theft or misuse. The Village's internal control system is designed to provide reasonable, reliable financial records for use in preparing financial statements in accordance with U.S. generally accepted accounting principles. To the best of our knowledge and belief the presented data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the Village as measured by the financial activity of its various funds and the Village as a whole.

Florida Statutes require an annual audit by independent certified public accountants. Caler, Donten, Levine, Cohen, Porter & Veil, P.A. Certified Public Accountants, have issued an unmodified ("clean") opinion on the Village of Palm Springs' financial statements for the year ended September 30, 2013. The independent auditor's report on the basic financial statements and combining fund statements and debt schedules is located at page 1 in the financial section of this report.

Management's Discussion and Analysis (MD&A) follows the independent auditor's report in the financial section of this report. The MD&A provides a narrative analysis of the basic financial statements. The MD&A and this letter both contain information valuable to the user of the financial statements and should be read in conjunction with them.

Village profile

The Village of Palm Springs was incorporated in 1957 and is centrally located in Palm Beach County. As part of South Florida's Gold Coast, Palm Beach County is well recognized for its unique lifestyle with a comfortable average year-around temperature of 76 degrees, 45 miles of beaches and many cultural attractions. These elements and many more combine to create an unequalled quality of life that has attracted a diverse population from retirees to young professionals.

Palm Springs is an attractive, affordable community offering a mix of single family homes, townhomes and condominiums combined with all the services working families and retirees look for. As a full-service municipality, the Village strives to meet the needs and desires of the entire spectrum of residents by providing law enforcement, a public library, parks and recreation facilities and activities, sanitation and recycling services, water and sewer services, road and street maintenance and beautification as well as general government support services.

The Village's enterprise operation consists of two water treatment plants. The first plant, located within the Village, is a 6 million gallon treatment facility. The second plant, dedicated to former Public Service Director Robert L. Pratt, is located in unincorporated Palm Beach County and is a 3 million gallon treatment facility with expansion capabilities to 4 million gallons.

The Village's sewer treatment is handled through two connections to the East Central Regional Wastewater Treatment Facilities. The Village has agreements with Palm Beach County for one connection and with the City of Lake Worth for the second. As of September 30, 2013, our utility system had 19,996 water customers and 17,903 sewer customers. Approximately 46% of total connections serve our residents; the other 54% of our connections are in the unincorporated area.

The Village operates under a Council-Manager form of government. Four Council members are elected at large each representing a district in which they must reside. The Mayor is elected at large and may reside in any of the four districts. The Mayor and four council members are elected to serve two year overlapping terms. Day to day operations of the Village is under the direction of the Village Manager who is appointed by the Village Council.

Economic outlook and financial planning

Fortunately, the Village has been very conservatively managed and created a fund balance sufficient to carry us through natural disasters, such as the hurricane seasons of 2004 and 2005, and the recession that began in 2008. Just as we worked through the natural disasters, we will prudently work to serve our residents and lead this community beyond this very tough economic downturn by maximizing the resources we have.

The Village's population has increased 49%, from 13,363 in 2004 to the current estimate of 19,938. Over the same ten year period the Village's assessed taxable value grew from \$379 million in 2004 to a high of \$946 million in 2008 (an increase of 250%), then due to the economic downturn, it has declined to \$580 million, a decline of 38% in five years.

As of September 30, 2013 the General Fund had a total fund balance of \$6,096,053. The components of fund balance, in accordance with GASB 54, are detailed as follows.

Total fund balance	\$ 6,096,053
Nonspendable:	
Inventory	40,204
Noncurrent interfund receivable	1,230,561
Assigned to:	
Subsequent year's budget	895,456
Library operations	45,926
Disaster recovery	1,500,000
Future capital projects	<u>1,500,000</u>
Unassigned fund balance	<u>\$ 883,906</u>

The General Fund's unassigned fund balance represents 6.3% of the General Fund budget for fiscal year 2014. Our goal is to maintain unassigned fund balance in the 20-25% range. The sole purpose for building a fund balance to this level is to provide assistance during the "rainy days." In fiscal year 2012, the Village Council agreed to provide funding to the Water and Sewer Utility Fund for the expansion of our wastewater system with an estimated total cost not to exceed \$1,500,000. Those funds were reclassified from unassigned fund balance and as of September 30, 2013 the Water and Sewer Utility Fund had borrowed \$1,230,561 to complete those projects, so that portion is reflected as nonspendable fund balance until the advance is repaid by the Water and Sewer Utility Fund. The project is complete and the advance will be repaid to the General Fund in October 2013 which will restore the unassigned fund balance to 15% of the 2013-2014 annual budget and is positive progress towards restoring our target range. The Village will always seek to balance the budget with current resources, but we have prudently provided funds for the economic impacts we are facing.

The five year capital plan has been sidelined by the economy, but the Village is focusing resources on maintaining our facilities. Fortunately Village Hall, the Police/Fire station and the Leisure Services Activity Building are all less than 10 years old. The Library was renovated when the new Village complex was built approximately 8 years ago and in fiscal year 2010 we added a new Maintenance facility. The Village maintains the roads and street network by evaluating road conditions and prioritizing the maintenance based on this data. The Village is restarting the capital budget plan in fiscal year 2014 for the 2015 budget year.

The Village Council legally adopts a formal annual budget for the General Fund. The Village maintains budgetary control at the department level of expenditure. All expenditures in excess of \$5,000 or more require the Village Manager's authorization, and expenditures over \$25,000 require approval by the Village Council and/or competitive bid.

Budget transfers within a department are handled administratively. The Village Council must approve budget transfers between departments or budget amendments which increase or decrease the total fund.

A schedule comparing the original budget, revised budget and actual revenues and expenditures is located on pages 60 – 63 of this report.

Major initiatives

In April, the Village refinanced the 2003 Water and Sewer Revenue Bonds with interest rates ranging from 4.50% to 5.25% by negotiating a new bank loan for the outstanding balance plus \$5 million in new money for the remaining twenty year term at 2.39% interest, thereby saving the Village approximately \$142,000. The new money is being used to extend wastewater services in our service area.

Public Services resurfaced six roads as part of our infrastructure maintenance program. New water and wastewater lines were installed to provide service to residents of Diamond Lane and Barbridge Road. A new administration building was constructed at the main water treatment plant replacing the trailer that had outlived its useful life.

Village Manager, Karl Umberger, conceived the idea of creating a new park to link existing Village parks to the Village Center and eventually to other parks, and with that direction the Leisure Services and Public Service departments worked together to complete a new ¼ mile linear green space connecting Frost Lake Park to the Village Center. The Village Council then honored Karl by renaming the park the “Karl E. Umberger Pathway Park” to honor his 14+ years as Village Manager.

Leisure Services also obtained a \$250,000 grant from the Florida Department of Energy to retrofit the ball field complex with new energy efficient lighting fixtures.

Our Library was spruced up with new interior paint, new upholstery for chairs in the reading area and meeting room and new water fountains. They also added a new service for individual instruction in English and Spanish for individuals seeking assistance.

Utilizing grant funds, the Police department was able to enhance the security of their facility by installing a card access system. The system they purchased is expandable and the Village hopes to expand this level of security to other Village facilities.

In December 2012, the Police held their second annual “Stuff-A-Cruiser” toy drive. The event is held to collect new toys to benefit local needy families during the holidays. Over 2,000 people were in attendance and the department raised over \$13,000 in cash and toys.

Two new programs were initiated this year by the Police Department, a Chaplain Program using a volunteer chaplain to provide spiritual guidance, counseling, support, training and information by request to department members, their families and to the community in times of crisis. The second program is the Community Emergency Response Team (CERT). This program educates people about disaster preparedness for hazards

that may impact their area and trains them in basic disaster response skills such as fire safety, light search and rescue, team organization, and disaster medical operations.

Awards

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 Palm Springs for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2012.

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

A Certificate of Achievement is valid for one year only. The Village of Palm Springs has received a Certificate of Achievement for the last twenty-five consecutive years (fiscal years ended 1988-2012). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgements

Karl Umberger joined the Village as our Police Chief in April 1996 and three years later the Village Council asked him to step up to the position of Village Manager. This choice by our Village Council and Karl's willingness to accept that responsibility has forever changed the Village.

Karl is a visionary, he saw the needs of the Village, the desires of the residents and Village Council, then each and every day took action to make that vision a reality. Karl was an ambassador for the Village, reaching out into the community and the surrounding area to share ideas with residents, businesses and developers so they would know why becoming part of our Village was in our mutual best interest. Karl is a gifted leader who shared ideas with each of us, provided the resources to get the job done and then always gave the credit to staff for the accomplishments.

When Karl became Village Manager the Village was primarily a residential community, with a stagnant tax base faced with growing needs to address impacts from the surrounding unincorporated areas. Karl led an aggressive annexation initiative to increase our commercial base, improve the surrounding residential and commercial areas by bringing them into the Village and spurring new development and re-development.

In 1999, when Karl became Village Manager the population was 10,146 and the taxable value was \$187 million. In fiscal year 2013, following Karl's retirement, our population had grown to 19,938 and our taxable value had grown to \$580 million. In 2008, before the recession our taxable value reached \$946 million and we fully expect to regain that value as the economy begins its recovery.

During Karl's tenure the Village:

- Population increased by 96.5% (10,146 to 19,938).
- Taxable value increased by 505.3% to a record \$946 million in 2008 (pre-recession).
- Taxable value is currently \$580 million, an increase of 320.8% since 1999.
- Received taxpayer approval to fund a new Village complex, replacing facilities built in the 1960's.
- Designed Village Hall to have unoccupied space for future growth.
- Constructed a new Village Maintenance facility and warehouse.
- Expanded the recreational facilities adding new tennis courts, basketball courts, volleyball courts, a water splash park, and mini-golf course.
- Expanded the Village's land area from 1.6 square miles to 3.57 square miles.
- Increased the number of Village parks from 2 to 8.
- Launched its first website in 1999, replacing it with a new interactive website in 2012.

- Provided utility customers the ability to pay their bills online with a credit card.
- Saved over \$250,000 by refinancing two bond issues and lowering the interest rate from 5% to 2.39%.
- Survived 3 hurricanes, clearing streets and restoring operations within 24 hours of the storms passing and successfully receiving FEMA reimbursements for all storm related damages.
- Privatized Sanitation services locking in residential costs for 7 years and added billing to non-ad valorem bills improving collections.
- Merged our Fire Rescue services with Palm Beach County Fire Rescue, keeping the staff and equipment in our facilities with a 10 year agreement.
- Encouraged new commercial businesses like WalMart and Oxygen (large manufacturing company) to open in the Village adding 400+ jobs to our economy.
- Received both the American Water Works Association and the Florida Rural Water Association awards for “Best Tasting Drinking Water” in 2009.
- Became the first Water Utility to upgrade to a new MIEX water treatment process, wherein our plants became the showcase for this new treatment process.
- Expanded our water utility lines to increase customers from 10,120 to 19,996.
- Expanded our wastewater services to increase customers from 9,006 to 17,903.

Palm Springs didn't just become bigger; we became better because Karl Umberger was at the helm, with big ideas, building a team spirit to serve the community and getting the job done. It has been a great pleasure to work with him, and know that as a team we accomplished a lot thanks to his leadership.

I want to personally thank Mariana Ortega-Sanchez, Assistant Finance Director, Nancie Rathbun, Accounting Technician, Anthony Parsells, IT Operations Manager and Fiscal Specialists, Leanna Collazo and Corey Osborne for their daily dedication to quality work and devotion to serving the Village. Our Village is blessed by your service, you make me proud!

Respectfully submitted,

A handwritten signature in cursive script that reads "Rebecca L. Morse". The signature is written in black ink and is positioned above the typed name and title.

Rebecca L. Morse, CGFO, CPFO
Chief Financial Officer

VILLAGE OF PALM SPRINGS, FLORIDA

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2013

<u>Title</u>	<u>Name</u>
Mayor	Bev Smith
Vice Mayor	Patti Waller
Mayor Pro-Tem	Sergio Escalada
Council Member	Doug Gunther
Council Member	Joni Brinkman
Village Manager	Richard J. Reade
Chief Financial Officer	Rebecca L. Morse
Public Services Director	William F. Davis
Public Safety Director	Tom Ceccarelli
Village Clerk	Virginia M. Walton
Library Director	Elena Romeo
Leisure Services Director	William Golson
Land Development Director	Bette J. Lowe
Village Attorney	Glen J. Torcivia

**VILLAGE OF PALM SPRINGS, FLORIDA
ORGANIZATIONAL CHART
SEPTEMBER 30, 2013**

VOTERS of PALM SPRINGS

VILLAGE ATTORNEY
Glen J. Torcivia

AUDITOR
*Caler, Donten, Levine,
Cohen, Porter & Veil, P.A.*

CONSULTANTS
Eckler Engineering

MAYOR AND VILLAGE COUNCIL
*Bev Smith - Mayor
Patti Waller - Vice Mayor
Sergio Escalada - Mayor Pro-Tem
Doug Gunther - Council Member
Joni Brinkman - Council Member*

BOARD & COMMITTEES
Code Enforcement Board
Land Development Board
Leisure Services Board
Library Board
General Employees Pension
Police Officers Pension

VILLAGE MANAGER
Richard J. Reade

PUBLIC SAFETY
Tom Ceccarelli

LIBRARY
Elena Romeo

LEISURE SERVICES
William Golson

FINANCE
Rebecca Morse

PUBLIC SERVICES
William F. Davis

LAND DEVELOPMENT
Bette Lowe

VILLAGE CLERK
Virginia Walton

UTILITIES

PUBLIC WORKS

SANITATION



Government Finance Officers Association

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

Presented to

**Village of Palm Springs
Florida**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

FINANCIAL SECTION



CALER, DONTEN, LEVINE, COHEN, PORTER & VEIL, P.A.

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K CALER, JR., CPA
LOUIS M COHEN, CPA
JOHN C COURTNEY, CPA, JD
DAVID S DONTEN, CPA
JAMES B HUTCHISON, CPA
JOEL H LEVINE, CPA
JAMES F MULLEN, IV, CPA
THOMAS A PENCE, JR., CPA
SCOTT L PORTER, CPA
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CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

The Honorable Mayor and
Village Council
Village of Palm Springs, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activity, each major fund and the aggregate remaining fund information of the Village of Palm Springs, Florida, as of and for the year ended September 30, 2013, 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 U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards 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 activity, each major fund and the aggregate remaining fund information of the Village of Palm Springs, Florida, as of September 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 13, the budgetary comparison information on pages 60 to 64 and the condition rating of the Village's street system and historical pension information on pages 65 through 67 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 U.S. generally accepted auditing standards, 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, the combining fund financial statements and debt schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections and debt schedules 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 January 17, 2014, on our consideration of the internal control over financial reporting of the Village of Palm Springs, Florida, 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 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.

*Caleb Dauter, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
January 17, 2014

VILLAGE OF PALM SPRINGS, FLORIDA
MANAGEMENT AND DISCUSSION AND ANALYSIS

As management of the Village of Palm Springs, we are presenting this discussion and analysis (MD&A) to provide a narrative overview and analysis of the financial activities of the Village for the fiscal year ended September 30, 2013. Please read it in conjunction with the accompanying transmittal letter beginning on page i and the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- The Village's total net position at September 30, 2013 is \$57.1 million. Of this amount, \$14.0 million (unrestricted net position) may be used to meet the Village's ongoing obligations to residents and creditors.
- Governmental activities net position is \$14.3 million, an increase of \$294,305.
- Business-type activities net position is \$42.8 million, an increase of \$1,960,981.
- The total revenues from all sources were \$28.2 million, an increase of \$1,088,984.
- The total cost of all Village programs was \$26.0 million, an increase of \$1,440,441.
- During the year, the Village's governmental activities revenues and transfers exceeded expenditures by \$294,305.
- Total expenditures in the General Fund exceeded total revenues by \$418,774 including other financing sources and uses.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$883,906, or 6.4% of total General Fund expenditures.
- The Village's total noncurrent liabilities increased by \$3.7 million during the current fiscal year. The Village's governmental activities long term liabilities decreased by \$214,076 and the business activities long term liabilities increased by \$3,932,978.
- The Village recorded a liability at fiscal year-end representing the implicit rate subsidiary for other postemployment benefits in the amount of \$101,548 for the governmental activities and \$75,452 for the business-type activities, for a total of \$177,000. This represents an increase of \$20,000 in OPEB liability compared to fiscal year 2012.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements including four components which are:

1. Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the Village as a whole.
2. Fund financial statements tell how services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds.
3. Notes to the financial statements.
4. Other information.

Government-wide Financial Statements

A frequently asked question regarding the Village's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT AND DISCUSSION AND ANALYSIS

question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the Village's net position and changes therein. Net Position is the result of assets plus deferred outflows of resources minus liabilities and deferred inflows of resources. Net Position is one way to measure the Village's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. The Statement of Net Position and the Statement of Activities present information about the following:

- **Governmental activities** - All of the Village's basic services are considered to be governmental activities, including the Village Council, Village Manager, Village Clerk, Finance, Land Development (planning, building, zoning and licensing), Police, Sanitation and Recycling, Public Works (road and street maintenance), Library and Leisure Services. The Village's general obligation debt is also included in the governmental activities.
- **Business type activities/Enterprise Fund activities** - The Village charges a fee to customers to cover all of the cost of the services provided. The Village's Water and Sewer Utility system is reported in this category.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the Village as a whole. Some funds are required to be established by State law. However, management establishes other funds, which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants and other money. The Village's three kinds of funds, *governmental, enterprise and fiduciary* use different accounting approaches as explained below.

- **Governmental funds** - Most of the Village's basic services are reported in the governmental funds. Governmental funds focus on how resources flow in and out, with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general governmental operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. The Village of Palm Springs has three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 68-69 of this report. The basic governmental fund financial statements can be found on pages 17-20 of this report.
- **Enterprise funds** - The Village's only enterprise fund is the Water and Sewer Utility Fund. The Water and Sewer Utility Fund accounts for the operations of the water and wastewater utility and charges customers for the services it provides. Enterprise funds are reported on the full accrual basis of accounting in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The basic enterprise fund financial statements can be found on pages 21-24 of this report.
- **Fiduciary funds** - Fiduciary funds are 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 the Village's own programs. The Village maintains

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two fiduciary funds; the General Employees' Pension Trust Fund and the Police Employees' Pension Trust Fund. The accounting used for fiduciary funds is much like that used for enterprise funds. The basic fiduciary fund financial statements can be found on pages 25-26 of this report.

Notes to the Financial Statements

The notes to the financial statements are provided to communicate additional information that is essential to obtaining a comprehensive understanding of the data contained in the government-wide and fund financial statements. The notes to the financial statements are located on pages 27-59 of this report.

Other Information

In addition to the basic financial statements and notes, this annual report also presents certain required supplementary information which includes a budgetary comparison schedule for the General Fund together with notes pertaining to the budget schedule. The Village also presents information concerning the Village's progress in funding its obligation to provide pension benefits to its employees in this section. Required supplementary information can be found on pages 60-67.

The combining financial statements of the non-major governmental funds and the combining financial statements of the fiduciary funds are presented on pages 68-71 of this report.

Immediately following the combining financial statements the Village includes schedules of long-term debt. These schedules detail the principal and interest payments due by issue and fiscal year through maturity. These schedules are located on pages 72-74 of this report.

The statistical section located on pages 75-105 of this report presents schedules providing details about the financial trends, revenue capacity, debt capacity, demographic, economic and operating information to assist the user in understanding the Village's financial statements and overall financial health.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The net assets of the Village are summarized as follows:

	Village of Palm Springs Net Position Summary					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Assets:						
Current and other assets	\$ 7,056,465	\$ 7,331,669	\$ 15,385,257	\$ 8,303,434	\$ 22,441,722	\$ 15,635,103
Capital assets	14,503,120	14,154,754	44,027,385	45,870,714	58,530,505	60,025,468
Total assets	\$ 21,559,585	\$ 21,486,423	\$ 59,412,642	\$ 54,174,148	\$ 80,972,227	\$ 75,660,571
Liabilities:						
Long-term debt outstanding	\$ 6,081,796	\$ 6,340,486	\$ 14,352,351	\$ 10,446,185	\$ 20,434,147	\$ 16,786,671
Other liabilities	1,182,782	1,145,235	2,084,479	2,852,368	3,267,261	3,997,603
Total liabilities	\$ 7,264,578	\$ 7,485,721	\$ 16,436,830	\$ 13,298,553	\$ 23,701,408	\$ 20,784,274
Deferred Inflows of Resources						
Deferred amount on refunding	\$ -	\$ -	\$ 139,236	\$ -	\$ 139,236	\$ -
	\$ -	\$ -	\$ 139,236	\$ -	\$ 139,236	\$ -
Net Position:						
Net investment in capital assets	\$ 8,421,324	\$ 7,814,268	\$ 34,510,573	\$ 36,404,485	\$ 42,931,897	\$ 44,218,753
Restricted for law enforcement	73,102	32,875	-	-	73,102	32,875
Restricted for debt service	100,038	3,668	-	968,872	100,038	972,540
Restricted for capital assets	-	-	-	100,000	-	100,000
Unrestricted	5,700,543	6,149,891	8,326,003	3,402,238	14,026,546	9,552,129
Total net assets	\$ 14,295,007	\$ 14,000,702	\$ 42,836,576	\$ 40,875,595	\$ 57,131,583	\$ 54,876,297

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As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets exceeded liabilities by \$57.1 million, approximately \$2.2 million more than fiscal year 2012. The largest portion of the Village's net position (75.1%) reflects its investment in capital assets (land, buildings, machinery and equipment), net of related debt used to acquire these assets. The Village uses these capital assets to provide services to citizens; therefore these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position (0.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$14.0 million or 24.6%) may be used to meet the government's ongoing obligations to citizens and creditors. At the end of the fiscal year, the Village has positive balances in all three categories of net position; for the Village as a whole, as well as for its separate governmental and business-type activities. Changes in net position were as follows:

	Village of Palm Springs Changes in Net Assets					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program revenues:						
Charges for services	\$ 2,860,074	\$ 2,915,895	\$ 15,065,056	\$ 14,510,608	\$ 17,925,130	\$ 17,426,503
Operating grants and contributions	283,811	436,999	-	-	283,811	436,999
Capital grants and contributions	368,107	120,771	250,582	979,989	618,689	1,100,760
General revenues:						
Property taxes	2,594,762	2,560,178	-	-	2,594,762	2,560,178
Utility service taxes	2,325,477	2,060,461	-	-	2,325,477	2,060,461
Franchise fees	997,396	991,051	-	-	997,396	991,051
Sales and use taxes	1,710,823	1,595,146	-	-	1,710,823	1,595,146
Business taxes	281,084	273,306	-	-	281,084	273,306
Intergovernmental, unrestricted	590,295	496,719	-	-	590,295	496,719
Investment earnings	21,968	25,979	97,441	94,951	119,409	120,930
Miscellaneous	76,241	20,045	700,238	52,273	776,479	72,318
Total revenues	\$ 12,110,038	\$ 11,496,550	\$ 16,113,317	\$ 15,637,821	\$ 28,223,355	\$ 27,134,371
Expenses:						
Program expenses:						
General government	\$ 1,973,168	\$ 1,732,639	-	-	\$ 1,973,168	\$ 1,732,639
Public Safety	7,574,060	7,271,962	-	-	7,574,060	7,271,962
Sanitation and Recycling	951,966	891,160	-	-	951,966	891,160
Transportation	1,103,302	927,758	-	-	1,103,302	927,758
Culture/Recreation	1,845,343	1,864,706	-	-	1,845,343	1,864,706
Interest on long-term debt	149,486	369,276	-	-	149,486	369,276
Water and Sewer Utility	-	-	12,370,744	11,470,127	12,370,744	11,470,127
Total Expenses	\$ 13,597,325	\$ 13,057,501	\$ 12,370,744	\$ 11,470,127	\$ 25,968,069	\$ 24,527,628
Change in net position before transfers	\$ (1,487,287)	\$ (1,560,951)	\$ 3,742,573	\$ 4,167,694	\$ 2,255,286	\$ 2,606,743
Transfers	1,781,592	1,675,428	(1,781,592)	(1,675,428)	-	-
Increase in net position	294,305	114,477	1,960,981	2,492,266	2,255,286	2,606,743
Net Position - October 1	14,000,702	13,886,225	40,875,595	38,383,329	54,876,297	52,269,554
Net Position - September 30	\$ 14,295,007	\$ 14,000,702	\$ 42,836,576	\$ 40,875,595	\$ 57,131,583	\$ 54,876,297

Governmental Activities

Governmental activities increased the Village's net position by \$294,305. Charges for services decreased by \$55,821 or 1.9%. Leisure service activities were down \$64,521 or 16.5% this is the second consecutive year we have seen a decline in participation and we believe it to be related to an increase in travel team athletic leagues and a slight change in demographics giving us fewer travel club participants. Building Permits increased significantly \$139,565 or 83.5% compared to fiscal year 2012, which is a positive sign as we see building activity increasing and new developments starting up, this also contributed to a \$35,906 or 73.3% increase in related fees for plan review. Revenues from Court Fines declined \$78,377 or 27.6%, which is

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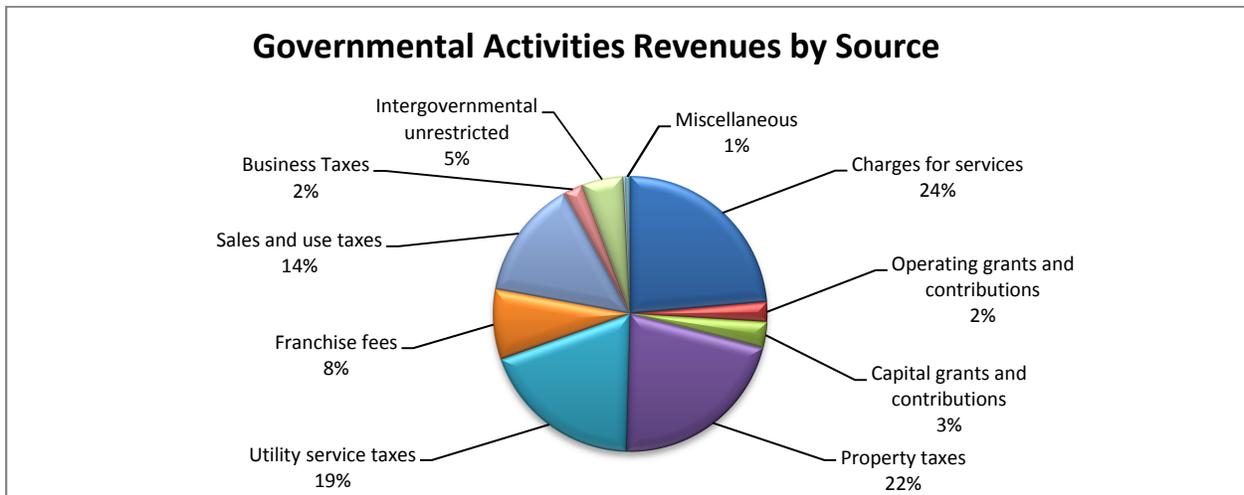
partially due to the decline in red light traffic tickets. Also, when these tickets are not paid in the initial period they become a uniform traffic citation and are paid through the courts. The Village stopped the red light camera program June 30th and this resulted in a further decrease of \$268,548 in revenues from the red camera program. Violations of local ordinances and code citation fees increased \$65,514 or 80% over fiscal year 2012, as foreclosed properties are being purchased and the outstanding liens on these properties are being settled. Garbage collection fees increased slightly \$41,202 or 4.66% over fiscal year 2012, primarily due to annexations.

Operating grants and contributions decreased by \$153,188 or 35.0%. Our last COPS grant ended in this fiscal year, which is a decrease of \$87,188 from the prior fiscal year. Also two FDOT grants were completed in fiscal year 2013, and one new FDOT grant was awarded this fiscal year, but the Village had a net decrease in FDOT grants of \$45,704. Our share of the recycling shared revenues from the Solid Waste Authority also declined \$12,323 or 35.6%, due to decreased demand for recycled materials.

Capital grants and contributions increased a total \$247,336 or 304%. The Village was awarded \$250,000 for an Energy Efficient Lighting Grant to upgrade our ballfield lights. This year our capital grant funds from Palm Beach County decreased by \$55,345 from last year. The County funds are generated from a \$12.50 fee on traffic tickets and are available when the Village submits requests for law enforcement communication related purchases. The Police Department also received \$26,291 worth of exercise equipment from a private individual and will be made available to all Village employees. Our revenues from insurance reimbursements increased by \$7,482 or 27% over last fiscal year, unfortunately due to increased accident claims.

Property taxes increased by \$34,584 or 1.35% over fiscal year 2012 due to slightly improved collections. The Village maintained the operating millage rate of \$3.5000 (\$3.50 per \$1,000 of taxable value), but the taxable value declined 3.3% as a result of the decline in market values.

Revenues: The Village's governmental activities revenues by source are summarized in the chart below showing the relative percentage of each revenue source to total governmental revenues.



Looking at the chart shows that property taxes represented 22% of total governmental activity revenues this fiscal year, which is the same as fiscal year 2012. Charges for Services decreased from 25% of revenues to 24% in fiscal year 2013, which is attributable to the declining participation in leisure service activities, court fines and red light camera fees, net of increases in building permit activity, and related fees. Sales and use taxes contributed the same 14% of total governmental revenues compared to fiscal year 2012. Operating grants and contributions decreased from 4% of revenues in fiscal year 2012 to 2% this fiscal year as three law

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enforcement related grants were completed. Capital grants and contributions increased from 1% of revenues in fiscal year 2012 to 3% this fiscal year due to the \$250,000 Efficient Energy Grant the Village received to upgrade our ballfield complex lighting.

Expenses: The Village’s programs include General Government, Public Safety, Sanitation and Recycling, Transportation, and Culture/Recreation. General Government includes the legislative, executive, financial, and other general operations of the Village. Public Safety includes police, and planning, building, zoning, licensing and code enforcement operations. Transportation includes our street maintenance and public works operations. Culture/Recreation includes our library and leisure services.

General Government expenses increased \$240,529, primarily due to increased legal fees (\$156,338), together with increased contractual services for the full year of switching our software from our local servers to an application service provider agreement and a full year of our new website services (\$29,914). In addition, personnel services in the executive function increased with the overlap of the former Village Manager and new Village Manager working together for 7 weeks. Also impacting this were increases due to salary increases and the increased cost of benefits.

Public Safety expenses increased \$302,098 due to increased wages, health insurance, pension costs and other contractual services. The Village pays the Town of Lake Clarke Shores when their officers work police details in Palm Springs, and they provided additional services this year to meet the demand for additional police details, which resulted in an increase of \$25,918 in other contractual services. Land Development also used outside contractual services for inspections and plan review, increasing costs \$6,511 over the prior fiscal year.

Sanitation expenses increased \$60,806 due to contractual rate increases from the hauler and additional customers added to our service area through annexation.

Transportation increased \$175,544 for fiscal year 2013 compared to fiscal year 2012. The Village has a policy to maintain at least 80% of our street system at a good or better condition as determined by the annual payment ratings and those costs increased \$97,116 this fiscal year. More information on the Village’s Street System and condition rating can be found on page 65 of this report. The balance of the increase in expenses is related to increased wages and benefit costs.

Culture/Recreation expenses decreased \$19,363, primarily due to the reduction in participation in travel club, camp and athletic programs this fiscal year producing a related reduction in program costs.

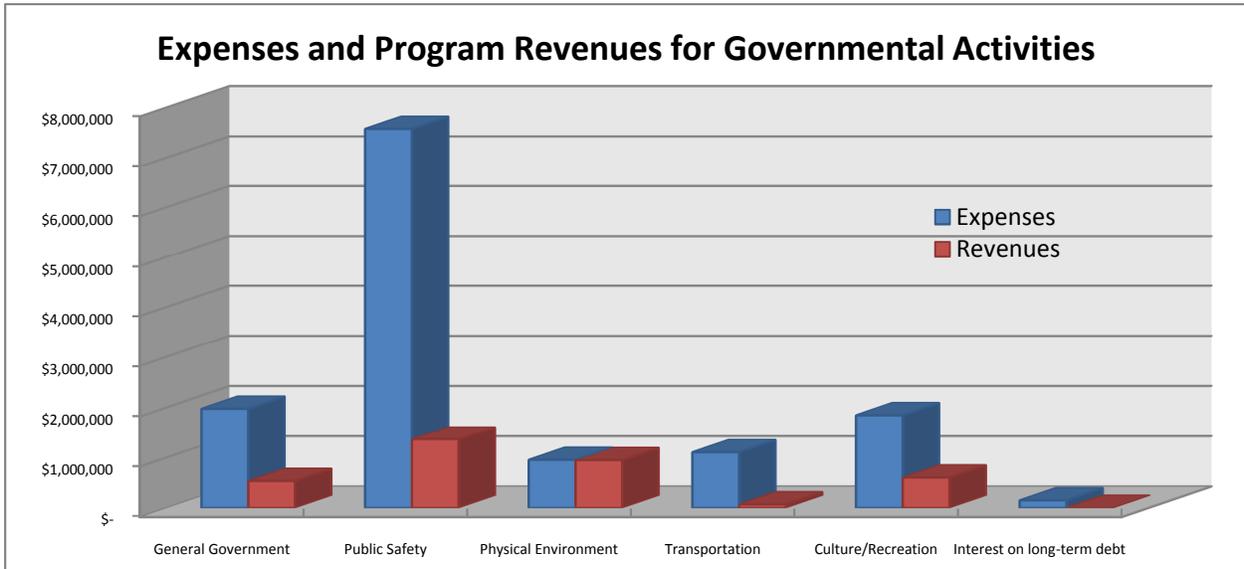
Below is a schedule presenting the net cost of each program (total cost, less revenues generated by the activities). The net cost shows the extent to which the Village’s general revenues support each of the Village’s programs.

**Village of Palm Springs
Governmental Activities Net Cost of Services**

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2013	2012	2013	2012	2013	2012
General Government	\$ 1,973,168	\$ 1,732,639	\$ (532,975)	\$ (434,388)	\$ 1,440,193	\$ 1,298,251
Public Safety	7,574,060	7,271,962	(1,361,390)	(1,642,180)	6,212,670	5,629,782
Sanitation and Recycling	951,966	891,160	(946,736)	(917,857)	5,230	(26,697)
Transportation	1,103,302	927,758	(69,743)	(68,854)	1,033,559	858,904
Culture/Recreation	1,845,343	1,864,706	(601,148)	(410,386)	1,244,195	1,454,320
Interest on long-term debt	149,486	369,276	-	-	149,486	369,276
Totals	\$ 13,597,325	\$ 13,057,501	(3,511,992)	(3,473,665)	\$ 10,085,333	\$ 9,583,836

The total cost of all governmental activities this year was \$13.6 million. The schedule above shows that \$3.5 million of the cost of services was paid by those who directly benefited from the programs and \$10.1 million was financed through general revenues, such as taxes. Expenses and the related programs revenues are compared below:

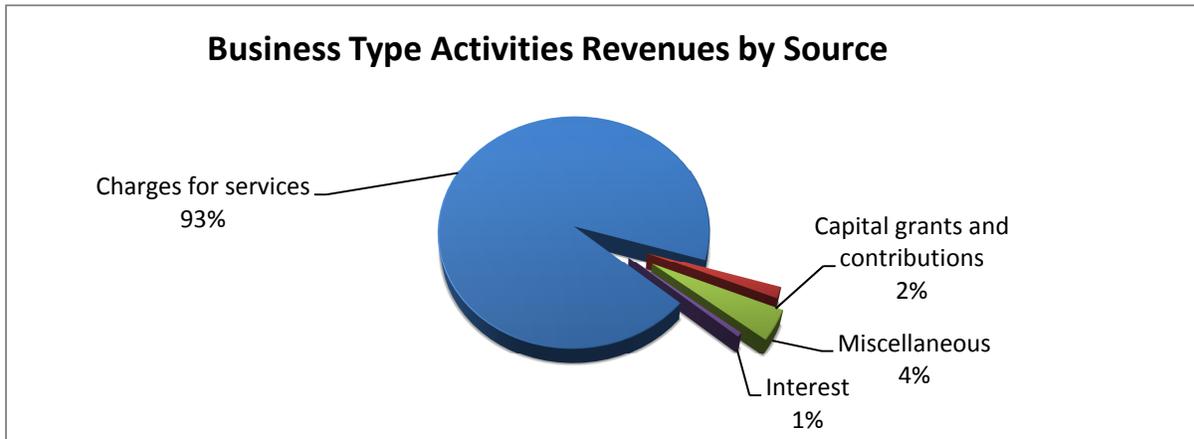
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Business-type Activities

The net position of the enterprise fund (Water and Sewer Enterprise) at September 30, 2013 was \$42.8 million. As shown in the Statement of Activities, the cost of providing business-type (enterprise fund) activities this year was \$12.4 million, representing an increase of \$900,617 compared to fiscal year 2012. The higher expenses resulted from an increase of \$345,391 in salaries and fringe benefits, an increase of \$61,334 for professional fee expenses (including fees for a new 6 year rate study), and an increase of \$53,186 for other contractual services related to the first full year of expense for an application service provider and our new website service. These increases were offset by a decline in electric costs of \$13,281 and reduced expenses for water used at our plants and lift stations of \$28,351. Expenses paid to Palm Beach County and the City of Lake Worth for wastewater disposal decreased a total of \$178,856 reflecting the settlement of disputed charges with the City of Lake Worth and decreased usage. Merchant fees increased \$15,880 compared to fiscal year 2012, when the Village switched from the customer paying the credit card fees to the Village picking up the costs.

Net position of business-type activities increased \$1,960,981. The graph below shows the source of revenues for the Water and Sewer Utility. Revenues derived from charges for services increased by \$554,448 or 3.8% from fiscal year 2012 due to the increase in rates implemented in November for services used in October.



VILLAGE OF PALM SPRINGS, FLORIDA
MANAGEMENT AND DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Governmental Funds

The governmental funds report on the same functions as the governmental activities in the government-wide statements but the focus of the governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources available at fiscal year-end. This information is useful in evaluating the Village's financing requirements. The unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$6,269,193, a decrease of \$282,177, in comparison with the prior year. Revenues increased \$587,197 in 2013. Tax revenue increased \$218,792 due to improved collections and additional utility taxes generated by annexations. Building permit revenues increased by \$168,288 as the building activities have begun to pick up.

In fiscal year 2013 expenditures increased \$966,377 compared to fiscal year 2012, excluding the one-time effects of refunding an outstanding bond issue in the amount of \$6,390,000. Debt service costs in 2013 decreased by \$402,327, reflecting the benefits to the Village from a bond refunding last fiscal year, which lowered the interest on outstanding debt from rates of 5.0% to 5.5% and refinancing them with a 20 year bank note at 2.39%. The expenditures by function for the Governmental Funds were consistent with the Governmental Activities expenses, as follows.

- General Government expenses increased \$240,529 in 2013.
- Public Safety expenses increased \$302,098 in 2013.
- Sanitation expenses increased \$60,806 in 2013.
- Transportation increased \$175,544 in 2013.
- Culture/Recreation expenses decreased \$19,363 in 2013.

The reasons for the increases and decreases in the expenditures by function for the Governmental Funds were likewise consistent with the explanations noted previously for the Governmental Activities.

The governmental funds had a total fund balance of \$6,269,193 at September 30, 2013, comprised of non-spendable fund balance of \$1,270,765 (\$40,204 representing inventory, \$1,230,561 representing funds advanced to the Water and Sewer Utility enterprise fund that are not due until FY2014); restricted fund balance of \$173,140 (\$73,102 for law enforcement and \$100,038 for debt service); assigned fund balances of \$1,500,000 for disaster recovery; \$1,500,000 for future capital projects; \$45,926 for Library operations; and \$895,456 for the subsequent year's budget. The balance of \$883,906 is unassigned.

The primary operating fund for the Village is the General Fund. The General Fund's unassigned fund balance represents 14.5% of the total fund balance of \$6,096,053 and 6.3% of the fiscal year 2014 budget for the General Fund. The General Fund's unassigned fund balance at fiscal year-end 2012 represented 9.1% of the 2013 budget. The Village's target range for unassigned fund balance is 20-25%. The Village anticipates restoring the unassigned fund balance to the target range in the next fiscal when the Water and Sewer Enterprise Fund repays the advance of \$1.2 million.

Enterprise Fund

The Village has one enterprise fund. Enterprise funds present the same functions presented as business-type activities in the government-wide financial statements, but in more detail. The Village of Palm Springs uses an enterprise fund to account for its Water and Sewer Utility operations.

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Unrestricted net position for the Water and Sewer Enterprise Fund was \$8.33 million at fiscal year-end. Unrestricted net position increased by \$4,923,765 compared to the prior fiscal year. This is due to refunding of the 2003 Revenue Bonds with a new note payable, which released \$1,068,872 in restricted net position and provided additional \$4.7 million in funding for new wastewater projects. Charges for services revenues increased \$554,448 reflecting a rate increase that went into effect for services consumed in October and billed in November. Revenues from capital contributions decreased \$729,407 from fiscal year 2012 when we added new sewer connections after completing a large sewer line expansion project. As we complete the new project that will be funded with the additional funding received from the debt refinancing more customers will be able to receive services and capital contributions will increase.

Operating expenses increased \$900,617 primarily for personnel costs, professional fees paying for the new 6 year rate study, other contractual services to fund the cost of a full year of using an application service provider for our utility billing system together with our new website. General liability insurance costs and chemical for water treatment also contributed to the increased operating expense. Total net position for the Water and Sewer Utility Fund was \$42.8 million at fiscal year-end, an increase of \$1,960,981 from the prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were \$879,637, and can be briefly summarized as follows:

- \$250,000 was awarded by Florida Department of Energy to retrofit the athletic complex lighting with new energy efficient fixtures.
- \$25,417 was recognized as revenue from the Palm Beach County for the \$12.50 traffic ticket funds and was used to purchase four new laptops and a new dispatch radio console for the Police department.
- \$8,544 was awarded by the Department of Justice Bureau of Juvenile Assistance to train personnel in dynamic entry and tactics.
- \$5,676 was awarded by the Florida Department of Law Enforcement to install a card access system for building security at the Public Safety station.
- \$115,000 was appropriated from fund balance to provide funding for a labor related legal settlement.
- \$475,000 was appropriated from assigned fund balance to provide capital funding for the construction of new storm water drainage on Davis Road south of 10th Avenue.

Of the total increase, \$366,537 was funded by grants, \$475,000 was appropriated from fund balance assigned for capital projects, and \$115,000 was appropriated from unassigned fund balance.

At fiscal year-end General Fund revenues fell short of the amended budget by \$1,210,373, which was financed by an appropriation of \$1,292,241 from fund balance. Revenues from licenses and permits generated \$76,434 more than anticipated and intergovernmental revenues also exceeded expected revenues by \$108,524; however, charges for service fell short of budget by \$35,138 and fines and forfeitures were \$342,504 below budget due to the drop in red light camera revenues and related court fines. Overall, General Fund expenditures were \$791,599 less than the budget for fiscal year 2013. The savings was not generated by a particular expenditure object or department, but instead a combination of savings in various areas of our operation and the prudent management of resources by the departments.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The Village of Palm Springs' investment in capital assets for its governmental and business type activities as of September 30, 2013, amounts to \$58,530,505 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, library books, software, roads, sidewalks, bridges, drainage and intangible assets. The governmental activities increased the

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investment in capital assets by \$348,366, or 2.5% over fiscal year 2012. This increase includes \$119,513 for four additional patrol vehicles, \$10,800 for four additional laptops for the Police Department, \$8,190 for eight new automatic defibrillators, \$11,465 for a new dispatch console, \$5,000 for a new scanner, \$4,990 for two rapid ID devices for the traffic unit, and \$9,505 for a new server and software to support the Police department operations and outside detail program. Road and Streets purchased two heavy duty trucks for \$48,768 and a new roadway striping machine for \$5,489. The Library replaced an outside book drop box for \$4,705 and replaced an air conditioning unit for \$2,050. Leisure Services department spent \$250,000 in energy efficient lighting upgrades for our athletic complex, \$12,656 on the new pathway park and \$25,545 for a new Toro Workmaster. The Village also spent \$483,712 to complete construction of improved drainage on Davis Road.

The Village uses the modified approach for infrastructure reporting of its street system. The Village's policy is to maintain at least 80% of its street system in *good* or *better* condition using the Asphalt Pavement Rating categories of the Asphalt Institute. The rating completed through the most recent year continues to meet or exceed Village policy. For 2013 the estimated maintenance costs were \$124,000 and the actual were \$122,145.

The business-type activities investment in capital assets decreased by \$1,843,329 or 4.0% from fiscal year 2012. This decrease reflects the disposal of a fully depreciated office trailer that was replaced with a new building and the disposal of water lines that were transferred to Palm Beach County Utilities in a service area exchange. Utilities installed telemetry monitoring at 7 lift stations and one facility for a total cost of \$118,000, purchased a new backhoe for \$83,307, a new dump truck for \$75,716, one new heavy duty truck for \$24,384 and two additional trucks for \$46,272, purchased two new air compressors (one for each water treatment plant), and acquired \$75,120 in pumps and water treatment lab and plant equipment. Additional detailed information regarding capital assets can be found in Note 4 of this report.

Village of Palm Springs Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$ 372,421	\$ 372,421	\$ 374,987	\$ 364,217	\$ 747,408	\$ 736,638
Buildings	9,219,655	9,219,655	3,222,204	3,124,792	12,441,859	12,344,447
Improvements other than buildings	2,833,882	2,023,714	72,970,147	72,281,306	75,804,029	74,305,020
Machinery & Equipment	3,509,944	3,446,442	4,395,165	4,124,345	7,905,109	7,570,787
Software & Library Materials	651,380	604,367	7,456	7,456	658,836	611,823
Infrastructure	4,121,761	4,121,761	-	-	4,121,761	4,121,761
Intangible Assets	-	-	7,183,533	7,183,533	7,183,533	7,183,533
Construction in Progress	-	63,800	312,100	917,919	312,100	981,719
Total Assets	20,709,043	19,852,160	88,465,592	88,003,568	109,174,635	107,855,728
Less Accumulated Depreciation	(6,205,923)	(5,697,406)	(44,438,207)	(42,132,855)	(50,644,130)	(47,830,261)
Total	\$ 14,503,120	\$ 14,154,754	\$ 44,027,385	\$ 45,870,713	\$ 58,530,505	\$ 60,025,467

Debt: At fiscal year end, the Village had total noncurrent liabilities outstanding of \$21,461,548 (excluding other postemployment benefits), an increase of \$3,698,902, or 20.8% as compared to fiscal year 2012.

Village of Palm Springs Long-Term Liabilities

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
General Obligation Note	\$ 6,081,796	\$ 6,340,486	\$ -	\$ -	\$ 6,081,796	\$ 6,340,486
Revenue Bonds	-	-	-	10,376,252	-	10,376,252
Note Payable	-	-	14,352,351	69,933	14,352,351	69,933
Compensated Absences	669,773	638,481	357,628	337,494	1,027,401	975,975
Other Postemployment Benefits	101,548	88,226	75,452	68,774	177,000	157,000
Total	\$ 6,853,117	\$ 7,067,193	\$ 14,785,431	\$ 10,852,453	\$ 21,638,548	\$ 17,919,646

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT AND DISCUSSION AND ANALYSIS

The water and sewer 2003 revenue bonds were refinanced in April 2013 with a 20-year bank loan that also provided additional funds of \$5 million for expansion of our wastewater lines. The interest rates on the 2003 revenue bonds ranged from 4.50% to 5.25%, compared to the new bank loan interest of 2.39%. Additional information on the Village's noncurrent liabilities can be found in Note 5 of this report.

The liability for other post-employment benefits increased by \$20,000 in 2013 for a total of \$177,000, which represents the implicit rate subsidy in compliance with GASB Statement No. 45. The increase reflects the latest actuarial valuation dated October 1, 2011. Additional information on other postemployment benefits can be found in note 10 of this report.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

Due to the decline in market value of taxable property in the Village for the third fiscal year, Charges for Services surpassed property taxes as the single most significant governmental revenue source for the Village of Palm Springs. In this fiscal year Charges for Services represents 24% (down from 25%) of total governmental revenues and Property Taxes now represent 22% of total governmental revenue the same as last fiscal year. Utility service taxes increased to 19% from 18% in fiscal year 2012, due to revenues generated from annexed properties.

Property Tax revenues are generated by a millage rate set annually by the Village Council with a legal limit of 10 mills or \$10.00 per \$1,000 of taxable property value. The Village has reduced the operating millage rate over the past ten years from \$4.8740 per \$1,000 of taxable value in 2004 to the present rate of \$3.5000 per \$1,000 of taxable value for the current fiscal year, a decrease of over 28%. The Village's taxable property values have increased 52.8% since 2004, primarily due to annexation, development and redevelopment. Taxable property values dropped 3.3% from fiscal year 2012; however the Village's taxable values increased 8.0% for the upcoming fiscal year 2014, representing the beginning of positive activity in the real estate market.

Effective October 1, 2009 (fiscal year 2010) the Village transferred fire rescue services to Palm Beach County Fire Rescue MSTU (municipal services taxing unit), which now taxes Village property owners \$3.4581 mills per \$1,000 of taxable value. This millage rate is deducted from the Village's legal millage rate limit of 10 mills, limiting our millage rate to \$6.5419.

The Village maintains an unassigned fund balance in the General Fund intended to provide funding for unforeseen events. The Village Council has prudently assigned \$1.5 million dollars of the General Fund's fund balance for disaster recovery and \$1.5 million for future capital needs. In fiscal year 2011, the Village Council also assigned \$1.5 million to loan funds to the Water and Sewer Utility Fund for wastewater expansion projects, of which \$1.2 million has been spent. The Village anticipates that the Water and Sewer Enterprise fund will repay the General Fund the outstanding balance of the loan by October 2013.

CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information please contact: **Village of Palm Springs Finance Department, 226 Cypress Lane, Palm Springs, FL 33461, telephone (561) 965-4013 or on the web at www.vpsfl.org.**

BASIC FINANCIAL STATEMENTS

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Net Position

September 30, 2013

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 4,009,327	\$ 7,957,335	\$ 11,966,662
Receivables:			
Accounts, net of allowance	113,709	3,169,686	3,283,395
Utility taxes	440,500	-	440,500
Franchise fees	295,725	-	295,725
Intergovernmental	189,370	-	189,370
Grants	323,328	-	323,328
Internal balances	1,230,561	(1,230,561)	-
Inventory	40,204	338,620	378,824
Net pension asset	387,924	127,894	515,818
Restricted assets:			
Cash and cash equivalents	-	4,974,775	4,974,775
Other investment	25,817	47,508	73,325
Capital assets:			
Capital assets, not being depreciated	4,494,182	687,087	5,181,269
Capital assets being depreciated	16,214,861	87,778,505	103,993,366
Accumulated depreciation	(6,205,923)	(44,438,207)	(50,644,130)
Total assets	\$ 21,559,585	\$ 59,412,642	\$ 80,972,227
Liabilities			
Accounts payable and accrued liabilities	\$ 143,820	\$ 259,712	\$ 403,532
Contracts and retainage payable	-	9,924	9,924
Accrued interest payable	12,113	155,630	167,743
Deposits	19,184	1,226,133	1,245,317
Unearned revenue	236,344	-	236,344
Compensated absences-current portion	64,635	33,828	98,463
Compensated absences-noncurrent portion	605,138	323,800	928,938
Other postemployment benefits payable	101,548	75,452	177,000
Long-term liabilities due within one year	264,909	552,818	817,727
Long-term liabilities due in more than one year	5,816,887	13,799,533	19,616,420
Total liabilities	\$ 7,264,578	\$ 16,436,830	\$ 23,701,408
Deferred inflows of resources			
Deferred amount on refunding	\$ -	\$ 139,236	\$ 139,236
Net position			
Net investment in capital assets	\$ 8,421,324	\$ 34,510,573	\$ 42,931,897
Restricted for law enforcement	73,102	-	73,102
Restricted for debt service	100,038	-	100,038
Unrestricted	5,700,543	8,326,003	14,026,546
Total net position	\$ 14,295,007	\$ 42,836,576	\$ 57,131,583

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Activities

September 30, 2013

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,973,168	\$ 493,069	\$ 4,669	\$ 35,237
Public safety	7,574,060	1,110,553	167,967	82,870
Physical environment	951,966	924,432	22,304	-
Transportation	1,103,302	-	69,743	-
Culture/recreation	1,845,343	332,020	19,128	250,000
Interest on long-term debt	149,486	-	-	-
Total governmental activities	13,597,325	2,860,074	283,811	368,107
Business-type activities:				
Utility-water and sewer	12,370,744	15,065,056	-	250,582
Total business-type activities	12,370,744	15,065,056	-	250,582
Total	\$ 25,968,069	\$ 17,925,130	\$ 283,811	\$ 618,689

General revenues:

Taxes:

Property taxes

Utility service taxes

Franchise fees

Sales and use taxes

Business taxes

Intergovernmental, unrestricted

Investment revenues

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

Governmental Activities	Business-Type Activities	Total
\$ (1,440,193)	\$ -	\$ (1,440,193)
(6,212,670)	-	(6,212,670)
(5,230)	-	(5,230)
(1,033,559)	-	(1,033,559)
(1,244,195)	-	(1,244,195)
(149,486)	-	(149,486)
(10,085,333)	-	(10,085,333)
-	2,944,894	2,944,894
-	2,944,894	2,944,894
(10,085,333)	2,944,894	(7,140,439)
2,594,762	-	2,594,762
2,325,477	-	2,325,477
997,396	-	997,396
1,710,823	-	1,710,823
281,084	-	281,084
590,295	-	590,295
21,968	97,441	119,409
76,241	700,238	776,479
1,781,592	(1,781,592)	-
10,379,638	(983,913)	9,395,725
294,305	1,960,981	2,255,286
14,000,702	40,875,595	54,876,297
\$ 14,295,007	\$ 42,836,576	\$ 57,131,583

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Balance Sheet

Governmental Funds

September 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 3,836,187	\$ 173,140	\$ 4,009,327
Receivables:			
Accounts, net of allowance for uncollectibles	113,709	-	113,709
Utility taxes	440,500	-	440,500
Franchise fees	295,725	-	295,725
Intergovernmental Grants	189,370	-	189,370
Due from Water and Sewer Fund	323,328	-	323,328
Inventory	1,230,561	-	1,230,561
Other investment	40,204	-	40,204
	25,817	-	25,817
Total assets	\$ 6,495,401	\$ 173,140	\$ 6,668,541
Liabilities			
Accounts payable and accrued liabilities	\$ 143,820	\$ -	\$ 143,820
Deposits	19,184	-	19,184
Total liabilities	\$ 163,004	\$ -	\$ 163,004
Deferred inflows of resources			
Unavailable revenues - business licenses	\$ 236,344	\$ -	\$ 236,344
Fund balances			
Nonspendable:			
Inventory	\$ 40,204	\$ -	\$ 40,204
Noncurrent interfund receivable	1,230,561	-	1,230,561
Restricted for:			
Law enforcement	-	73,102	73,102
Debt service	-	100,038	100,038
Assigned to:			
Disaster recovery	1,500,000	-	1,500,000
Capital projects	1,500,000	-	1,500,000
Library	45,926	-	45,926
Subsequent year's budget	895,456	-	895,456
Unassigned:			
General fund	883,906	-	883,906
Total fund balances	\$ 6,096,053	\$ 173,140	\$ 6,269,193
Total liabilities, deferred inflows of resources and fund balances	\$ 6,495,401	\$ 173,140	\$ 6,668,541

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

*Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
September 30, 2013*

Total governmental fund balances (page 17) \$ 6,269,193

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:

Cost of assets	\$ 20,709,043	
Accumulated depreciation	<u>(6,205,923)</u>	
		14,503,120

Net pension assets of defined benefit pension plans are reported in the statement of net position. Because these do not represent available, spendable resources, they are not reported in governmental funds.

387,924

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:

Bonds payable	\$ (6,081,796)	
Accrued interest payable on long-term debt	(12,113)	
Compensated absences payable	(669,773)	
Other postemployment benefits payable	<u>(101,548)</u>	
		(6,865,230)

Total net position (page 14) **\$ 14,295,007**

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended September 30, 2013

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 5,555,449	\$ 643,270	\$ 6,198,719
Licenses and permits	307,084	-	307,084
Intergovernmental	2,940,184	-	2,940,184
Confiscated property	-	54,418	54,418
Charges for services	1,725,760	-	1,725,760
Fines and forfeitures	442,231	-	442,231
Contributions and donations	8,755	-	8,755
Interest revenues	21,968	-	21,968
Miscellaneous	384,628	-	384,628
Total revenues	11,386,059	697,688	12,083,747
Expenditures			
Current:			
General government	1,778,375	-	1,778,375
Public safety	7,246,234	14,191	7,260,425
Physical environment	918,747	-	918,747
Transportation	1,031,956	-	1,031,956
Culture/recreation	1,682,918	-	1,682,918
Capital outlay	1,066,404	-	1,066,404
Debt service:			
Principal	-	258,690	258,690
Interest and other fiscal charges	-	150,001	150,001
Total expenditures	13,724,634	422,882	14,147,516
Excess (deficiency) of revenues over expenditures	(2,338,575)	274,806	(2,063,769)
Other financing sources and uses			
Transfers in	1,919,801	-	1,919,801
Transfers out	-	(138,209)	(138,209)
Total other financing sources and uses	1,919,801	(138,209)	1,781,592
Change in fund balances	(418,774)	136,597	(282,177)
Fund balances, beginning of year	6,514,827	36,543	6,551,370
Fund balances, end of year	\$ 6,096,053	\$ 173,140	\$ 6,269,193

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended September 30, 2013*

Net change in fund balances - total governmental funds (page 19) \$ (282,177)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures, however, in the statement of activities the cost of those assets is depreciated over their estimated useful lives.

Expenditures for capital assets	\$ 1,066,404	
Less current year depreciation expense	<u>(689,640)</u>	
		376,764

Losses on disposal of capital assets are reported in the statement of activities, but not in the governmental funds. (54,689)

Donations of capital assets are reported in the statement of activities, but not in the governmental funds. 26,291

Some expenses and losses reported in the statement of activities are not reported in the governmental funds because they have no effect on current financial resources:

Change in net pension asset	\$ 13,525	
Change in compensated absences payable	(31,292)	
Change in other postemployment benefits payable	<u>(13,322)</u>	
		(31,089)

Net effect of accrued interest on long-term debt (difference between amount accrued in prior year and current year accrual) 515

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Principal payments on long-term debt	258,690
--------------------------------------	---------

Change in net position of governmental activities (pages 15-16) \$ 294,305

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Net Position

Enterprise Fund

September 30, 2013

	Water and Sewer Utility
Assets	
Current assets:	
Cash and cash equivalents	\$ 7,957,335
Accounts receivable, net	3,169,686
Inventory	338,620
Restricted assets:	
Cash and cash equivalents	4,974,775
Total current assets	16,440,416
Noncurrent assets:	
Other investment	47,508
Net pension asset	127,894
Capital assets:	
Capital assets not being depreciated	687,087
Capital assets being depreciated	87,778,505
Accumulated depreciation	(44,438,207)
Total noncurrent assets	44,202,787
Total assets	\$ 60,643,203
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 259,712
Contracts and retainage payable	9,924
Accrued interest on note payable	155,630
Current portion of compensated absences payable	33,828
Current portion of note payable	552,818
Total current liabilities	1,011,912
Noncurrent liabilities:	
Customer deposits	1,226,133
Due to General Fund	1,230,561
Compensated absences payable	323,800
Other postemployment benefits payable	75,452
Note payable	13,799,533
Total noncurrent liabilities	16,655,479
Total liabilities	\$ 17,667,391
Deferred inflows of resources	
Deferred amount on refunding	\$ 139,236
Net position	
Net investment in capital assets	\$ 34,510,573
Unrestricted	8,326,003
Total net position	\$ 42,836,576

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Revenues, Expenses and Changes in Net Position

Enterprise Fund

Year Ended September 30, 2013

	Water and Sewer Utility
Operating revenues	
Water revenues	\$ 6,560,137
Wastewater revenues	7,836,742
Other operating revenues	668,177
Total operating revenues	15,065,056
Operating expenses:	
Personal services	4,224,207
Operating expenses	4,482,882
Depreciation	2,633,467
Total operating expenses	11,340,556
Operating income	3,724,500
Nonoperating revenues (expenses)	
Investment revenues	97,441
Miscellaneous revenues	700,238
Loss on disposal of capital assets	(527,784)
Interest expense and fiscal charges	(502,404)
Total nonoperating revenues (expenses)	(232,509)
Income before contributions and transfers	3,491,991
Capital contributions	250,582
Transfers out	(1,781,592)
Change in net position	1,960,981
Net position, beginning of year	40,875,595
Net position, end of year	\$ 42,836,576

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Cash Flows

Enterprise Fund

Year Ended September 30, 2013

	Water and Sewer Utility
Cash flows from operating activities	
Cash received from customers	\$ 15,304,893
Cash paid to suppliers for goods and services	(4,428,151)
Cash paid to employees for services	(4,220,678)
Other receipts	25,192
Net cash provided by operating activities	6,681,256
Cash flows from noncapital financing activity	
Transfers out	(1,781,592)
Net cash used in noncapital financing activity	(1,781,592)
Cash flows from capital and related financing activities	
Principal paid on promissory note	(69,933)
Principal paid on bonds	(10,070,000)
Interest paid on long-term debt	(553,468)
Acquisition and construction of capital assets	(1,366,239)
Proceeds from sale of capital assets	48,317
Proceeds from bank loan	14,352,351
Capital contributions from customers	250,582
Net cash provided by capital and related financing activities	2,591,610
Cash flows from investing activities	
Investment proceeds	49,678
Investment revenues	87,202
Net cash provided by investing activities	136,880
Net increase in cash and cash equivalents	7,628,154
Cash and cash equivalents, beginning of year	5,303,956
Cash and cash equivalents, end of year	\$ 12,932,110
Cash and cash equivalents per statement of net position	
Unrestricted	\$ 7,957,335
Restricted	4,974,775
Cash and cash equivalents, end of year	\$ 12,932,110

Continued

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Cash Flows (Continued)

Enterprise Fund

Year Ended September 30, 2013

	Water and Sewer Utility
Cash flows from operating activities	
Operating income	\$ 3,724,500
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	2,633,467
Provision for uncollectible accounts	(3,181)
Miscellaneous revenues	700,238
Change in operating assets and liabilities:	
Accounts receivable	183,764
Inventory	189,570
Net pension asset	(23,283)
Accounts payable and accrued liabilities	(807,240)
Contracts and retainage payable	(2,645)
Compensated absences payable	20,134
Customer deposits	59,254
Other postemployment benefits payable	6,678
Total adjustments	2,956,756
Net cash provided by operating activities	\$ 6,681,256
Supplemental disclosure of noncash capital and related financing activities and investing activity	
Amortization of premium on bonds	\$ 8,679
Amortization of deferred amount on refunding	1,685
Unrealized gain on investments	10,239

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Fiduciary Net Position

Fiduciary Funds

September 30, 2013

	Employee Pension Funds
Assets	
Cash and cash equivalents	\$ 784,342
Investments	
U.S. Government securities	695,636
U.S. Government agencies	374,869
Fixed income mutual funds	1,394,763
Mortgage and asset-backed securities	4,485,601
Corporate bonds	4,329,949
Domestic equity securities and mutual funds	9,190,733
Foreign equity securities and mutual funds	13,818,886
Receivables:	
Interest and dividends	77,966
Total assets	\$ 35,152,745
Liabilities	
Accounts payable and accrued liabilities	\$ 32,478
DROP plan liability	641,880
Total liabilities	\$ 674,358
Net position	
Net position restricted for pension benefits	\$ 34,478,387
Total net position	\$ 34,478,387

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended September 30, 2013

	Employee Pension Funds
Additions	
Contributions:	
Employer	\$ 2,371,362
Plan members	211,147
Total contributions	2,582,509
Investment income:	
Interest	446,650
Dividends	478,904
Net increase in fair value of investments	2,922,799
Investment expenses	(115,935)
Net investment income	3,732,418
Total additions	6,314,927
Deductions	
Administration	100,735
Benefits	1,301,452
Total deductions	1,402,187
Change in plan net position	4,912,740
Net position restricted for pension benefits, beginning of year	29,565,647
Net position restricted for pension benefits, end of year	\$ 34,478,387

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Palm Springs, Florida (the “Village”), was incorporated in 1957 pursuant to Chapter 57-1698, Laws of Florida and is located in central Palm Beach County, Florida. The Village operates under the Council-Manager form of government and provides a wide range of community services including public safety, planning and zoning, water and wastewater systems, sanitation, streets and roads, parks, recreation, and library. The Village Council (“The Council”) is responsible for legislative and fiscal control of the Village.

The basic financial statements of the Village have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The more significant of the Village’s accounting policies are described below.

Financial Reporting Entity

As required by U.S. generally accepted accounting principles, these basic financial statements present the primary 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 the Village’s 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.

Based on the application of the criteria set forth by GASB, management has determined that no component units exist which would require inclusion in this report. Further, the Village is not aware of any entity that would consider the Village to be a component unit.

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 non-fiduciary activities of the Village. *Governmental activities*, which are normally 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 is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds, enterprise funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The major individual governmental fund and the major individual enterprise fund are reported as separate columns in the fund financial statements.

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 enterprise 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 grantor are 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, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Franchise taxes, utility service taxes, business taxes, and interest revenues 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 are considered to be measurable and available only when cash is received by the Village.

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, are recorded only when payment is due.

The Village reports the following major governmental fund:

General Fund

The general fund is the primary operating fund of the Village. All general revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The general operating expenditures and capital improvement costs that are not paid through other funds are paid from the general fund.

The Village reports the following major (and only) enterprise fund:

Water and Sewer Utility Fund

This fund is used to account for operations that provide a service to citizens, financed primarily by a user charge, and where the periodic measurement of net income is deemed appropriate for capital maintenance, public policy, management control, accountability or other purposes. The enterprise fund consists of the Water and Sewer Utility Fund used to account for water and sewer services provided by the Village to residents and other users.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Additionally, the Village reports the following fund types:

Nonmajor Governmental Funds

Special Revenue Fund

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The special revenue fund used by the Village is:

Law Enforcement Fund - This fund accounts for proceeds from law enforcement forfeitures. Expenditures from this fund are made only for law enforcement purposes.

Debt Service Fund

Debt service funds are used to account for assets held for the repayment of principal and interest on general obligation debt. The Village has one debt service fund.

Fiduciary Funds

Pension trust funds are used to account for assets held in a trustee capacity for retirement pensions. Pension trust funds are fiduciary funds. The Village has two defined benefit pension funds; one for General Employees and one for Police Officers.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, are generally followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Village elected to follow all pre-November 30, 1989 FASB pronouncements, which are now codified in GASB Statement No. 62.

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 Village's utility functions and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the enterprise fund's principal ongoing operations. The principal operating revenues of the Village's Water and Sewer Utility Fund are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balances

a. Pooled Cash, Cash, Cash Equivalents and Investments

Pooled cash and investments consist of cash on hand, restricted and unrestricted interest-bearing cash accounts and investments with Florida Prime (formerly known as the Local Government Investment Pool (“LGIP”) or Surplus Funds Trust Fund) and the LGIP Fund B, both administered by the Florida State Board of Administration (“SBA”). Cash balances and the requirements of all funds are considered in determining the amount to be invested.

Investments are reported at fair value, which is determined by using various third party pricing sources. The Florida Prime investment pool is operated as a “2a-7 like” pool and thus, the fair value of this investment is considered to be the same as the Village’s account balance (amortized cost) in the pool. The SBA administers the Florida Prime and LGIP Fund B investments pursuant to Chapter 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of Florida Prime and LGIP Fund B.

Cash and cash equivalents, for purposes of the statement of cash flows, include pooled cash and investments which are defined as short-term, highly liquid investments with original maturities of three months or less.

b. Inventory

Inventory consists of materials and supplies which are carried at cost in the governmental funds and at the lower of cost (first-in, first-out) or market in the enterprise fund. The Village uses the consumption method, wherein all inventories are maintained by perpetual records, expensed when used, and adjusted by an annual physical count.

c. Unbilled Service Receivables

The Water and Sewer Utility Fund recognizes revenue on the basis of monthly cycle billings to customers for services provided. As a result of this cycle billing method, there are unbilled receivables at the end of each fiscal year with respect to services provided but not billed at such date. It is the policy of the Village to accrue these amounts at year end.

d. Concentration of Credit Risk

The Village requires customer deposits and maintains an allowance for doubtful accounts at a level which management believes is sufficient to cover potential credit losses.

e. Restricted Assets

The Village classifies certain amounts of pooled cash and investments as restricted assets because their use is primarily restricted for capital improvements, and revenue bond covenant requirements in the Water and Sewer Utility Fund.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balances (Continued)

f. Capital Assets

Capital assets, which include property, plant, and equipment, intangible assets and infrastructure assets (e.g., roads, bridges, sidewalks, drainage, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial individual cost of \$1,000 or more and an estimated life in excess of one year. Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at estimated fair market value at the date of donation. General governmental infrastructure assets acquired or constructed since incorporation in 1957 have been capitalized.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are the assets of the Village 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 the available records, estimated historical cost has been used to record the estimated value of the assets. The street network was valued based on current construction costs discounted by consumer price indices for highway construction.

Capital assets of the enterprise fund are capitalized in the fund and in the government-wide statement of net position. The valuation basis for enterprise fund capital assets is the same as those used for general capital assets. Additionally, net interest cost is capitalized on enterprise fund capital assets during the construction period in accordance with GAAP. Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In the government-wide financial statements and in the enterprise fund financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed from the appropriate accounts and any resulting gain or loss is included in the change in net position.

Capital assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

Buildings	30-50 years
Improvements	10-50 years
Intangible assets	22-40 years
Software / library materials	3-5 years
Equipment and vehicles	3-20 years

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balances (Continued)

f. Capital Assets (Continued)

The street network (pavement, drainage, sidewalks, and curbs) is not depreciated. The Village 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. The Village uses a pavement rating system to rate street condition and quantify the results of maintenance efforts. The condition rating of the Village's street system may be found on page 65.

g. Unearned / Unavailable Revenue

Unearned revenue in the Governmental Activities and unavailable revenue in the Governmental Funds includes amounts received in advance by the Village for licenses and permits applicable to the following fiscal year.

h. Compensated Absences

The Village's employees earn personal leave time based on their years of continual service as follows: 160 hours after 1 year; 200 hours after 6 years; 240 hours after 11 years; and 280 hours after 21 years. Personal leave may be used for vacation, illness and other time off as approved by the employee's supervisor. Employees may accumulate personal leave time up to a maximum number of hours based on years of service, but never more than 600 hours. Employees are also required to use a minimum number of hours of personal leave time annually based upon years of service, or forfeit the unused hours up to the minimum required to be used, however, employees may be compensated for unused personal leave, up to a maximum of 80 hours annually, if their unscheduled leave does not exceed certain limits each year. Upon termination, employees are compensated for accumulated personal leave at their rate of pay at termination, up to the maximum of 600 hours.

A liability for compensated absences is accrued when incurred in the government-wide and enterprise fund financial statements. In the governmental funds, a liability is recorded for compensated absences only if they have matured, for example, as a result of employee resignations and retirements, and the amount, if any, is reported with accounts payable and accrued liabilities in the governmental funds' balance sheet.

i. Noncurrent Obligations

In the government-wide financial statements and enterprise fund financial statements, long-term debt and other noncurrent obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund statement of net position. Long-term debt is reported net of applicable premium or discount. Debt discount, premium and deferred amounts on refunding in the government-wide financial statements and enterprise fund are amortized using the straight-line method, which approximates the interest method, and are charged against operations over the term of the debt issues.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balances (Continued)

i. Noncurrent Obligations (Continued)

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt 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 are reported as debt service expenditures.

j. Deferred Outflows / Inflows of Resources

In addition to assets and liabilities, the government-wide Statement of Net Position and the governmental funds Balance Sheet will sometimes report a separate section for deferred outflows or deferred inflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Village has no items that qualify for reporting as deferred outflows of resources.

The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Village has one item, a deferred amount on refunding, which qualifies for reporting as deferred inflow of resources on the government-wide Statement of Net Position. The deferred amount on refunding was a gain resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, the Village has another item, unavailable revenues, which arises only under the modified accrual basis of accounting and is reported as a deferred inflow of resources on the governmental funds Balance Sheet. The unavailable revenues result from business taxes received by the Village in advance of the year for which they were levied. These amounts are deferred and recognized as an inflow of resources in the year that the amounts become available.

k. Fund Balances

Nature and Purpose of Fund Equity Classifications: In the fund financial statements, governmental funds report fund equity classifications that comprise a hierarchy based primarily on the extent to which the Village 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 1) not in spendable form; or, 2) legally or contractually required to be maintained intact.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balances (Continued)

k. Fund Balances (Continued)

- ❖ Restricted - Restricted fund balances include amounts that are restricted to specific purposes either by 1) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments; or, 2) imposed by law through constitutional provisions or enabling legislation.
- ❖ Committed - Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by the Village Council through an ordinance or resolution. The Village had no committed fund balances.
- ❖ Assigned - Assigned fund balances include amounts that are constrained by the Village's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance are made by Village management based upon direction by the Village Council.
- ❖ 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 Village considers restricted fund balances to be spent when an expenditure is incurred for the restricted purpose. The Village 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.

Minimum Fund Balance Policy: The Village Council has not adopted a formal minimum fund balance policy. Generally, the Village strives to maintain sufficient General Fund fund balance to provide liquidity in the event of a budget shortfall or natural disaster.

l. Interfund Transactions

During the course of normal operations, it is necessary for the Village to enter into transactions among its various funds. These transactions consist of one or more of the following types:

- ❖ Reimbursements to a fund, which are generally reflected through the allocation of pooled cash accounts, for expenditures or expenses initially made from it that are properly applicable to another fund.
- ❖ Transfers in and out, as appropriate, for all other interfund transactions, which are shown as other financing sources or uses.
- ❖ Outstanding balances between funds, including noncurrent advances, are reported as "due to/from other funds". Any such balances outstanding between governmental activities and business-type activities in the government-wide financial statements are classified as "internal balances" and are subject to elimination in the government-wide financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balances (Continued)

m. Property Taxes

Under Florida law, the assessment of all properties and the collection of all county, municipal and school board property taxes are consolidated in the offices of 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 rolls meet the appropriate requirements of State law. The assessed value of property within the corporate limits of the Village at January 1, 2012, upon which the 2012/2013 levy was based, was approximately \$583 million. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills. Effective October 1, 2009 (fiscal year 2010), the Village transferred fire rescue services to Palm Beach County and the Palm Beach County Fire Rescue MSTU (municipal services taxing unit) taxes Village property owners 3.4581 mills per \$1,000 of taxable value. This millage rate is deducted from the Village's legal millage rate limit of 10 mills, thereby limiting the 2012/2013 Village millage rate to 6.5419.

The tax levy of the Village is established by the Village Council prior to October 1 of each year during the budget process. The Palm Beach County Property Appraiser incorporates the Village's millage into the total tax levy, which includes the County, County School Board, and Special District tax requirements. The operating millage rate assessed by the Village for the year ended September 30, 2013, was 3.500 (\$3.50 for each \$1,000 of assessed valuation) and the debt service millage was 1.152, for a total millage of 4.652. Taxes may be paid less a 4% discount in November or at a discount declining 1% each month through February. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 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 certificates 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, 2013, unpaid delinquent taxes are not material and have not been recorded by the Village.

During 2007 the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments in the State of Florida. Local governments that adopt a property tax levy in excess of the limit under State law will lose their Half-Cent Sales Tax distribution from the State for the succeeding twelve months. For the fiscal year ending September 30, 2013, the maximum tax levy allowed by a majority vote of the governing body is generally based on a percentage change applied to the prior year (2011/2012) property tax revenue. The percentage change is calculated based on the compound annual growth rate in the per capita property taxes levied for five preceding fiscal years. The State 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 adjusted current year rolled-back millage rate plus an adjustment for growth in per capita

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balances (Continued)

m. Property Taxes (Continued)

Florida personal income; 2) a two-thirds vote to adopt a rate equal to the adjusted current year roll back millage rate plus 10%; or, 3) any millage rate approved by unanimous vote or referendum. For the fiscal year ending September 30, 2013, the Village adopted an operating millage rate of 3.50, resulting in a total operating tax levy of \$2,028,488 for 2013, a decrease of approximately 3.3% from the property tax levy for 2012. Future legislation could have a significant impact on the future tax revenues of the Village and the current services provided to Village residents.

n. Use of Estimates

The financial statements and related disclosures are prepared in conformity with GAAP. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses during the period reported. These estimates include assessing the collectability of receivables, the fair value of investments, and useful lives and possible impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

o. Implementation of GASB Statements

The Village implemented the following GASB Statements during the fiscal year ended September 30, 2013:

- GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

This Statement codifies all sources of GAAP for state and local governments so that the authoritative accounting and financial reporting literature will be together in a single source, with that guidance modified as necessary to appropriately recognize the governmental environment and the needs of governmental financial statement users. The Village elected to include all pre-November 30, 1989 FASB pronouncements, which are now codified in GASB Statement No. 62.

- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.

This Statement provides guidance for deferred outflows and deferred inflows of resources and identifies *net position* as the residual of all other elements presented in a statement of financial position. This Statement re-defines certain assets and liabilities as deferred outflows / inflows of resources and requires the financial statement line items "Investment in capital assets, net of related debt" and "Net Assets" to be re-titled as "Net investment in capital assets" and "Net Position", respectively.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balances (Continued)

o. Implementation of GASB Statements (Continued)

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*.

This Statement provides additional guidance for the accounting and financial reporting for deferred outflows / inflows of resources and certain items that were previously reported as assets, as set forth in GASB Statement No. 63. This Statement specifically addresses the calculation of a deferred outflow or inflow related to the refunding of debt and requires that debt issuance costs be expensed in the period the debt was issued. This Statement also requires that taxes and lease revenues received prior to the period to which they relate, are to be classified as *unavailable revenues* (a deferred inflow of resources).

The implementation of these GASB Statements had no effect on the beginning net position of the Village at October 1, 2012.

The Governmental Accounting Standards Board has also issued new Statements effective in future years. Management has not completed its analysis of the effects, if any, of these GASB statements on the financial statements of the Village:

- GASB Statement No. 66, *Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62*, amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity's risk financing activities to the general fund and the internal service fund type. This Statement also amends Statement No. 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2014.
- GASB Statement No. 67, *Financial Reporting for Pension Plans – An Amendment of GASB Statement No. 25*, provides accounting and financial reporting requirements related to pensions for governments whose employees are provided with pensions through pension plans. The Statement establishes a definition for pension arrangements and determining pension obligations and requirements for accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2014.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, provides accounting and financial reporting requirements for governments whose employees receive pensions through pension

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balances (Continued)

o. Implementation of GASB Statements (Continued)

plans. The Statement establishes a definition for pension arrangements and determining pension obligations and requirements for accumulating and managing assets dedicated for pensions and paying benefits to plan members as they come due. The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2015.

- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, provides accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement requires disclosures to be made about government combinations and disposals of government. The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2015.
- GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, provides accounting and financial reporting standards related to nonexchange financial guarantees. The Statement establishes guidance on when a nonexchange financial guarantee is required to be recognized as a liability by the government. The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2014.
- GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, amends Statement No. 68 regarding the reporting of contributions as deferred outflows upon adoption of Statement No. 68. The requirements of this statement will be effective for the Village upon adoption of Statement No. 68 for the fiscal year ending September 30, 2015.

NOTE 2. DEPOSITS AND INVESTMENTS

A summary of deposits and investments as shown on the statement of net position and statement of fiduciary net position for the Village is as follows:

	Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 4,009,327	\$ 25,817	\$ 4,035,144
Business-type activities	12,932,110	47,508	12,979,618
Total statement of net position	16,941,437	73,325	17,014,762
Fiduciary Funds	784,342	34,290,437	35,074,779
Total deposits and investments	\$ 17,725,779	\$ 34,363,762	\$ 52,089,541

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit eligible collateral with the Treasurer or another banking institution. In the event of failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Accordingly, the Village's deposits at year end are considered to be fully insured.

Investments

The Village has adopted an investment policy to establish guidelines for the efficient management of its cash reserves. Section VI of the investment policy identifies permitted instruments as follows:

- a. The State Board of Administration Florida Prime Fund (formerly known as the Local Government Investment Pool (LGIP) or Local Government Surplus Funds Trust Fund);
- b. U.S. Government obligations and U.S. Government agency obligations;
- c. Securities of, or other interests in any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided the portfolio of such investment company or investment trust is limited to United States Government obligations and to repurchase agreements fully collateralized by such United States Government obligations, and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian;
- d. Certificates of deposit and savings accounts in state-certified qualified public depositories; and,
- e. Repurchase agreements.

Investments of the General Employees' Pension Fund are limited to:

- a. Equities - Equities must be traded on a national exchange or electronic network; and not more than 5% of the Plan's assets, at the time of purchase, shall be invested in the common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company (this restriction does not apply to any single holding within a diversified pooled fund).
- b. Fixed Income - Fixed income investments shall have a minimum rating of investment grade or higher as reported by any Nationally Recognized Statistical Rating Organization (NRSRO); and the value of bonds issued by any single corporation shall not exceed 10% of the total fund (excluding issues from the U.S. government, or agency thereof; and this restriction does not apply to any single holding within a diversified pooled fund).
- c. Money Market - Money market funds or short-term investment fund ("STIF") options provided by the Plan's custodian must have a minimum rating of Standard & Poor's A1 or Moody's P1.
- d. Pooled Funds - Pooled funds may include mutual funds, commingled funds, and exchange-traded funds.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Investments of the Police Officers Pension Fund are limited to:

- a. Equities - Equities must be traded on a national exchange or electronic network; and not more than 5% of the Plan's assets, at the time of purchase, shall be invested in the common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company (this restriction does not apply to any single holding within a diversified pooled fund).
- b. Fixed Income - Fixed income investments shall have a minimum rating of investment grade or higher as reported by any Nationally Recognized Statistical Rating Organization (NRSRO); and the value of bonds issued by any single corporation shall not exceed 10% of the total fund (excluding issues from the U.S. government, or agency thereof; and this restriction does not apply to any single holding within a diversified pooled fund).
- c. Money Market - Money market funds or short-term investment fund ("STIF") options provided by the Plan's custodian must have a minimum rating of Standard & Poor's A1 or Moody's P1.
- d. Pooled Funds - Pooled funds may include mutual funds, commingled funds, and exchange-traded funds.

The Village's cash and cash equivalents and investments at September 30, 2013 are as follows:

	Fair Value		
	Unrestricted	Restricted	Pension
Cash and cash equivalents:			
Petty cash	\$ 5,544	\$ -	\$ -
Deposits with financial institutions	11,817,912	4,974,775	142,111
Investment in State Board of Administration Florida Prime Fund	143,206	-	-
Money market mutual funds	-	-	642,231
Total cash and cash equivalents	\$ 11,966,662	\$ 4,974,775	\$ 784,342
Other investment - LGIP Fund B	\$ 73,325	\$ -	\$ -
Pension fund investments:			
U.S. Government securities	-	-	695,636
U.S. Government agencies	-	-	374,869
Fixed income mutual funds	-	-	1,394,763
Mortgage and asset-backed securities	-	-	4,485,601
Corporate bonds	-	-	4,329,949
Domestic equity securities and mutual funds	-	-	9,190,733
Foreign equity securities and mutual funds	-	-	13,818,886
Total investments	\$ 73,325	\$ -	\$ 34,290,437

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Custodial Credit Risk: Custodial credit risk is defined as the risk that the Village may not recover cash and investments held by another party in the event of a financial failure. The Village investment policy requires cash and investments to be fully insured or collateralized, or held in independent custodial safekeeping accounts in the name of the Village. At September 30, 2013, all investments were held by an independent custodian and were insured or collateralized, except the State Board of Administration investment pools and money market mutual funds which are considered *unclassified* pursuant to GASB Statement No. 3.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. For investments other than the Village pension funds, there is no specific policy for concentration of credit risk. In the Village pension funds, securities of a single issuer are limited to no more than 5% of the Plan's net position invested in common stocks and debt securities. At September 30, 2013, two mutual fund investments of the Police Officers Pension Fund represented 57.2% and 10.9% of that Plan's net position and one mutual fund investment of the General Employees' Pension Fund represented 12.4% of that Plan's net position. Securities of a single issuer in each mutual fund are less than 5% of each Plan's net position.

Credit Risk: Credit risk is the risk that a debt issuer will not fulfill its obligations. The Village investment policy requires that pension investments in debt securities must be rated as investment grade (BBB or better) by a Nationally Recognized Statistical Rating Organization (NRSRO). The Florida Municipal Investment Trust, LGIP Fund B, money market mutual funds and fixed income mutual funds are not rated. The Village utilizes ratings from Standard and Poor's and Moody's Investor Services for its investments.

The NRSRO ratings for the Village's rated investments at September 30, 2013, are summarized as follows:

Investment Type	NRSRO Rating	Fair Value
State Board of Administration Florida Prime Fund	AAAm	\$ 143,206
Pension fund investments:		
U.S. Government securities	Not Rated	695,636
U.S. Government agencies	AA	374,869
Mortgage and asset-backed securities	Not Rated	4,485,601
Corporate bonds	AA	479,574
Corporate bonds	A	3,364,765
Corporate bonds	BBB	485,610
Total		\$ 10,029,261

On November 29, 2007, the Board of Trustees of the State Board of Administration (SBA) closed the Local Government Surplus Funds Trust Fund (LGIP) to all redemptions by participants and restructured the LGIP investment portfolio. The LGIP was divided into two separate pools, the *LGIP* and *Fund B* representing approximately 86% and 14%, respectively, of the original LGIP assets. The LGIP was designated as the ongoing fund consisting of only short-term, money market

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

assets of the highest quality and was re-opened on December 6, 2007, to accept new deposits from participants and allow restricted withdrawals. On July 1, 2009, the SBA changed the name of the LGIP to Florida Prime which continues to operate as a “2a7-like” external investment pool.

Fund B retained all securities from the original LGIP that had defaulted, were in default or had extended payment terms or potentially elevated credit risk. Fund B remains closed to deposits and withdrawals and is generally expected to hold all assets to their ultimate maturity and distribute funds to participants as they become available. The Fund B investment is recorded at fair value based on the net asset value of the Fund B assets reported by the SBA. At September 30, 2013, the Fund B investments had a net asset value approximating 113.3% of participant balances. The ultimate realizable value of the LGIP Pool B investment cannot be determined at this time, however, it is the opinion of management based upon consultation with the SBA that the amount of loss, if any, will not adversely affect the services provided by the Village. Additional information on the current status of the LGIP and Fund B may be obtained from the State Board of Administration.

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The Village does not have a formal policy that limits the maturities of its investments. The Village pension funds’ investment in mortgage and asset-backed securities consist of mortgage pass-through securities based on pools of residential home mortgage loans which are subject to prepayments and therefore highly sensitive to changes in interest rates.

The table below summarizes the scheduled maturities of fixed income investment securities at September 30, 2013.

Investment Type	Fair Value of Investment Maturities			
	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
Pension fund investments:				
U.S. Government securities	\$ -	\$ -	\$ 695,636	\$ -
U.S. Government agencies	-	374,869	-	-
Mortgage and asset-backed securities	-	266	1,646,950	2,838,385
Corporate bonds	-	-	4,329,949	-
Foreign bonds	-	-	-	-
Total	\$ -	\$ 375,135	\$ 6,672,535	\$ 2,838,385

The SBA Florida Prime fund had a weighted average maturity of 44 days at September 30, 2013. The weighted average maturity of the Fund B investment was 4.04 years at September 30, 2013, however, because Fund B consists entirely of restructured and defaulted securities there is considerable uncertainty regarding the ultimate maturity of the investments. The fair value and weighted average maturity of the fixed income mutual funds were \$544,046 and \$850,718 and 3.1 and 8.5 years, respectively, at September 30, 2013.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The value, liquidity, and related income of certain securities with contractual cash flows, such as mortgage and asset-backed securities, collateralized mortgage obligations, commercial mortgage backed securities and mutual funds investing in these securities or entities, are particularly sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates. Due to the various risks associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Foreign Currency Risk: Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. There was no exposure to foreign currency risk in the Village's investments at September 30, 2013.

NOTE 3. RECEIVABLES

Receivables at September 30, 2013, are summarized as follows:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Accounts and other receivables	\$ 849,934	\$ 3,234,603	\$ 4,084,537
Intergovernmental and grants	512,698	-	512,698
Gross receivables	1,362,632	3,234,603	4,597,235
Less: allowance for uncollectible accounts	-	(64,917)	(64,917)
Net receivables	\$ 1,362,632	\$ 3,169,686	\$ 4,532,318

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2013 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 372,421	\$ -	\$ -	\$ 372,421
Infrastructure	4,121,761	-	-	4,121,761
Construction in progress	63,800	-	(63,800)	-
Total capital assets not being depreciated	4,557,982	-	(63,800)	4,494,182

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 4. CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities (Continued)				
Capital assets being depreciated:				
Buildings	\$ 9,219,655	\$ -	\$ -	\$ 9,219,655
Improvements other than buildings	2,023,714	810,168	-	2,833,882
Machinery and equipment	3,446,442	299,314	(235,812)	3,509,944
Library materials and software	604,367	47,013	-	651,380
Total capital assets being depreciated	15,294,178	1,156,495	(235,812)	16,214,861
Less accumulated depreciation for:				
Buildings	(2,040,803)	(242,365)	-	(2,283,168)
Improvements other than buildings	(741,985)	(98,819)	-	(840,804)
Machinery and equipment	(2,474,399)	(302,387)	181,123	(2,595,663)
Library materials and software	(440,219)	(46,069)	-	(486,288)
Accumulated depreciation	(5,697,406)	(689,640)	181,123	(6,205,923)
Governmental activities capital assets, net	\$ 14,154,754	\$ 466,855	\$ (118,489)	\$ 14,503,120
	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 364,217	\$ 10,770	\$ -	\$ 374,987
Construction in progress	917,920	254,300	(860,120)	312,100
Total capital assets not being depreciated	1,282,137	265,070	(860,120)	687,087
Capital assets being depreciated:				
Buildings	3,124,792	131,587	(34,175)	3,222,204
Improvements other than buildings	72,281,306	1,339,088	(650,247)	72,970,147
Intangible assets	7,183,533	-	-	7,183,533
Equipment and software	4,131,801	490,614	(219,794)	4,402,621
Total capital assets being depreciated	86,721,432	1,961,289	(904,216)	87,778,505
Less accumulated depreciation for:				
Buildings	(2,190,197)	(57,993)	34,175	(2,214,015)
Improvements other than buildings	(31,224,394)	(2,115,808)	115,537	(33,224,665)
Intangible assets	(6,017,379)	(212,344)	-	(6,229,723)
Equipment and software	(2,700,885)	(247,322)	178,403	(2,769,804)
Accumulated depreciation	(42,132,855)	(2,633,467)	328,115	(44,438,207)
Business-type activities capital assets, net	\$ 45,870,714	\$ (407,108)	\$ (1,436,221)	\$ 44,027,385

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 4. CAPITAL ASSETS (Continued)

Depreciation expense for the year ended September 30, 2013, was charged to functions as follows:

Governmental Activities:	
General government	\$ 181,611
Public safety	230,180
Physical environment	33,219
Transportation	68,313
Culture and recreation	176,317
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Total depreciation expense- Governmental activities	\$ 689,640
<hr/>	
Business-type activities: Water & Sewer	\$ 2,633,467
<hr/>	

NOTE 5. LONG-TERM DEBT

Changes in Long-Term Debt

Changes in long-term debt for the year ended September 30, 2013 are summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation note	\$ 6,340,486	\$ -	\$ (258,690)	\$ 6,081,796	\$ 264,909
Compensated absences	638,481	719,777	(688,485)	669,773	64,635
Total Governmental Activities	\$ 6,978,967	\$ 719,777	\$ (947,175)	\$ 6,751,569	\$ 323,324
<hr/>					
Business-type activities:					
Promissory note	\$ 69,933	\$ -	\$ (69,933)	\$ -	\$ -
Capital appreciation bonds	485,000	-	(485,000)	-	-
Revenue bonds, series 2003A	9,585,000	-	(9,585,000)	-	-
Promissory note	-	14,352,351	-	14,352,351	552,818
Compensated absences	337,494	312,675	(292,541)	357,628	33,828
Total Business-type Activities	\$10,477,427	\$14,665,026	\$(10,432,474)	\$14,709,979	\$ 586,646
<hr/>					
Unamortized premium on revenue bonds	306,252	-	(306,252)	-	-
Net Business-type Activities	\$10,783,679	\$14,665,026	\$(10,738,726)	\$14,709,979	\$ 586,646
<hr/>					

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 5. LONG-TERM DEBT (Continued)

Governmental Activities

The governmental activities long-term debt consisted of the following for the year ended September 30, 2013:

\$6,477,462 General Obligation Note, Series 2012

The Series 2012 G.O. Note is a general obligation Promissory Note dated February 24, 2012 for an original principal amount of \$6,477,462. From February 24, 2012 to February 1, 2032, the outstanding principal amount will bear interest at 2.39% and will be repaid in bi-annual installments of \$204,346, including interest, on each February 1st and August 1st. The Series 2012 G.O. Note is secured by the full faith, credit and taxing power of the Village. The proceeds of the Series 2012 G.O. Note were used to refund outstanding general obligation bonds of the Village. The reacquisition price of the bonds was not materially different from the net carrying amount and, accordingly, there was no loss on the refunding. The refunding reduced the Village's debt service payments by approximately \$2.2 million and resulted in an economic gain of approximately \$100,000.

Annual debt service requirements to maturity on the note are as follows:

Year Ending September 30,	Principal	Interest	Total
2014	\$ 264,909	\$ 143,782	\$ 408,691
2015	271,278	137,413	408,691
2016	277,800	130,891	408,691
2017	284,480	124,211	408,691
2018	291,319	117,372	408,691
2019-2023	1,565,087	478,368	2,043,455
2024-2028	1,762,500	280,955	2,043,455
2029-2032	1,364,423	65,994	1,430,417
Total	\$ 6,081,796	\$ 1,478,986	\$ 7,560,782

General obligation debt and compensated absences of the governmental activities are typically liquidated by the Debt Service Fund and the General Fund, respectively.

Business-Type Activities

The business-type activities long-term debt is secured by a pledge of and lien on the net revenues derived from the operation of the water and sewer system and consisted of the following for the year ended September 30, 2013:

\$7,244,700 Promissory Note, Series 2001

The Series 2001 Note was issued December 14, 2001 for an original principal amount of \$7,244,700 and was due in monthly installments of \$70,165, including interest at 4.05%, through maturity on October 1, 2012. The final payment of \$70,165 was paid on October 1, 2012 including principal of \$69,933 and interest of \$232.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 5. LONG-TERM DEBT (Continued)

Business-Type Activities: (Continued)

\$1,209,857 Capital Appreciation Revenue Bonds, Series 1988

The Series 1988 Bonds were originally due in annual installments of \$485,000 to \$685,000 from April 1, 2005 through October 1, 2012, with interest at 7.75% to 8.25% accrued semi-annually on April 1st and October 1st of each year. The final payment of \$485,000 was paid on October 1, 2012.

\$11,550,000 Florida Municipal Loan Council Revenue Bonds, Series 2003A

The Series 2003A Bonds represent the Village's portion of the Florida Municipal Loan Council Revenue Bonds, Series 2003A. Interest at rates ranging from 3.00% to 5.25% is payable semi-annually on May 1st and November 1st. On April 15, 2013, these bonds were fully refunded using the proceeds of the \$14,352,351 promissory note dated April 15, 2013.

\$14,352,351 Promissory Note, Series 2013

The Series 2013 Note was issued April 15, 2013 for an original principal amount of \$14,352,351 and is due in semi-annual installments of \$453,946, including interest at 2.39%. Installment payments will begin on November 1, 2013 and will continue on each May 1st and November 1st through maturity on November 1, 2032. Principal and interest are payable from and secured solely by a pledge of and lien upon the net revenues of the water and sewer utility system of the Village. The proceeds of the Series 2013 Note were used for the advance refunding of the outstanding Series 2003A Revenue Bonds and provided approximately \$5,000,000 for capital improvements to the water and wastewater system. The advance refunding resulted in a gain of approximately \$142,000. The Series 2003A Bonds were called and retired in full in May 2013.

Annual debt service requirements to maturity on the note are as follows:

Year Ending September 30,	Principal	Interest	Total
2014	\$ 552,818	\$ 355,073	\$ 907,891
2015	581,536	326,355	907,891
2016	595,518	312,373	907,891
2017	609,836	298,055	907,891
2018	624,498	283,393	907,891
2019-2023	3,355,063	1,184,392	4,539,455
2024-2028	3,778,255	761,200	4,539,455
2029-2033	4,254,827	284,628	4,539,455
Total	\$14,352,351	\$ 3,805,469	\$18,157,820

The provisions of the Series 2013 Note resolution generally provide for:

1. Establishment of utility rates that provide net revenues which are equal to at least 125% of the principal and interest scheduled to come due in each fiscal year.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 5. LONG-TERM DEBT (Continued)

Business-Type Activities: (Continued)

2. Prompt payment of principal and interest when due.
3. Issuance of additional debt payable from pledged revenues only if pledged revenues for the two immediately preceding fiscal years equal at least 1.25 times the largest amount of principal and interest scheduled to come due on the outstanding debt and additional debt.
4. Maintenance of the utility system in good working order.
5. Maintenance of a depository account with the lender.

At September 30, 2013 the Village was in compliance with its debt covenants.

Utility Pledged Revenues

The Village has pledged the future net revenues (generally all revenues and capital contributions, net of depreciation expense) of the water and sewer utility to repay the Series 2013 Note. The Series 2013 Note is payable solely from the utility net revenues and is payable through 2033. Annual principal and interest payments on the Series 2013 Note are expected to require less than 15 percent of utility net revenues. Total principal and interest remaining to be paid on the Series 2013 Note is \$18,157,820 at September 30, 2013. Utility net revenues available for debt service (as defined by the Series 2013 Note debt resolution) were \$7,406,228.

Interest Expense and Arbitrage

Total interest costs incurred and paid on all Village debt for the year ended September 30, 2013 were \$149,486 and \$150,001 for governmental activities and \$457,318 and \$553,468, respectively, for business-type activities.

The Village is subject to the arbitrage restrictions imposed by the federal government for its outstanding debt issues. No events have occurred since the issuance of each bond that would cause the bonds to be arbitrage bonds within the meaning of Section 148 of the Internal Revenue Code.

NOTE 6. OBLIGATION UNDER UTILITY AGREEMENTS AND INTANGIBLE RIGHTS

The Village entered into two contracts dated January 1, 1978, with the City of Lake Worth (the "City"), providing that the City supply the Village's wastewater facilities for a period of 40 years. The City obtained Florida State Bond Loans, Series E and Series R, for the purpose of constructing, as well as improving, its existing water and wastewater facilities. The Village was obligated to pay the City its pro rata share (based on water and wastewater reserved capacity) of the debt service of these loans until October 31, 2006 when the loans were paid in full.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 6. OBLIGATION UNDER UTILITY AGREEMENTS AND INTANGIBLE RIGHTS

(Continued)

The Series E Loan was originally issued by the City on October 1, 1976, at a face value of \$7,585,000. The loan matured in varying amounts through June 30, 2006. The Village's pro rata share of the loan was 20.712%. The present value (discounted at the same rate as the Series E Loan) of the Village's obligation to the City was \$2,089,437 at issuance. Intangible water and wastewater usage rights were recorded at the same amount and are being amortized over the 40-year contract period that the Village is entitled to use the City's water and wastewater facilities.

The Series R Loan was originally issued by the City on July 1, 1985, at a face value of \$8,520,000. The loan matured in varying amounts through July 1, 2006. The Village's pro rata share of the loan was 37.04%. The present value (discounted at the same rate as the Series R Loan) of the Village's obligation to the City was \$4,245,610 at issuance. Intangible water and sewer rights were recorded at the same amount. On November 1, 1989, the City issued \$10,300,000 Refunding Revenue Bonds, Series 1989, part of which was used to refund the Series R Loan and to improve the existing facilities. As a result of this refunding issue, the Village amended its original contract with the City whereby the outstanding obligation and intangible rights increased \$494,876. The amendment also required the Village to pay 125% (previously 133%) of its pro rata share of the debt service payments. The intangible rights are being amortized over 33 years (the remaining contract term).

In February 1994, the City issued \$15,680,000 Sewer System Refunding Revenue Bonds, Series 1994, part of which was used to refund both the Series E and Series R Loans. As a result of this refunding issue, the Village amended its contracts with the City, whereby the combined outstanding obligation and intangible rights increased \$353,610 and the maturity date was extended to October 31, 2006. The amendment also required the Village to pay 120% (previously 133% and 125% for the Series E and Series R Loans, respectively) of its pro rata share of the debt service (20% of which was to fund renewal and replacement). The additional intangible rights are being amortized over 22 years (the remaining term of the amended contract). At September 30, 2013, the combined intangible rights had a net book value of \$953,810 and were recorded with capital assets. All outstanding obligations under the utility agreements were paid at maturity on October 31, 2006.

NOTE 7. INTERFUND TRANSACTIONS

Interfund balances and transfers as of and for the year ended September 30, 2013 were as follows:

	Due From Other Funds	Due To Other Funds	Transfers in	Transfers Out
Governmental Activities:				
General Fund	\$ 1,230,561	\$ -	\$ 1,919,801	\$ -
Nonmajor governmental fund	-	-	-	138,209
Business-type Activities:				
Enterprise Fund	-	1,230,561	-	1,781,592
Total	\$ 1,230,561	\$ 1,230,561	\$ 1,919,801	\$ 1,919,801

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 7. INTERFUND TRANSACTIONS (Continued)

The Due From/To Other Funds consists of an interfund advance from the General Fund to the Water and Sewer Fund to finance the cost of certain capital improvements to the Water and Sewer system. The advance must be repaid in the year ending September 30, 2014, with interest at 1.3% per annum. The advance was repaid to the General Fund in full with interest in October 2013. Transfers include payments in lieu of taxes of \$1,919,801 that are not payments for services.

NOTE 8. ENTERPRISE FUND RESTRICTED ASSETS

Restricted assets of the enterprise fund at September 30, 2013, include unspent proceeds of debt restricted for capital asset acquisitions under the terms of the outstanding debt agreements. Restricted resources are used first to fund expenses incurred for restricted purposes. The following is a summary of the restricted assets at September 30, 2013:

	Restricted Assets
Restricted for capital assets	
Unspent proceeds of Series 2013 Note	\$ 4,974,775
Total	\$ 4,974,775

The provisions of the water and wastewater revenue bonds required the Village to establish, in addition to the current portions of principal and interest due, a debt service reserve equal to the maximum principal and interest requirements in any ensuing fiscal year and a reserve for renewal and replacement of water and wastewater facilities equivalent to 5% of the preceding year's revenue up to a maximum of \$100,000. The reserves required under the Village's bond resolution were eliminated in 2013 when the outstanding bonds were defeased. At September 30, 2013, the unspent proceeds of the Series 2013 Note are offset by the related debt and there is no reserved net position.

NOTE 9. PENSION PLANS

Village Pension Plans

The Village sponsored two separate single employer defined benefit plans for 2013: the Village of Palm Springs Police Officers Pension Plan covering all Village police officers hired prior to July 1, 2010; and, the Village of Palm Springs General Employees' Pension Plan, covering substantially all other full-time Village employees hired prior to July 1, 2010. During 2010 the Village adopted ordinances closing both Plans to new members effective June 30, 2010. Participants in the Plans were given the option to remain in their respective Plan or to join the Florida Retirement System (FRS) effective July 1, 2010. Both closed Plans are reported as pension trust funds and are included as part of the Village's reporting entity. Employees hired after June 30, 2010 are required to participate in FRS.

Each Plan has its own Board which acts as plan administrator and trustee. Each Plan's assets may only be used for the payment of benefits to the members and beneficiaries of the Plan in accordance with the terms of each plan document. The costs of administering each Plan are paid by the pension

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 9. PENSION PLANS (Continued)

Village Pension Plans (Continued)

fund. Plan provisions are established by and may be amended by the Village Council. Village contribution requirements, including the net pension obligation, are determined by each Plan's actuary and are paid by the General Fund and Water and Sewer Utility Fund. Employee contribution requirements are determined by the Village Council. There are no legal or contractual maximum contribution rates. The financial statements of each Plan are prepared using the accrual basis of accounting. Employee and employer contributions are recognized in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

The Florida Constitution requires local governments to make the actuarially determined contribution. The Florida Division of Retirement reviews and approves each local government's actuarial report prior to its being approved for use for funding purposes. The State typically collects a locally authorized insurance premium surcharge for the Police Officers Pension Plan on casualty insurance policies within the corporate limits of the Village; however, the State contribution of these funds ceased when the Village closed the plan to new members on June 30, 2010.

Investments are reported at fair value and are managed by third party money managers. Short-term investments are reported at cost, which approximates fair value. The Village's independent custodians and individual money managers determine the fair value of securities, which is generally based upon the mean of the most recent bid and ask prices of each instrument using various third party pricing sources. At September 30, 2013, two mutual fund investments of the Police Officers Pension Fund represented 57.2% and 10.9% of that Plan's net position and one mutual fund investment of the General Employees' Pension Fund represented 12.4% of that Plan's net position.

The following summary of the significant provisions of each Plan was obtained from the respective actuarial reports and Village information for the two pension plans as of October 1, 2012 (the latest actuarial valuation date):

	General Employees	Police Officers
Accounting Policies and Plan Assets:		
Authority	Village Ordinance	Village Ordinance/State Statute
Basis of Accounting	Accrual	Accrual
Asset Valuation		
Reporting	Fair Value	Fair Value
Actuarial Valuation	5-year smoothed market	4-year smoothed market
Legal Reserves	None	None
Long-Term Receivable	None	None
Internal/Participant Loans	None	None
Membership and Plan Provisions:		
Members:		
Active Participants	62	22
Retirees and Beneficiaries	40	23
Terminated Vested	43	16

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 9. PENSION PLANS (Continued)

Village Pension Plans (Continued)

	General Employees	Police Officers
Membership and Plan Provisions:		
Normal Retirement Benefits:		
Retirement Age	62	Option 1 50 Option 2 55 Option 3 Any
Years of Service (minimum)	5	15 10 20
Accrual	2.5%	3.0% 3.0% 3.0%
Maximum	62.5%	None None None
Years to Vest	10	10 10 10
Deferred Retirement Option Plan	Not available	Eligible at normal retirement age
Contributions:		
Actuarial Rates:		
Village	28.6%	81.3%
State	None	None
Participants	3.0%	6.6%
Annual Pension Cost	\$892,187	\$1,205,140
Contribution Made	\$939,845	\$1,194,290
Actuarial Valuation:		
Frequency	Annual	Annual
Latest Valuation	10/1/12	10/1/12
Basis for Contribution	10/1/10	10/1/10
Cost Method	Entry age	Entry age
Amortization:		
Method	Level dollar	Level dollar
Period	15-25 years	9 years
Open/Closed	Closed	Closed
Assumptions:		
Investment Earnings (with inflation)	8.0% / year	7.5% / year
Salary Increases (with inflation)	4.6% - 8.3% / year	4.5% - 7.5% / year
Inflation	4.5% / year	4.5% / year
Cost of living adjustments	3.0%	3.0%
Mortality Rates	RP-2000 Combined Mortality Table	RP-2000 Mortality Table with Blue Collar Adjustment

The actuarial assumptions for the Police Officers' Pension Plan were changed effective with the October 1, 2012 valuation from 8.0% annually to 7.5% annually for investment earnings and from 5.0% - 8.0% annually to 4.5% - 7.5% annually for salary increases. These changes increased the Accrued Actuarial Liability (AAL) and Unfunded Actuarial Liability (UAAL) by \$1,391,930 at October 1, 2012.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 9. PENSION PLANS (Continued)

Annual Pension Cost and Net Pension Obligation

The annual pension cost and net pension asset for the General Employees and Police Officers Pension Plans for the most recent valuation as of October 1, 2012, were as follows:

	General Employees	Police Officers
Annual required contribution (ARC)	\$ 875,999	\$ 1,194,290
Interest on net pension asset	(17,333)	(20,988)
Adjustment to ARC	33,521	31,838
Annual pension cost (APC)	892,187	1,205,140
Village contribution	939,845	1,194,290
Increase (decrease) in net pension asset	47,658	(10,850)
Net pension asset, beginning of year	216,665	262,345
Net pension asset, end of year	\$ 264,323	\$ 251,495

Trend Information

Three-year trend information for the two defined benefit pension plans is as follows:

Three-Year Trend Information				
	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
General Employees:	9/30/11	\$ 1,024,764	109%	\$ 183,563
	9/30/12	730,678	106%	216,665
	9/30/13	892,187	105%	264,323
Police Officers:	9/30/11	\$ 963,407	100%	\$ 272,375
	9/30/12	1,019,025	99%	262,345
	9/30/13	1,205,140	99%	251,495

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AAL for benefits.

Actuarial valuations of defined benefit pension plans 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 investment earnings, salary increases, inflation rates and cost of living adjustments, could result in actual costs being greater or less than estimated.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 9. PENSION PLANS (Continued)

Trend Information (Continued)

The current funded status and funding progress for the defined benefit pension plans is as follows:

Funded Status and Funding Progress						
Date of Actuarial Valuation October 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
General Employees:						
2012	\$ 14,798,078	\$ 17,703,397	\$ 2,905,319	83.6%	\$ 2,690,922	108.0%
Police Officers:						
2012	\$ 14,632,955	\$ 21,684,698	\$ 7,051,743	67.5%	\$ 1,666,560	423.1%

Pension Plan Financial Statements

The General Employees Pension Plan and the Police Officers Pension Plan do not issue stand-alone GAAP financial reports. Accordingly, the Village is required to present separate financial statements for each Plan in the notes to the financial statements. Financial statements for the General Employees Pension Plan and the Police Officers Pension Plan as of and for the year ended September 30, 2013, are as follows:

Statements of Net Position		
	General Employees	Police Officers
Assets		
Cash and cash equivalents	\$ 664,019	\$ 120,323
Investments:		
U.S. Government securities	243,831	451,805
U.S. Government agencies	284,862	90,007
Fixed income mutual fund	544,045	850,718
Mortgage and asset-backed securities	2,196,621	2,288,980
Corporate and foreign bonds	2,067,600	2,262,349
Domestic equity securities and mutual funds	9,190,733	-
Foreign equity securities and mutual funds	2,158,635	11,660,251
Interest and dividends receivable	40,435	37,531
Total assets	17,390,781	17,761,964
Liabilities		
Accounts payable and accrued liabilities	21,746	10,732
DROP plan liability	-	641,880
Total liabilities	21,746	652,612
Net position held in trust for pension benefits	\$ 17,369,035	\$ 17,109,352

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 9. PENSION PLANS (Continued)

Pension Plan Financial Statements (Continued)

Statements of Changes in Net Position		
	General Employees	Police Officers
Additions		
Contributions:		
Employer	\$ 1,027,980	\$ 1,343,382
Plan members	92,578	118,569
Total contributions	1,120,558	1,461,951
Investment income:		
Interest	196,431	250,219
Dividends	234,711	244,193
Net increase in fair value of investments	1,613,036	1,309,763
Investment expenses	(76,802)	(39,133)
Net investment income	1,967,376	1,765,042
Total additions	3,087,934	3,226,993
Deductions		
Administration	51,378	49,357
Benefits	557,336	744,116
Total deductions	608,714	793,473
Change in plan net position	2,479,220	2,433,520
Net Position - October 1, 2012	14,889,815	14,675,832
Net Position - September 30, 2013	\$ 17,369,035	\$ 17,109,352

Florida Retirement System

All regular, full-time employees of the Village, including police officers, hired after June 30, 2010 are required to participate in the Florida Retirement System (“FRS”) administered by the Florida Department of Management Services, Division of Retirement. FRS is a cost-sharing, multiple-employer, defined benefit public employee retirement system that provides retirement, death and disability benefits to plan members and beneficiaries. Pension benefits of FRS are established by Florida Statutes, Chapter 121, and may be amended by the Florida Legislature. Members are required to contribute 3.0% to FRS. The Village is required to contribute at the FRS actuarially determined rates, which were 5.18% for regular class employees; 14.90% for special risk employees (police officers); and, 10.23% for elected officials for the twelve months ended June 30, 2013. Effective July 1, 2013 the FRS contribution rates were 6.95% for regular class employees; 19.06% for special risk employees (police officers); and, 33.03% for elected officials. The contribution requirements for FRS members and participating governments are established by State statute. The Village’s contributions to FRS for the year ended September 30, 2013 were \$333,729 and were equal to the required contributions.

FRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Florida Department of Management Services, Division of Retirement, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399-1560, by calling the Division of Retirement at 1-850-488-6491, or on-line at http://www.dms.myflorida.com/human_resource_support/retirement.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Village administers a single-employer defined benefit health care plan (the “Plan”) that provides health care benefits to eligible retired employees and their beneficiaries. The Village Council has the authority to establish and amend the premiums for and the benefit provisions of the Plan. The Plan is financed on a “pay-as-you-go” basis and is not administered as a formal qualifying trust. The Plan does not issue a publicly available financial report. The Village follows GASB Statement No. 45 (“Statement 45”) for financial reporting and disclosure of other postemployment benefits (“OPEB”) provided under the Plan.

Funding Policy

The Village is required by Florida Statute 112.0801 to allow retirees to buy healthcare coverage at the same *group insurance rates* that current employees are charged resulting in an *implicit* healthcare benefit. The State of Florida prohibits the Plan from separately rating retirees and active employees. The Plan therefore charges both groups an equal, blended rate premium. Although both groups are charged the same blended rate premium, GAAP requires the actuarial figures to be calculated using age adjusted premiums approximating claim costs for retirees separate from active employees. The use of age adjusted premiums results in the addition of an implicit rate subsidy into the actuarial accrued liability. Plan members receiving benefits contribute 100% of the monthly premium ranging from a minimum of \$125 to a maximum of \$225.

Annual OPEB Cost and Net OPEB Obligation

The annual other postemployment benefit cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and the amortization of any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The Village’s annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for the year ended September 30, 2013, were based on an actuarial valuation as of October 1, 2011, and are summarized as follows:

Annual required contribution	\$	29,000
Interest on net OPEB obligation		5,000
Adjustment to annual required contribution		(10,000)
Annual OPEB cost		24,000
Contributions made		(4,000)
Increase in net OPEB obligation		20,000
Net OPEB obligation, beginning of year		157,000
Net OPEB obligation, end of year	\$	177,000

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation (Continued)

Comparative trend data for prior years is as follows:

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation
9/30/2011	\$ 24,000	\$ 4,000	16.7%	\$ 137,000
9/30/2012	24,000	4,000	16.7%	157,000
9/30/2013	24,000	4,000	16.7%	177,000

Funded Status and Funding Progress

The Plan is financed on a pay-as-you-go basis and was not funded for the year ended September 30, 2013. The net OPEB obligation will be liquidated by the General and Water and Sewer Utility Funds. A schedule of funding progress based on an actuarial valuation as of October 1, 2011, is presented below.

Date of Actuarial Valuation October 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2008	\$ 0	\$ 567,000	\$ 567,000	0.0%	\$ 8,165,000	6.9%
2010	0	165,000	165,000	0.0%	7,372,000	2.2%
2011	0	172,000	172,000	0.0%	7,818,000	2.2%

The schedule of funding progress presents multi-year trend information that shows whether the actuarial values of Plan assets are increasing or decreasing over time relative to the actuarial liability for benefits. The Village has not contributed assets to the Plan at the present time.

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. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the actuarial valuation for the Plan as of October 1, 2011, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), and an annual healthcare cost trend rate of 10% initially, reduced by decrements to an ultimate rate of 5% after nine years. Both rates included a 2.75% inflation assumption. The actuarial value of assets is determined using fair value. The UAAL is amortized as a level dollar payment on a closed basis. The remaining amortization period is 15 years.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (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 and changes in marital status, could result in actual costs being greater or less than estimated.

The actuarial assumptions for the year ended September 30, 2011 included the following changes from prior years:

1. The assumed discount rate was decreased from 5.0% to 4.0%.
2. The morbidity rate was decreased from 3.0% to 1.5%.
3. The annual healthcare inflation assumption was changed from 8.5% graded down to an ultimate annual healthcare inflation rate of 6.0%; to 10.0% graded down to 5.0%.

The net effect of these changes in the actuarial assumptions was to decrease the net OPEB obligation by approximately \$69,000. Trend data for the Plan has been restated accordingly.

NOTE 11. RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; thefts of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Village carries commercial insurance. Specifically, the Village purchases commercial insurance for property, medical benefits, worker's compensation, general liability, automobile liability, errors and omissions, and directors and officers liability. The Village 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 and \$300,000 in the aggregate for all claims arising October 1, 2011 and thereafter, and \$100,000/\$200,000 for claims arising prior to October 1, 2011.

There were no significant reductions in insurance coverage from coverage in the prior year. There were no settlements in excess of coverage in the years ended September 30, 2013, 2012, and 2011.

NOTE 12. COMMITMENTS AND CONTINGENCIES

Grants

Amounts received or receivable from grantor agencies are subject to audit and adjustment by those agencies. Any disallowed claims, including amounts already received, might constitute a liability of the Village for the return of those funds.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2013

NOTE 12. COMMITMENTS AND CONTINGENCIES (Continued)

Contract Commitments

Construction contracts of the business-type activities consist of the following:

	Total Project Authorization	Expended through September 30, 2013	Accounts and Retainage Payable September 30, 2013	Balance to Complete
Task #101 – Force Main to PBC	\$ 80,800	\$ 54,050	\$ -	\$ 26,750
Task #126 – Donald Rd Gravity Sewer	1,864,219	10,899	-	1,853,320
Task #133 – Buildings Filter Replacement	14,000	7,000	-	7,000
Task #135 – RLP Filter Media Replacement	781,500	57,000	-	724,500
Task #136 – Davis, Monica & Professional Plaza	102,600	45,750	-	56,850
Task #137 – Kent, Sussex, Colle, Kivey Wastewater	194,600	24,600	-	170,000
Task #139 – Kirk & Lakewood Wastewater	2,465,105	102,706	10,095	2,352,304
	\$ 5,502,824	\$ 302,005	\$ 10,095	\$ 5,190,724

Contingencies

The Village is subject to a variety of lawsuits occurring in the normal course of business, the ultimate outcome of which is not presently determinable. In the opinion of management, after consultation with legal counsel, the resolution of any pending matters is not expected to have a significant impact on the financial condition of the Village.

**REQUIRED SUPPLEMENTARY
INFORMATION**

VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund

Year Ended September 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes:				
Ad valorem taxes	\$ 2,034,205	\$ 2,034,205	\$ 1,951,492	\$ (82,713)
Franchise fees	1,074,788	1,074,788	997,396	(77,392)
Utility service taxes	2,160,384	2,160,384	2,325,477	165,093
Business taxes	287,000	287,000	281,084	(5,916)
Total taxes	5,556,377	5,556,377	5,555,449	(928)
Licenses and permits:				
Building permits	230,000	230,000	306,673	76,673
Other permits and licenses	650	650	411	(239)
Total licenses and permits	230,650	230,650	307,084	76,434
Intergovernmental:				
State revenue sharing	566,802	566,802	590,295	23,493
Alcoholic beverage licenses	14,500	14,500	11,198	(3,302)
Municipal fuel tax refund	8,400	8,400	9,621	1,221
Local option gas tax	342,233	342,233	328,856	(13,377)
County occupational licenses	40,000	40,000	36,281	(3,719)
Half-cent sales tax	1,404,370	1,404,370	1,361,148	(43,222)
Grant revenue	90,975	380,612	519,242	138,630
Other intergovernmental revenue	74,743	74,743	83,543	8,800
Total intergovernmental	2,542,023	2,831,660	2,940,184	108,524
Charges for services:				
General government	127,300	127,300	169,702	42,402
Public safety	355,770	355,770	331,042	(24,728)
Physical environment	918,078	918,078	924,432	6,354
Leisure services	347,750	347,750	290,264	(57,486)
Nonresident fees	12,000	12,000	10,320	(1,680)
Total charges for services	1,760,898	1,760,898	1,725,760	(35,138)
Fines and forfeitures:				
Judgements and fines	298,685	298,685	205,367	(93,318)
Red light traffic fines	375,000	375,000	72,454	(302,546)
Other	111,050	111,050	164,410	53,360
Total fines and forfeitures	784,735	784,735	442,231	(342,504)
Contributions and donations	8,000	8,000	8,755	755

Continued

VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Miscellaneous:				
Interest revenue	\$ 13,500	\$ 13,500	\$ 21,968	\$ 8,468
Miscellaneous revenue	10,500	10,500	108,281	97,781
Facility rental	246,080	246,080	276,347	30,267
Total miscellaneous	270,080	270,080	406,596	136,516
Total revenues	11,152,763	11,442,400	11,386,059	(56,341)
Other financing source				
Transfer in	1,781,592	1,781,592	1,919,801	138,209
Other sources				
Subsequent year appropriation	702,241	817,241	-	(817,241)
Appropriated From Designated CIP	-	475,000	-	(475,000)
Total revenues and other financing source	\$ 13,636,596	\$ 14,516,233	\$ 13,305,860	\$ (1,210,373)
Expenditures				
General government:				
Legislative:				
Personal services	\$ 49,267	\$ 49,267	\$ 48,074	\$ 1,193
Operating	71,525	84,525	74,661	9,864
Nonoperating	54,000	18,400	3,600	14,800
Total legislative	174,792	152,192	126,335	25,857
Executive:				
Personal services	695,666	715,141	708,710	6,431
Operating	20,372	22,237	20,978	1,259
Capital outlay	6,650	2,910	2,739	171
Total executive	722,688	740,288	732,427	7,861
Financial administration:				
Personal services	480,763	480,763	452,402	28,361
Operating	18,168	18,168	14,945	3,223
Capital outlay	2,250	2,250	-	2,250
Total financial administration	501,181	501,181	467,347	33,834
Legal:				
Operating	107,500	222,500	211,443	11,057
Other general government:				
Personal services	46,926	47,476	44,178	3,298
Operating	242,515	239,515	199,384	40,131
Capital outlay	7,245	9,695	7,461	2,234
Total other general government	296,686	296,686	251,023	45,663
Total general government	1,802,847	1,912,847	1,788,575	124,272

Continued

VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Public safety:				
Land development:				
Personal services	\$ 432,155	\$ 438,555	\$ 412,183	\$ 26,372
Operating	73,914	74,014	62,964	11,050
Capital outlay	7,300	800	-	800
Total land development	513,369	513,369	475,147	38,222
Law enforcement:				
Personal services	6,627,808	6,571,808	6,178,256	393,552
Operating	555,879	631,797	592,831	38,966
Capital outlay	166,578	186,297	183,117	3,180
Total law enforcement	7,350,265	7,389,902	6,954,204	435,698
Total public safety	7,863,634	7,903,271	7,429,351	473,920
Physical environment:				
Sanitation services:				
Operating	915,597	920,597	918,747	1,850
Total physical environment	915,597	920,597	918,747	1,850
Transportation:				
Personal services	661,332	641,532	603,000	38,532
Operating	425,339	455,439	428,956	26,483
Capital outlay	99,000	563,700	539,202	24,498
Total transportation	1,185,671	1,660,671	1,571,158	89,513
Culture/recreation:				
Library:				
Personal services	607,033	607,033	574,605	32,428
Operating	110,472	108,305	90,095	18,210
Capital outlay	46,750	48,917	44,624	4,293
Total library	764,255	764,255	709,324	54,931
Leisure services:				
Personal services	656,129	653,529	629,227	24,302
Operating	352,803	353,153	332,787	20,366
Capital outlay	37,300	289,550	289,261	289
Total leisure services	1,046,232	1,296,232	1,251,275	44,957

Continued

VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2013

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Special events:				
Operating	\$ 58,360	\$ 58,360	\$ 56,204	\$ 2,156
Total culture/recreation	1,868,847	2,118,847	2,016,803	102,044
Total expenditures	\$ 13,636,596	\$ 14,516,233	13,724,634	\$ 791,599
Net change in fund balance			(418,774)	
Fund balance, beginning of year			6,514,827	
Fund balance, end of year			\$ 6,096,053	

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

SEPTEMBER 30, 2013

NOTE 1. BUDGETARY ACCOUNTING

State of Florida Statutes require 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 Fund. The procedures for establishing the budget are as follows:

- ❖ Prior to September 1, the Village Manager submits to the Council a proposed operating budget prepared for the 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.
- ❖ The Village advises the County Property Appraiser of the proposed millage rate and the date, time and place of the public hearing for budget acceptance.
- ❖ The budget and related millage rate are legally enacted by resolution.
- ❖ Changes or amendments to the budget of the Village or a department must be approved by the Council; however, changes within a department which do not affect the total departmental expenditures may be approved at the administrative level. Accordingly, the legal level of control is at the department level.

The adopted budgets are prepared on the modified accrual basis in accordance with U.S. generally accepted accounting principles. The reported budgetary data represents the final appropriated budget after amendments adopted by the Council. Supplemental appropriations of \$879,637 were needed for costs incurred for various departmental operating expenses and capital outlay for the year ended September 30, 2013, increasing the original general fund budget from \$13,636,596 to \$14,516,233. Unexpended appropriations lapse at year end.

NOTE 2. ENCUMBRANCES

Encumbrance accounting, in which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized by the Village during the year. However, all encumbrances outstanding at year end lapse and, accordingly, there is no fund balance assigned for encumbrances at September 30, 2013.

VILLAGE OF PALM SPRINGS, FLORIDA

CONDITION RATING OF THE VILLAGE'S STREET SYSTEM

SEPTEMBER 30, 2013

Percentage of lane miles in good or better condition: 100%

Percentage of lane miles in substandard condition: 0%

Comparison of needed-to-actual maintenance/preservation:

	Needed	Actual	Difference
2004	\$ 90,000	\$ 83,184	\$ 6,816
2005	91,200	90,644	556
2006	125,000	124,704	296
2007	243,000	242,423	577
2008	125,000	106,143	18,857
2009	116,500	21,158	95,342
2010	124,900	119,735	5,165
2011	125,000	110,127	14,873
2012	42,950	25,029	17,921
2013	124,000	122,145	1,855
Total	\$ 1,207,550	\$ 1,045,292	\$ 162,258

The condition of street pavement is rated 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 services. 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), and failed (9-0). It is the Village's policy to maintain at least 80% 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, the Village was required to report at least one complete condition assessment at transition using the modified approach. The condition assessment was completed by the Village in 2003 and documented that eligible infrastructure assets are being preserved at or above the condition level established by the Village. The Village evaluates 1/3 of the network each year. In FY 2013, the Village is in year 1 of the fourth cycle of assessments. Our assessments continue to indicate that the Village has maintained the network in accordance with Village policy.

The Village calculates needed maintenance of its street system annually. However, the scheduling of these street projects often crosses fiscal years. Also, many streets are restored as utility work is performed. Therefore, actual maintenance may be less than or greater than the calculated needed maintenance in any fiscal year.

VILLAGE OF PALM SPRINGS, FLORIDA

Required Supplementary Information

Pension Trust Funds - Schedule of Funding Progress

Actuarial Valuation Date September 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll [(b)-(a)]/(c)
Police Officers						
2007	\$ 8,493,185	\$ 13,908,997	\$ 5,415,812	61.1%	\$ 3,065,832	176.7%
2008	9,815,698	16,570,343	6,754,645	59.2%	3,113,818	216.9%
2009	11,219,056	17,097,780	5,878,724	65.6%	2,256,082	260.6%
2010	12,227,758	18,138,625	5,910,867	67.4%	1,734,067	340.9%
2011	13,028,272	19,591,613	6,563,341	66.5%	1,850,308	354.7%
2012	14,632,955	21,684,698	7,051,743	67.5%	1,666,560	423.1%

Effective October 1, 2009, the Village contracted with Palm Beach County for fire protection and emergency medical services. As a result, the existing Hazardous Employees Pension Plan was renamed the Police Officers Pension Plan and was closed to new Firefighter members and the benefits of current Firefighter members were frozen. The effect of this plan amendment was a reduction in the AAL of \$1,493,347 for 2009. Effective June 30, 2010, the General Employees and Police Officers Pension Plans were closed to new members and current employees were given the option to remain in the Plan or join the Florida Retirement System (FRS). Nine police officers elected to join FRS on July 1, 2010, resulting in a reduction of the AAL of \$276,513 at July 1, 2010. Effective October 1, 2012, the investment earnings assumption was lowered from 8.0% to 7.5% and the salary increase assumption was reduced from 5.0%-8.0% to 4.5%-7.5%, resulting in an increase in the AAL and UAAL of \$1,391,930.

General Employees

2007	\$ 9,330,985	\$ 12,756,676	\$ 3,425,691	73.1%	\$ 4,493,757	76.2%
2008	10,707,438	14,143,490	3,436,052	75.7%	4,450,603	77.2%
2009	11,855,663	15,382,732	3,527,069	77.1%	4,418,658	79.8%
2010	13,055,082	15,183,230	2,128,148	86.0%	2,931,037	72.6%
2011	13,770,643	16,450,638	2,679,995	83.7%	2,809,429	95.4%
2012	14,798,078	17,703,397	2,905,319	83.6%	2,690,922	108.0%

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the indicated dates. The significant actuarial assumptions used in the valuations are as follows:

	Police Officers	General Employees
Actuarial cost method	Entry Age	Entry Age
Asset valuation method	4-Year Smoothed Market	5-Year Smoothed Market
Actuarial assumptions:		
Investment rate of return (with inflation)	8.0% / year	7.5% / year
Salary increases (with inflation)	5.0% - 8.0% / year	4.6% - 8.3% / year
Inflation	4.5% / year	4.5% / year
Cost of living adjustments	3.0%	3.0%

VILLAGE OF PALM SPRINGS, FLORIDA

Required Supplementary Information

Pension Trust Funds - Schedule of Employer Contributions

	Year Ended September 30,	Annual Required Contribution	Percentage Contributed
Police Officers Pension Fund			
	2008	\$ 853,902	106%
	2009	875,369	112%
	2010	1,009,299	101%
	2011	952,994	100%
	2012	1,008,995	100%
	2013	1,194,290	100%
General Employees Pension Fund			
	2008	\$ 851,289	100%
	2009	942,609	108%
	2010	974,215	102%
	2011	1,018,543	109%
	2012	718,424	106%
	2013	875,999	107%

**COMBINING FUND
FINANCIAL STATEMENTS AND
DEBT SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Fund – Special revenue funds are used to account for specific revenues that are restricted to expenditure for particular purposes. The Village’s only Special Revenue Fund is the Law Enforcement Fund.

Law Enforcement Fund – Accounts for proceeds from law enforcement forfeitures that are legally restricted to expenditures for law enforcement purposes.

Debt Service Fund – Debt service funds are used to account for assets held for the repayment of principal and interest on general obligation debt.

VILLAGE OF PALM SPRINGS, FLORIDA

Combining Balance Sheet

Nonmajor Governmental Funds

September 30, 2013

	Special Revenue Fund		Debt Service Fund	Total Nonmajor Governmental Funds
	Law Enforcement Fund			
Assets:				
Cash and cash equivalents	\$ 73,102	\$	100,038	\$ 173,140
Total assets	\$ 73,102	\$	100,038	\$ 173,140
Liabilities and Fund Balances:				
Liabilities	\$ -	\$	-	\$ -
Fund balances:				
Restricted for:				
Law enforcement	73,102		-	73,102
Debt service	-		100,038	100,038
Total fund balances	73,102		100,038	173,140
Total liabilities and fund balances	\$ 73,102	\$	100,038	\$ 173,140

VILLAGE OF PALM SPRINGS, FLORIDA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended September 30, 2013

	Special Revenue Fund		Debt Service Fund	Total Nonmajor Governmental Funds
	Law Enforcement Fund			
Revenues				
Taxes	\$ -	\$ 643,270		\$ 643,270
Confiscated property	54,418		-	54,418
Total revenues	54,418	643,270		697,688
Expenditures				
Current:				
Public safety	14,191		-	14,191
Debt service:				
Principal	-	258,690		258,690
Interest and other fiscal charges	-	150,001		150,001
Total expenditures	14,191	408,691		422,882
Excess of revenues over expenditures	40,227	234,579		274,806
Other Financing Uses				
Transfers out		(138,209)		(138,209)
Total other financing uses		(138,209)		(138,209)
Net change in fund balances	40,227	96,370		136,597
Fund balances, beginning of year	32,875	3,668		36,543
Fund balances, end of year	\$ 73,102	\$ 100,038		\$ 173,140

FIDUCIARY FUNDS

General Employees Pension Fund – The general employees pension fund is used to account for the defined benefit pension plan for the general employees of the Village.

Police Officers Pension Fund – The police officers pension fund is used to account for the defined benefit pension plan for the police officers of the Village.

VILLAGE OF PALM SPRINGS, FLORIDA

Combining Statement of Fiduciary Net Position

Fiduciary Funds

September 30, 2013

	General Employees Pension Fund	Police Officers Pension Fund	Total Pension Funds
Assets			
Cash and cash equivalents	\$ 664,019	\$ 120,323	\$ 784,342
Investments:			
U.S. Government securities	243,831	451,805	695,636
U.S. Government agencies	284,862	90,007	374,869
Fixed income mutual funds	544,045	850,718	1,394,763
Mortgage and asset-backed securities	2,196,621	2,288,980	4,485,601
Corporate bonds	2,067,600	2,262,349	4,329,949
Domestic equity securities and mutual funds	9,190,733	-	9,190,733
Foreign equity securities and mutual funds	2,158,635	11,660,251	13,818,886
Receivables:			
Interest and dividends	40,435	37,531	77,966
Total assets	\$ 17,390,781	\$ 17,761,964	\$ 35,152,745
Liabilities			
Accounts payable and accrued liabilities	\$ 21,746	\$ 10,732	\$ 32,478
DROP plan liability	-	641,880	641,880
Total liabilities	\$ 21,746	\$ 652,612	\$ 674,358
Net position			
Net position restricted for pension benefits	\$ 17,369,035	\$ 17,109,352	\$ 34,478,387
Total net position	\$ 17,369,035	\$ 17,109,352	\$ 34,478,387

VILLAGE OF PALM SPRINGS, FLORIDA

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended September 30, 2013

	General Employees Pension Fund	Police Officers Pension Fund	Total Pension Funds
Additions			
Contributions:			
Employer	\$ 1,027,980	\$ 1,343,382	\$ 2,371,362
Plan members	92,578	118,569	211,147
Total contributions	1,120,558	1,461,951	2,582,509
Investment income:			
Interest	196,431	250,219	446,650
Dividends	234,711	244,193	478,904
Net increase in fair value of investments	1,613,036	1,309,763	2,922,799
Investment expenses	(76,802)	(39,133)	(115,935)
Net investment income	1,967,376	1,765,042	3,732,418
Total additions	3,087,934	3,226,993	6,314,927
Deductions			
Administration	51,378	49,357	100,735
Benefits	557,336	744,116	1,301,452
Total deductions	608,714	793,473	1,402,187
Change in plan net position	2,479,220	2,433,520	4,912,740
Net position restricted for pension benefits, beginning of year	14,889,815	14,675,832	29,565,647
Net position restricted for pension benefits, end of year	\$ 17,369,035	\$ 17,109,352	\$ 34,478,387

SCHEDULES OF LONG-TERM DEBT TO MATURITY

VILLAGE OF PALM SPRINGS, FLORIDA

Combining Schedule of Debt Service Requirements

(Principal and Interest) to Maturity

September 30, 2013

Fiscal Year	Governmental		Business-type		Total
	Activities		Activities		
Ending	General		Note		
September 30,	Obligation		Payable		
	Note	Note	Note	Note	
	Payable	Payable	Payable	Payable	
2014	\$ 408,691	\$ 907,891	\$ 1,316,582		\$ 1,316,582
2015	408,691	907,891	1,316,582		1,316,582
2016	408,691	907,891	1,316,582		1,316,582
2017	408,691	907,891	1,316,582		1,316,582
2018	408,691	907,891	1,316,582		1,316,582
2019	408,691	907,891	1,316,582		1,316,582
2020	408,691	907,891	1,316,582		1,316,582
2021	408,691	907,891	1,316,582		1,316,582
2022	408,691	907,891	1,316,582		1,316,582
2023	408,691	907,891	1,316,582		1,316,582
2024	408,691	907,891	1,316,582		1,316,582
2025	408,691	907,891	1,316,582		1,316,582
2026	408,691	907,891	1,316,582		1,316,582
2027	408,691	907,891	1,316,582		1,316,582
2028	408,691	907,891	1,316,582		1,316,582
2029	408,691	907,891	1,316,582		1,316,582
2030	408,691	907,891	1,316,582		1,316,582
2031	408,691	907,891	1,316,582		1,316,582
2032	204,344	907,891	1,112,235		1,112,235
2033	-	907,891	907,891		907,891
Total	\$ 7,560,782	\$ 18,157,820	\$ 25,718,602		\$ 25,718,602

VILLAGE OF PALM SPRINGS, FLORIDA

\$6,477,462 General Obligation Note, dated February 24, 2012

Fiscal Year Ending September 30,	Principal		Interest		Total	Interest Rate
	February 1	August 1	February 1	August 1		
2014	\$ 131,669	\$ 133,241	\$ 72,677	\$ 71,104	\$ 408,691	2.390%
2015	134,833	136,445	69,512	67,901	408,691	2.390%
2016	138,075	139,725	66,270	64,621	408,691	2.390%
2017	141,395	143,085	62,950	61,261	408,691	2.390%
2018	144,794	146,525	59,551	57,821	408,691	2.390%
2019	148,276	150,048	56,070	54,297	408,691	2.390%
2020	151,841	153,655	52,505	50,690	408,691	2.390%
2021	155,491	157,349	48,854	46,997	408,691	2.390%
2022	159,230	161,133	45,115	43,213	408,691	2.390%
2023	163,058	165,007	41,287	39,339	408,691	2.390%
2024	166,979	168,974	37,367	35,371	408,691	2.390%
2025	170,993	173,037	33,352	31,309	408,691	2.390%
2026	175,104	177,197	29,241	27,149	408,691	2.390%
2027	179,314	181,457	25,031	22,889	408,691	2.390%
2028	183,626	185,820	20,720	18,525	408,691	2.390%
2029	188,040	190,287	16,305	14,059	408,691	2.390%
2030	192,561	194,863	11,784	9,483	408,691	2.390%
2031	197,191	199,546	7,154	4,800	408,691	2.390%
2032	201,932	-	2,412	-	204,344	2.390%
Total	\$ 3,124,402	\$ 2,957,394	\$ 758,157	\$ 720,829	\$ 7,560,782	

VILLAGE OF PALM SPRINGS, FLORIDA

\$14,352,351 Water and Sewer Promissory Note, dated April 15, 2013

Fiscal Year Ending September 30,	Principal		Interest		Total	Interest Rate
	November 1	May 1	November 1	May 1		
2014	\$ 267,190	\$ 285,628	\$ 186,756	\$ 168,317	\$ 907,891	2.390%
2015	289,041	292,495	164,904	161,451	907,891	2.390%
2016	295,991	299,527	157,955	154,418	907,891	2.390%
2017	303,107	306,729	150,839	147,216	907,891	2.390%
2018	310,395	314,103	143,551	139,842	907,891	2.390%
2019	317,857	321,656	136,088	132,290	907,891	2.390%
2020	325,499	329,390	128,446	124,556	907,891	2.390%
2021	333,325	337,309	120,620	116,637	907,891	2.390%
2022	341,339	345,419	112,606	108,527	907,891	2.390%
2023	349,546	353,723	104,399	100,223	907,891	2.390%
2024	357,950	362,228	95,995	91,718	907,891	2.390%
2025	366,556	370,937	87,389	83,009	907,891	2.390%
2026	375,370	379,855	78,576	74,090	907,891	2.390%
2027	384,394	388,988	69,551	64,958	907,891	2.390%
2028	393,637	398,340	60,309	55,605	907,891	2.390%
2029	403,100	407,918	50,845	46,028	907,891	2.390%
2030	412,791	417,725	41,154	36,221	907,891	2.390%
2031	422,718	427,768	31,229	26,176	907,891	2.390%
2032	432,880	438,053	21,066	15,892	907,891	2.390%
2033	443,289	448,585	10,657	5,360	907,891	2.390%
Total	\$ 7,125,975	\$ 7,226,376	\$ 1,952,935	\$ 1,852,534	\$ 18,157,820	

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Village of Palm Springs' 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 Village of Palm Springs' overall financial health.

Contents	Page
Financial Trends.....	76
<i>These schedules contain trend information to help the reader understand how the Village of Palm Springs' financial performance and well-being have changed over time.</i>	
Revenue Capacity.....	89
<i>These schedules contain information to help the reader assess the Village of Palm Springs' most significant local revenue sources, the property tax and water and sewer revenue.</i>	
Debt Capacity.....	94
<i>These schedules present information to help the reader assess the affordability of the Village of Palm Springs' current levels of outstanding debt and the Village of Palm Springs' ability to issue additional debt in the future.</i>	
Demographic and Economic Information	98
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village of Palm Springs' financial activities take place.</i>	
Operating Information.....	100
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Village of Palm Springs' financial report relates to the services the Village of Palm Springs provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

VILLAGE OF PALM SPRINGS, FLORIDA

Net Position by Component

Last Ten Fiscal Years

Accrual Basis of Accounting

	Fiscal Year			
	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 6,584,386	\$ 6,818,977	\$ 7,199,449	\$ 7,472,382
Restricted	-	-	-	-
Unrestricted	4,100,592	4,159,815	5,150,443	5,391,895
Total governmental activities net position	\$ 10,684,978	\$ 10,978,792	\$ 12,349,892	\$ 12,864,277
 Business-type activities				
Net investment in capital assets	\$ 19,234,374	\$ 19,027,484	\$ 27,627,368	\$ 28,748,028
Restricted	2,336,464	2,307,654	118,999	1,357,698
Unrestricted	6,992,800	9,210,863	5,253,146	4,015,758
Total business-type activities net position	\$ 28,563,638	\$ 30,546,001	\$ 32,999,513	\$ 34,121,484
 Primary government				
Net investment in capital assets	\$ 25,818,760	\$ 25,846,461	\$ 34,826,817	\$ 36,220,410
Restricted	2,336,464	2,307,654	118,999	1,357,698
Unrestricted	11,093,392	13,370,678	10,403,589	9,407,653
Total primary government net position	\$ 39,248,616	\$ 41,524,793	\$ 45,349,405	\$ 46,985,761

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 7,151,174	\$ 7,167,569	\$ 7,849,679	\$ 7,886,263	\$ 7,814,268	\$ 8,421,324
43,411	34,129	51,554	74,591	36,543	173,140
5,508,949	5,577,255	5,142,613	5,925,371	6,149,891	5,700,543
\$ 12,703,534	\$ 12,778,953	\$ 13,043,846	\$ 13,886,225	\$ 14,000,702	\$ 14,295,007
\$ 29,837,394	\$ 31,406,094	\$ 33,504,764	\$ 34,478,958	\$ 36,404,485	\$ 34,510,573
1,317,850	1,273,221	1,232,301	1,185,083	1,068,872	-
3,007,831	2,155,277	1,337,640	2,719,288	3,402,238	8,326,003
\$ 34,163,075	\$ 34,834,592	\$ 36,074,705	\$ 38,383,329	\$ 40,875,595	\$ 42,836,576
\$ 36,988,568	\$ 38,573,663	\$ 41,354,443	\$ 42,365,221	\$ 44,218,753	\$ 42,931,897
1,361,261	1,307,350	1,283,855	1,259,674	1,105,415	173,140
8,516,780	7,732,532	6,480,253	8,644,659	9,552,129	14,026,546
\$ 46,866,609	\$ 47,613,545	\$ 49,118,551	\$ 52,269,554	\$ 54,876,297	\$ 57,131,583

VILLAGE OF PALM SPRINGS, FLORIDA

Changes in Net Position

Last Ten Fiscal Years

Accrual Basis of Accounting

	Fiscal Year			
	2004	2005	2006	2007
Expenses				
Governmental activities:				
General government	\$ 1,246,098	\$ 1,460,229	\$ 1,489,124	\$ 1,652,285
Public safety	4,306,625	5,047,665	6,013,883	7,436,765
Physical environment	809,087	770,321	1,045,789	840,332
Transportation	938,374	1,018,045	941,378	1,023,051
Culture/recreation	1,331,518	1,387,063	1,573,129	1,742,484
Interest on long-term debt	426,357	389,788	382,721	376,367
Total governmental activities expenses	9,058,059	10,073,111	11,446,024	13,071,284
Business-type activities:				
Water/Sewer Utility	8,006,446	7,751,695	8,498,243	10,195,468
Total business-type activities expenses	8,006,446	7,751,695	8,498,243	10,195,468
Total primary government expenses	\$ 17,064,505	\$ 17,824,806	\$ 19,944,267	\$ 23,266,752
Program Revenues				
Governmental activities:				
Charges for services:				
General government (1)	\$ 318,035	\$ 321,004	\$ 412,527	\$ 428,057
Public safety	838,765	675,994	994,345	1,163,450
Physical environment	398,628	414,375	532,932	582,711
Culture/recreation	357,950	335,149	393,817	356,453
Operating grants and contributions:				
General government	-	331,564	718,297	55,383
Public safety	76,566	120,352	242,497	213,395
Physical environment	-	-	-	-
Transportation	-	7,955	8,432	11,742
Culture/recreation	29,745	33,741	28,315	24,271
Capital grants and contributions:				
General government	-	-	194,167	36,536
Public safety	44,204	57,553	10,000	6,694
Transportation	-	74,294	-	-
Culture/recreation	176,238	-	136,549	163,451
Total governmental activities program revenues	2,240,131	2,371,981	3,671,878	3,042,143
Business-type activities:				
Charges for services:				
Water/Sewer	9,637,956	10,172,417	11,195,361	11,302,346
Capital grants and contributions	715,077	401,985	575,661	934,530
Total business-type activities program revenues	10,353,033	10,574,402	11,771,022	12,236,876
Total primary government program revenues	\$ 12,593,164	\$ 12,946,383	\$ 15,442,900	\$ 15,279,019
Net (expense)/revenue				
Governmental activities	\$ (6,817,928)	\$ (7,701,130)	\$ (7,774,146)	\$ (10,029,141)
Business-type activities	2,346,587	2,822,707	3,272,779	2,041,408
Total primary government net expense	\$ (4,471,341)	\$ (4,878,423)	\$ (4,501,367)	\$ (7,987,733)

(1) In 2009 occupational licenses and business permits were reclassified from charges for services to taxes.

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 1,676,049	\$ 1,648,500	\$ 1,630,953	\$ 1,667,204	\$ 1,732,639	\$ 1,973,168
7,833,731	8,177,216	6,617,900	6,433,149	7,271,962	7,574,060
1,017,487	709,062	715,654	856,371	891,160	951,966
925,984	914,748	994,731	1,026,758	927,758	1,103,302
1,665,319	1,679,624	1,696,739	1,684,426	1,864,706	1,845,343
369,781	363,789	357,189	350,259	369,276	149,486
13,488,351	13,492,939	12,013,166	12,018,167	13,057,501	13,597,325
<u>10,569,732</u>	<u>10,662,117</u>	<u>11,310,728</u>	<u>10,996,082</u>	<u>11,470,127</u>	<u>12,370,744</u>
10,569,732	10,662,117	11,310,728	10,996,082	11,470,127	12,370,744
\$ 24,058,083	\$ 24,155,056	\$ 23,323,894	\$ 23,014,249	\$ 24,527,628	\$ 25,968,069
\$ 424,182	\$ 217,171	\$ 237,648	\$ 300,037	\$ 399,433	\$ 493,069
952,624	943,382	924,366	1,458,760	1,239,587	1,110,553
663,039	798,194	827,277	882,409	883,230	924,432
389,303	369,096	397,724	408,706	393,645	332,020
34,023	79,298	697	2,800	7,200	4,669
203,709	253,347	300,295	308,271	309,577	167,967
-	-	35,684	54,982	34,627	22,304
12,094	12,094	52,447	54,020	68,854	69,743
22,634	17,822	17,435	14,034	16,741	19,128
15,633	12,453	40,002	13,544	27,755	35,237
10,000	50,997	64,729	60,400	93,016	82,870
-	-	-	-	-	-
25,000	250,538	-	-	-	250,000
2,752,241	3,004,392	2,898,304	3,557,963	3,473,665	3,511,992
10,973,325	12,234,482	13,109,032	13,871,775	14,510,608	15,065,056
909,126	549,540	741,905	871,217	979,989	250,582
11,882,451	12,784,022	13,850,937	14,742,992	15,490,597	15,315,638
\$ 14,634,692	\$ 15,788,414	\$ 16,749,241	\$ 18,300,955	\$ 18,964,262	\$ 18,827,630
\$ (10,736,110)	\$ (10,488,547)	\$ (9,114,862)	\$ (8,460,204)	\$ (9,583,836)	\$ (10,085,333)
1,312,719	2,121,905	2,540,209	3,746,910	4,020,470	2,944,894
\$ (9,423,391)	\$ (8,366,642)	\$ (6,574,653)	\$ (4,713,294)	\$ (5,563,366)	\$ (7,140,439)

VILLAGE OF PALM SPRINGS, FLORIDA

Changes in Net Position (Continued)

Last Ten Fiscal Years

Accrual Basis of Accounting

	Fiscal Year			
	2004	2005	2006	2007
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 2,317,271	\$ 2,616,249	\$ 3,125,706	\$ 4,262,490
Utility service taxes	1,285,916	1,492,779	1,661,837	1,720,394
Franchise fees	552,295	562,586	810,272	888,873
Sales and use taxes	1,290,027	1,346,148	1,453,700	1,412,439
Business taxes (1)	-	-	-	-
Intergovernmental, unrestricted	421,513	505,715	521,390	508,398
Investment revenues	70,684	126,658	239,422	326,789
Miscellaneous	31,340	144,544	62,633	112,024
Transfers	1,115,370	1,200,265	1,270,286	1,312,119
Total governmental activities	7,084,416	7,994,944	9,145,246	10,543,526
Business-type activities				
Investment revenues	219,955	330,172	441,016	388,337
Miscellaneous	12,731	29,749	10,003	4,345
Transfers	(1,115,370)	(1,200,265)	(1,270,286)	(1,312,119)
Total business-type activities	(882,684)	(840,344)	(819,267)	(919,437)
Total primary government	\$ 6,201,732	\$ 7,154,600	\$ 8,325,979	\$ 9,624,089
Changes in Net Position				
Governmental activities	\$ 266,488	\$ 293,814	\$ 1,371,100	\$ 514,385
Business-type activities	1,463,903	1,982,363	2,453,512	1,121,971
Total primary government	\$ 1,730,391	\$ 2,276,177	\$ 3,824,612	\$ 1,636,356

(1) In 2009 occupational licenses and business permits were reclassified from charges for services to taxes.

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 4,220,565	\$ 4,124,073	\$ 2,917,117	\$ 2,647,462	\$ 2,560,178	\$ 2,594,762
1,757,165	1,904,565	1,955,211	1,992,185	2,060,461	2,325,477
964,983	1,011,953	974,408	983,164	991,051	997,396
1,362,776	1,293,888	1,295,958	1,353,681	1,595,146	1,710,823
-	229,978	238,928	246,354	273,306	281,084
471,931	427,967	427,847	452,923	496,719	590,295
163,416	31,990	36,196	17,131	25,979	21,968
167,886	24,005	43,715	67,781	20,045	76,241
1,466,645	1,515,547	1,449,356	1,541,902	1,675,428	1,781,592
10,575,367	10,563,966	9,338,736	9,302,583	9,698,313	10,379,638
155,086	44,096	94,803	73,861	94,951	97,441
40,431	21,063	16,163	29,755	52,273	700,238
(1,466,645)	(1,515,547)	(1,449,356)	(1,541,902)	(1,675,428)	(1,781,592)
(1,271,128)	(1,450,388)	(1,338,390)	(1,438,286)	(1,528,204)	(983,913)
\$ 9,304,239	\$ 9,113,578	\$ 8,000,346	\$ 7,864,297	\$ 8,170,109	\$ 9,395,725
\$ (160,743)	\$ 75,419	\$ 223,874	\$ 842,379	\$ 114,477	\$ 294,305
41,591	671,517	1,201,819	2,308,624	2,492,266	1,960,981
\$ (119,152)	\$ 746,936	\$ 1,425,693	\$ 3,151,003	\$ 2,606,743	\$ 2,255,286

VILLAGE OF PALM SPRINGS, FLORIDA

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

Accrual Basis of Accounting

Fiscal Year	Property Tax	Utility Service Tax	Franchise Fees	Sales and Use Tax	Local Business Taxes ⁽¹⁾	Total
2004	\$ 2,317,271	\$ 1,285,916	\$ 552,295	\$ 1,290,027	\$ -	\$ 5,445,509
2005	2,616,249	1,492,779	562,586	1,346,148	-	6,017,762
2006	3,125,706	1,661,837	810,272	1,453,700	-	7,051,515
2007	4,262,490	1,720,394	888,873	1,412,439	-	8,284,196
2008	4,220,565	1,757,165	964,983	1,362,776	-	8,305,489
2009	4,124,073	1,904,565	1,011,953	1,293,888	229,978	8,564,457
2010	2,917,117	1,955,211	974,408	1,295,958	238,928	7,381,622
2011	2,647,462	1,992,185	983,164	1,353,681	246,354	7,222,846
2012	2,560,178	2,060,461	991,051	1,595,146	273,306	7,480,142
2013	2,594,762	2,325,477	997,396	1,710,823	281,084	7,909,542

⁽¹⁾ In 2009 occupational licenses and business permits were reclassified from charges for services to taxes.

VILLAGE OF PALM SPRINGS, FLORIDA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year			
	2004	2005	2006	2007
General Fund				
Reserved	\$ 11,692	\$ 22,622	\$ 16,822	\$ 25,330
Unreserved	4,072,476	4,127,817	5,317,561	5,929,454
Nonspendable:				
Inventory	-	-	-	-
Noncurrent interfund receivable	-	-	-	-
Assigned to:				
Disaster recovery	-	-	-	-
Capital projects	-	-	-	-
Library	-	-	-	-
Subsequent year's budget	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 4,084,168</u>	<u>\$ 4,150,439</u>	<u>\$ 5,334,383</u>	<u>\$ 5,954,784</u>
 All other governmental funds				
Reserved	\$ 249,050	\$ 201,098	\$ 42,717	\$ 54,175
Unreserved, reported in:				
Special revenue funds	70,382	73,249	71,905	64,906
Restricted for:				
Law enforcement	-	-	-	-
Debt service	-	-	-	-
Total all other governmental funds	<u>\$ 319,432</u>	<u>\$ 274,347</u>	<u>\$ 114,622</u>	<u>\$ 119,081</u>

Note: GASB Statement No. 54 was adopted for 2010 resulting in the reclassification of the Governmental Funds fund balances.

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 74,048	\$ 54,425	\$ -	\$ -	\$ -	\$ -
6,004,672	5,987,424	-	-	-	-
-	-	26,966	34,717	28,984	40,204
-	-	-	-	1,230,561	1,230,561
-	-	1,500,000	1,500,000	1,500,000	1,500,000
-	-	1,000,000	3,000,000	1,769,439	1,500,000
-	-	54,230	53,935	46,778	45,926
-	-	321,946	193,386	702,241	895,456
-	-	2,754,765	1,616,440	1,236,824	883,906
<u><u>\$ 6,078,720</u></u>	<u><u>\$ 6,041,849</u></u>	<u><u>\$ 5,657,907</u></u>	<u><u>\$ 6,398,478</u></u>	<u><u>\$ 6,514,827</u></u>	<u><u>\$ 6,096,053</u></u>
\$ 43,411	\$ 34,129	\$ -	\$ -	\$ -	\$ -
66,396	61,858	-	-	-	-
-	-	35,264	30,045	32,875	73,102
-	-	16,290	44,546	3,668	100,038
<u><u>\$ 109,807</u></u>	<u><u>\$ 95,987</u></u>	<u><u>\$ 51,554</u></u>	<u><u>\$ 74,591</u></u>	<u><u>\$ 36,543</u></u>	<u><u>\$ 173,140</u></u>

VILLAGE OF PALM SPRINGS, FLORIDA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year			
	2004	2005	2006	2007
Revenues				
Taxes	\$ 4,155,482	\$ 4,671,614	\$ 5,597,815	\$ 6,871,757
Licenses and permits	711,795	446,473	749,514	807,031
Intergovernmental	1,955,300	2,426,341	3,134,436	2,439,028
Confiscated property	29,578	13,167	25,924	101,432
Grants	154,859	-	-	-
Charges for services	845,962	1,025,234	1,166,898	1,290,774
Fines and forfeitures	140,670	162,527	182,734	173,730
Contributions and donations	33,434	18,311	64,268	17,547
Investment revenues	70,684	126,658	239,422	326,789
Miscellaneous	111,413	202,041	191,660	245,462
Total revenues	8,209,177	9,092,366	11,352,671	12,273,550
Expenditures				
General government	1,050,402	1,247,293	1,283,700	1,383,491
Public safety	4,005,927	4,845,761	5,748,952	6,918,839
Physical environment	752,528	723,124	996,777	782,933
Transportation	912,573	1,007,187	917,523	994,880
Culture/Recreation	1,193,457	1,238,815	1,408,466	1,507,621
Capital outlay	2,707,162	681,664	911,849	849,262
Debt service				
Principal	130,000	135,000	140,000	145,000
Interest and other fiscal charges	397,285	392,601	385,638	378,783
Total expenditures	11,149,334	10,271,445	11,792,905	12,960,809
Excess of revenues over (under) expenditures	(2,940,157)	(1,179,079)	(440,234)	(687,259)
Other financing sources (uses)				
Insurance recoveries	-	-	194,167	-
Transfers in	1,115,370	1,200,265	1,270,286	1,312,572
Transfers out	-	-	-	(453)
Proceeds of refunding note	-	-	-	-
Total other financing sources (uses)	1,115,370	1,200,265	1,464,453	1,312,119
Net change in fund balances	\$ (1,824,787)	\$ 21,186	\$ 1,024,219	\$ 624,860
Debt service as a percentage of non-capital expenditures	6.25%	5.50%	4.83%	4.32%

Fiscal Year					
2008	2009	2010	2011	2012	2013
\$ 6,942,713	\$ 7,270,569	\$ 6,085,664	\$ 5,869,165	\$ 5,884,996	\$ 6,198,719
415,096	117,276	334,970	714,739	168,288	307,084
2,179,288	2,378,024	2,193,081	2,295,483	2,659,483	2,940,184
32,301	33,897	22,778	15,916	13,141	54,418
-	-	-	-	-	-
1,546,796	1,790,671	1,537,494	1,610,697	1,714,744	1,725,760
303,837	247,398	298,169	502,914	722,558	442,231
15,379	13,498	10,645	15,051	15,163	8,755
163,416	31,990	36,196	17,131	25,979	21,968
262,137	127,236	212,587	217,148	292,198	384,628
11,860,963	12,010,559	10,731,584	11,258,244	11,496,550	12,083,747
1,446,600	1,438,136	1,438,735	1,488,922	1,548,147	1,778,375
7,606,128	7,800,710	6,339,717	6,189,105	7,011,301	7,260,425
907,704	675,256	681,948	822,736	857,942	918,747
908,705	903,365	975,657	993,226	866,362	1,031,956
1,475,500	1,473,942	1,503,238	1,512,892	1,678,324	1,682,918
346,028	758,932	1,145,081	506,476	404,171	1,066,404
150,000	160,000	165,000	170,000	6,706,976	258,690
372,281	366,456	359,939	353,181	497,916	150,001
13,212,946	13,576,797	12,609,315	12,036,538	19,571,139	14,147,516
(1,351,983)	(1,566,238)	(1,877,731)	(778,294)	(8,074,589)	(2,063,769)
-	-	-	-	-	-
1,466,645	1,515,547	1,503,586	1,541,902	1,813,637	1,919,801
-	-	(54,230)	-	(138,209)	(138,209)
-	-	-	-	6,477,462	-
1,466,645	1,515,547	1,449,356	1,541,902	8,152,890	1,781,592
\$ 114,662	\$ (50,691)	\$ (428,375)	\$ 763,608	\$ 78,301	\$ (282,177)
4.06%	4.11%	4.58%	4.54%	37.59%	3.12%

VILLAGE OF PALM SPRINGS, FLORIDA

General Governmental Tax Revenues by Source

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

Fiscal Year	Property Tax	Utility Service Tax	Franchise Fees	Sales Tax	Local Business Taxes ⁽¹⁾	Total
2004	\$ 2,317,271	\$ 1,285,916	\$ 552,295	\$ 979,566	\$ -	\$ 5,135,048
2005	2,616,249	1,492,779	562,586	1,038,093	-	5,709,707
2006	3,125,706	1,661,837	810,272	1,102,442	-	6,700,257
2007	4,262,490	1,720,394	888,873	1,065,592	-	7,937,349
2008	4,220,565	1,757,165	964,983	1,021,165	-	7,963,878
2009	4,124,073	1,904,565	1,011,953	961,583	229,978	8,232,152
2010	2,917,117	1,955,211	974,408	956,028	238,928	7,041,692
2011	2,647,462	1,992,185	983,164	1,011,880	246,354	6,881,045
2012	2,560,178	2,060,461	991,051	1,247,855	273,306	7,132,851
2013	2,594,762	2,325,477	997,396	1,361,148	281,084	7,559,867

⁽¹⁾ In 2009 occupational licenses and business permits were reclassified from charges for services to taxes.

VILLAGE OF PALM SPRINGS, FLORIDA

Assessed Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year Ending September 30,	Assessed Values		Total Taxable Assessed Value ⁽¹⁾	Total Direct Tax Rate	Estimated Actual Taxable Value ⁽¹⁾
	Real Property	Personal Property			
2004	\$ 357,940,185	\$ 21,247,358	\$ 379,187,543	22.2405	\$ 399,144,782
2005	427,173,602	26,059,291	453,232,893	21.6977	477,087,256
2006	531,883,879	31,084,717	562,968,596	21.0700	592,598,522
2007	771,880,309	37,843,752	809,724,061	20.7665	852,341,117
2008	897,122,135	48,573,813	945,695,948	18.0537	995,469,419
2009	824,084,556	40,299,601	864,384,157	18.4383	909,878,060
2010	650,083,029	44,399,000	694,482,029	22.7694	731,033,715
2011	567,430,825	43,299,294	610,730,119	23.6000	642,873,809
2012	561,474,280	37,867,369	599,341,649	23.4305	630,885,946
2013	538,214,875	41,353,185	579,568,060	22.9093	610,071,642

⁽¹⁾ The basis of assessed taxable value is approximately one hundred percent (100%) of actual taxable value.
For each fiscal year ending September 30, property is valued as of January 1st of the preceding calendar year.

Source: Palm Beach County Property Appraiser's Office.

VILLAGE OF PALM SPRINGS, FLORIDA

*Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years*

Fiscal Year Ending September 30,	General Fund	Debt Service	Total Village of Palm Springs	School District	Palm Beach County	Palm Beach County Fire Rescue	Special Taxing Districts	Total All
2004	4.8740	1.4468	6.3208	8.5712	4.7928	-	2.5557	22.2405
2005	4.7714	1.2009	5.9723	8.4320	4.7677	-	2.5257	21.6977
2006	4.7714	0.9692	5.7406	8.1060	4.7192	-	2.5042	21.0700
2007	4.7714	0.6657	5.4371	8.1060	4.7192	-	2.5042	20.7665
2008	4.0076	0.5755	4.5831	7.3561	3.9837	-	2.1308	18.0537
2009	4.3321	0.6325	4.9646	7.2511	3.9656	-	2.2570	18.4383
2010	3.5000	0.7736	4.2736	7.9830	4.5614	3.4581	2.4933	22.7694
2011	3.5000	0.9368	4.4368	8.1539	4.9960	3.4581	2.5552	23.6000
2012	3.5000	0.9560	4.4560	8.1800	4.9928	3.4581	2.3436	23.4305
2013	3.5000	1.1520	4.6520	7.5859	4.9853	3.4581	2.2280	22.9093

Tax rate limits	- Ten mills per Florida Statute 200.81 (one mill equals \$1 per \$1,000 of assessed valuation).
Scope of tax rate limit	- No municipality shall levy ad valorem taxes for real and tangible personal property in excess of ten mills of the assessed value, except for special benefits and debt service on obligations issued with the approval of those taxpayers subject to ad valorem taxes.
Taxes assessed	- January 1
Taxes due	- March 31
Taxes delinquent	- April 1
Discount allowed	- 4% November; 3% December; 2% January; 1% February
Penalties for delinquent	- 2.5% after April 1, increase .5% each ten days; maximum 5%
Tax collector	- Palm Beach County
Tax collector's commission	- None

VILLAGE OF PALM SPRINGS, FLORIDA

Principal Property Taxpayers

Current Year and Nine Years Ago

	2013			
	Taxable Assessed Valuation	Taxes	Rank	Percentage of Total Taxes Levied
Oxygen Holdings LLC	\$ 14,492,798	\$ 67,421	1	3.32%
Florida Power & Light Co.	14,417,934	67,072	2	3.31%
IRT Property Co.	14,000,000	60,717	3	2.99%
Riverfront Capital III LLC	13,051,784	54,863	4	2.70%
Walmart Stores East LP	10,976,091	51,059	5	2.52%
Phillips Lake Worth	9,200,000	42,798	6	2.11%
Portofino Associates Ltd	9,000,000	41,868	7	2.06%
Four FLA Shopping Center Prop Ltd	7,800,000	36,286	8	1.79%
Advenir at Pines LLC	6,104,054	28,396	9	1.40%
Woodhaven LLC	5,818,299	27,067	10	1.33%
CSC Village Club Apts LTD	-	-		-
EQR - Village Green Vistas, Inc.	-	-		-
Waterton Eastwood	-	-		-
Jerjo Inc.	-	-		-
Acquiport Amsdell IV	-	-		-
Aurora Homes, Inc.	-	-		-
Rex Prop Palm Springs Ltd. Co.	-	-		-
Totals	<u>\$104,860,960</u>	<u>\$ 477,547</u>		<u>23.53%</u>

Note: Information obtained from the Palm Beach County Tax Collector.

2004			
Taxable Assessed Valuation	Taxes	Rank	Percentage of Total Taxes Levied
\$ -	\$ -		-
-	-		-
12,300,000	77,746	1	4.21%
-	-		-
-	-		-
4,800,000	30,340	6	1.64%
-	-		-
-	-		-
-	-		-
6,591,689	41,665	3	2.25%
11,300,000	71,425	2	3.86%
6,022,699	38,068	4	2.06%
5,241,929	33,133	5	1.79%
4,716,429	29,812	7	1.61%
4,000,000	25,283	8	1.37%
3,568,336	22,555	9	1.22%
3,328,162	21,037	10	1.14%
<u>\$ 61,869,244</u>	<u>\$ 391,064</u>		<u>21.15%</u>

VILLAGE OF PALM SPRINGS, FLORIDA

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ending September 30,	Net Tax Levy ⁽¹⁾	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Property Tax Collections	Collections as a Percent of Current Levy
2004	\$1,848,160	\$1,786,544	96.67%	\$ 3,102	\$1,789,646	96.83%
2005	2,162,555	2,085,476	96.44%	3,153	2,088,629	96.58%
2006	2,696,045	2,593,077	96.18%	6,894	2,599,971	96.44%
2007	3,863,517	3,736,576	96.71%	8,119	3,744,695	96.92%
2008	3,793,610	3,695,422	97.41%	2,494	3,697,916	97.48%
2009	3,764,318	3,538,136	93.99%	59,330	3,597,466	95.57%
2010	2,430,687	2,252,574	92.67%	139,603	2,392,177	98.42%
2011	2,137,555	2,050,669	95.94%	45,365	2,096,034	98.06%
2012	2,097,696	1,987,668	94.75%	24,171	2,011,839	95.91%
2013	2,028,488	1,926,395	94.97%	25,097	1,951,492	96.20%

Note: All property taxes are assessed and collected by Palm Beach County without charge to the Village. Collections are distributed in full as collected.

⁽¹⁾ Tax levy, net of allowance for discounts.

VILLAGE OF PALM SPRINGS, FLORIDA

Water and Sewer Revenue Base

Last Ten Fiscal Years

Fiscal Year Ending September 30,	Water		Number of Active Water Customer Accounts	Wastewater		Number of Active Wastewater Customer Accounts
	Gallons Consumed ⁽¹⁾	Base Rate ⁽²⁾		Gallons Treated ⁽¹⁾	Base Rate ⁽³⁾	
2004	1,487,806	\$ 12.23	11,634	821,183	\$ 18.21	9,405
2005	1,591,546	13.79	11,924	825,679	19.82	9,593
2006	1,598,240	14.63	11,450	730,531	21.78	9,381
2007	1,525,899	15.08	11,537	794,865	23.61	9,417
2008	1,472,078 (a)	15.08	11,643	850,613	23.61	9,546
2009	1,444,857 (a)	16.40	11,307	986,442	26.40	9,344
2010	1,389,638 (a)	17.72	12,349	954,649	28.52	10,268
2011	1,368,202 (a)	18.26	12,374	859,929	29.39	10,375
2012	1,238,598 (a)	18.81	12,536	915,307	30.26	10,716
2013	1,367,780	19.37	12,455	970,372	31.18	10,722

⁽¹⁾ Gallons are in thousands.

⁽²⁾ The base water rate is for a residential customer located inside the Village incorporated area consuming 4,000 gallons a month.

⁽³⁾ The base wastewater rate is for a residential customer located inside the Village incorporated area using 4,000 gallons a month.

Source: Village of Palm Springs Utility Department.

(a) Decrease in consumption due to mandatory water restrictions for severe drought conditions in South Florida.

VILLAGE OF PALM SPRINGS, FLORIDA

*Ratios of Outstanding Debt by Type
Last Ten Fiscal Years*

Fiscal Year	Governmental Activities		Business-type Activities			Total ⁽¹⁾ Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita
	General Obligation Bonds	General Obligation Note Payable	Water & Sewer Revenue Bonds	Water & Sewer Notes Payable	Obligation Under Agreement			
2004	\$ 7,635,000	\$ -	\$16,854,899	\$5,796,318	\$1,223,927	\$31,510,144	5.38%	\$2,358
2005	7,500,000	-	16,261,239	5,177,435	684,209	29,622,883	5.03%	2,217
2006	7,360,000	-	15,740,566	4,533,236	159,204	27,793,006	4.49%	2,001
2007	7,215,000	-	13,874,827	3,862,457	-	24,952,284	3.73%	1,737
2008	7,065,000	-	13,246,703	3,164,150	-	23,475,853	2.90%	1,605
2009	6,905,000	-	12,586,558	2,436,765	-	21,928,323	2.38%	1,408
2010	6,740,000	-	11,897,820	1,679,485	-	20,317,305	2.20%	1,283
2011	6,570,000	-	11,162,172	890,959	-	18,623,131	2.93%	984
2012	-	6,340,486	10,376,252	69,933	-	16,786,671	2.79%	849
2013	-	6,081,796	-	14,352,351	-	20,434,147	3.36%	1,025

Note: Details about the Village's outstanding debt can be found in the notes to the financial statements. The debt for the business-type activities represents debt for our water treatment plants and wastewater collection and transmission system. These facilities serve our residents, as well as non-residents on our water and sewer utility system.

⁽¹⁾ The Village does not have a legal debt margin.

⁽²⁾ Based on personal income information for Palm Beach County, Florida. Personal income information is not available for the Village.

VILLAGE OF PALM SPRINGS, FLORIDA

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonded Debt	Less: Amounts Available in Debt Service Fund	Total	Assessed Value of Taxable Property	Percentage of Assessed Value of Taxable Property	Population	Per Capita
2004	\$ 7,635,000	\$ 20,677	\$ 7,614,323	\$ 379,187,543	2.01%	13,363	\$ 569.81
2005	7,500,000	20,696	7,479,304	453,232,893	1.65%	13,363	559.70
2006	7,360,000	20,793	7,339,207	562,968,596	1.30%	13,890	528.38
2007	7,215,000	15,275	7,199,725	809,724,061	0.89%	14,363	501.27
2008	7,065,000	15,892	7,049,108	945,695,948	0.75%	14,630	481.83
2009	6,905,000	16,219	6,888,781	864,384,157	0.80%	15,578	442.21
2010	6,740,000	16,290	6,723,710	694,482,029	0.97%	15,831	424.72
2011	6,570,000	44,546	6,525,454	610,730,119	1.07%	18,928	344.75
2012	-	-	-	599,341,649	0.00%	19,769	-
2013	-	-	-	579,568,060	0.00%	19,938	-

Note: The basis of assessed value is approximately one hundred percent (100%) of actual value. For each fiscal year ending September 30, property is valued as of January 1st of the preceding calendar year.

VILLAGE OF PALM SPRINGS, FLORIDA

*Direct and Overlapping Governmental Activities Debt
September 30, 2013*

	Total Outstanding	Percentage Applicable to Village of Palm Springs⁽¹⁾	Amount Applicable to Village of Palm Springs
Direct:			
Village of Palm Springs	\$ 6,081,796	100.00%	\$ 6,081,796
Overlapping:			
Palm Beach County	187,210,000	0.54%	1,010,934
Palm Beach County School District	26,370,000	0.54%	142,398
Total overlapping debt	213,580,000		1,153,332
Total direct and overlapping debt payable from ad valorem taxes			\$ 7,235,128
Estimated population			19,938
Total direct and overlapping debt per capita			\$ 362.88

⁽¹⁾ Estimates based on 2009 ratio of assessed taxable values.

Note: The Village of Palm Springs has no legal debt margin.

Source: Finance Department, Village of Palm Springs, Florida
Palm Beach County Property Appraiser
School Board of Palm Beach County

VILLAGE OF PALM SPRINGS, FLORIDA

Water and Sewer Utility Pledged Revenue Coverage

Last Ten Fiscal Years

Fiscal Year Ended September 30,	Gross Revenue*	Operating Expenses**	Revenue Available for Debt Coverage	Current Debt Service	Current Coverage
2004	\$ 10,585,719	\$ 4,738,093	\$ 5,847,626	\$ 2,267,047	2.58
2005	10,934,323	5,141,817	5,792,506	2,273,972	2.55
2006	10,934,323	5,141,817	5,792,506	2,269,972	2.55
2007	12,629,558	6,820,199	5,809,359	2,246,972	2.59
2008	12,077,968	7,350,126	4,727,842	2,165,148	2.18
2009	12,849,181	7,369,105	5,480,076	2,163,698	2.53
2010	13,961,903	8,091,259	5,870,644	2,156,946	2.72
2011	14,846,608	7,792,488	7,054,120	2,155,448	3.27
2012	15,637,821	8,280,748	7,357,073	2,158,448	3.41
2013	16,113,317	8,707,089	7,406,228	1,316,965	5.62

* Includes interest revenue, miscellaneous revenue and capital contributions.

** Excludes depreciation and amortization expense.

VILLAGE OF PALM SPRINGS, FLORIDA

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population⁽¹⁾	Per Capita Personal Income⁽²⁾	Estimated Total Personal Income⁽³⁾	Median Age⁽²⁾	Education Level in Years of Formal Schooling	School Enrollment⁽²⁾	Unemployment Rate⁽²⁾
2004	13,363	\$ 43,830	\$ 585,700,290	41.8	N/A	170,949	5.8%
2005	13,363	44,050	588,640,150	41.8	N/A	172,532	4.6%
2006	13,890	44,518	618,355,020	41.7	N/A	170,582	5.1%
2007	14,363	46,630	669,746,690	38.1	N/A	168,546	5.3%
2008	14,630	55,311	809,199,930	38.2	N/A	168,342	7.4%
2009	15,578	59,147	921,391,966	43.2	N/A	170,215	11.3%
2010	15,831	58,358	923,865,498	43.2	N/A	171,692	10.8%
2011	18,928	33,610	636,170,080	43.5	N/A	174,004	11.7%
2012	19,769	30,487	602,697,503	43.7	N/A	177,307	10.8%
2013	19,938	30,487	607,849,806	43.7	N/A	202,013	7.1%

Data Sources:

- ⁽¹⁾ The population for 2004 through 2013 was obtained from the University of Florida, Bureau of Economic Business Administration.
- ⁽²⁾ Information provided by the Business Development Board of Palm Beach County. The per capita personal income is for Palm Beach County, Florida. Personal income information is not available for the Village.
- ⁽³⁾ Total personal income information estimated based on per capita personal income for Palm Beach County, Florida.

N/A - Not Available.

VILLAGE OF PALM SPRINGS, FLORIDA

Principal Employers

Current Year and Nine Years Ago

Employer	2013 ⁽¹⁾			2004		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Palm Beach County School District	21,495	1	N/A	18,677	1	N/A
Palm Beach County	11,381	2	N/A	9,000	2	N/A
Tenet Healthcare Corp.	6,100	3	N/A	3,040	4	N/A
NextEra Energy	3,635	4	N/A	2,800	5	N/A
G4S	3,000	5	N/A	-	-	-
HCA	2,714	6	N/A	-	-	-
Florida Atlantic University	2,706	7	N/A	-	-	-
Bethesda Memorial Hospital	2,391	8	N/A	1,800	9	N/A
Office Depot	2,250	9	N/A	-	-	-
Boca Raton Regional Hospital	2,250	10	N/A	-	-	-
Columbia PB Healthcare System, Inc	-	-	-	4,000	3	N/A
Boca Raton Resort & Club	-	-	-	2,380	6	N/A
U.S. Sugar Corp.	-	-	-	2,200	7	N/A
Florida Crystals	-	-	-	2,000	8	N/A
The Breakers	-	-	-	1,800	10	N/A
Totals	<u>57,922</u>		<u>N/A</u>	<u>47,697</u>		<u>N/A</u>

⁽¹⁾ Source: Business Development Board of Palm Beach County. Data is for Palm Beach County, Florida, for 2013. Employment information for the Village is not available.

N/A - Not Available.

VILLAGE OF PALM SPRINGS, FLORIDA

Full-time Equivalent Village Government Employees by Function
Last Ten Fiscal Years

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government	12.5	13.5	13.5	15	15	15	14.5	14.5	15	16
Public safety										
Building official	1	1	1	1	1	1	1	1	1	1
Land development	6.5	8	6.5	6.5	6	4	3	4.5	5.5	4.5
Police officers	34	38	38	38.5	40	39	38	40	40	40
Firefighters (b)	4	8	9	12	18	22.5	-	-	-	-
Civilian police/fire	16.5	18	16.5	15	12	14	15	15.5	17	19
Sanitation (a)	10	11	9	11	-	-	-	-	-	-
Transportation	18	19	12	9	13	12	11	11	12	13
Culture/Recreation										
Library	9	9	9	9.5	10	9.5	10	10	10	10
Leisure services	10.5	11.5	11.5	11.5	12	9	7.5	7.5	13	10
Water & Sewer Utility	<u>45</u>	<u>46</u>	<u>48</u>	<u>53</u>	<u>56</u>	<u>56.5</u>	<u>58</u>	<u>58</u>	<u>60</u>	<u>65.5</u>
Total	167	183	174	182	183	182.5	158	162	173.5	179

(a) The Village privatized sanitation operations effective April 1, 2008.

(b) The Village contracted with Palm Beach County for fire protection effective October 1, 2009.

VILLAGE OF PALM SPRINGS, FLORIDA

Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year		
	2004	2005	2006
Public Safety			
Police			
Physical arrests	896	1,049	1,166
Parking violations	349	534	682
Traffic violations	7,077	6,488	10,284
Fire			
Number of calls (a)	1,966	2,193	2,237
Sanitation (b)			
Refuse collected (tons)	6,589	6,900	5,805
Recyclables collected (tons)	715	360	446
Roads and Streets			
Street resurfacing (miles)	2	2	5.82
Pot holes repaired	205	225	520
Culture/recreation			
Library			
Circulation	63,305	69,572	82,286
Active cardholders	N/A	N/A	3,738
Reference questions	N/A	N/A	8,958
Programs offered	279	356	334
Program attendance	3,052	4,030	3,522
Total library visitors	N/A	N/A	N/A
Leisure Services			
Baseball participants	N/A	N/A	286
Soccer participants	N/A	N/A	222
Flag football participants	N/A	N/A	273
Cheerleading participants	N/A	N/A	24
Basketball participants	80	120	-
Youth athletic participants	950	930	805
Adult flag football	-	-	-
Camp program participants	325	335	545
Class participants	600	675	796
Travel Club members	-	-	-
Special event participants	-	-	-
Facility rentals	-	-	-
Water/Sewer Utility			
Water accounts	11,634	11,924	11,450
Water customers	N/A	N/A	19,732
Water main breaks	5	2	2
Sewer accounts	9,405	9,593	9,381
Sewer customers	N/A	N/A	17,172
Avg daily water consumption (thousands of gallons)	4,076	4,360	4,379

Sources: Village departments

N/A: Not available.

(a) The Village signed a mutual aid agreement with Palm Beach County in 2008 resulting in higher call volume.

(b) The Village privatized sanitation operations effective April 1, 2008.

Fiscal Year						
2007	2008	2009	2010	2011	2012	2013
1,316	1,308	1,129	1,090	1,021	1,039	1,017
540	636	214	160	79	54	32
12,008	9,242	7,472	11,438	9,038	7,201	6,081
2,639	4,066	3,631	N/A	N/A	N/A	N/A
9,030	2,771	privatized	privatized	privatized	privatized	privatized
452	215	privatized	privatized	privatized	privatized	privatized
4	3	3	1.7	2.3	3.2	2.1
752	1,073	1,036	790	765	820	842
75,545	85,979	105,018	98,723	114,881	91,643	80,014
3,989	3,912	4,336	4,421	5,191	4,475	4,162
10,820	16,553	19,590	19,694	10,748	47,548	46,452
339	460	656	686	656	576	712
4,313	5,230	7,555	8,040	7,947	7,388	6,161
N/A	88,887	106,345	97,233	109,002	96,817	91,514
279	318	272	265	224	191	170
221	218	280	289	224	233	201
294	303	290	293	311	278	241
49	31	12	12	22	28	14
100	130	127	150	161	194	188
943	1,000	981	1,009	942	924	814
-	-	72	156	156	80	108
375	425	450	384	385	365	442
716	546	480	*	*	*	*
-	-	-	305	268	261	224
-	-	-	4,162	5,123	5,109	4,536
-	-	-	1,383	836	1,241	1,199
11,537	11,623	11,307	12,349	12,374	12,536	12,455
19,825	21,937	18,747	19,752	19,878	19,952	19,996
12	1	5	6	6	11	84
9,417	9,546	9,344	10,268	10,375	10,716	10,722
17,180	17,228	16,314	17,297	17,459	17,812	17,903
4,182	4,033	3,901	3,732	3,743	3,710	3,747

* Included in facility rentals beginning with 2010.

VILLAGE OF PALM SPRINGS, FLORIDA

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year				
	2004	2005	2006	2007	2008
Public Safety					
Police					
Stations	1	1	1	1	1
Patrol Units	32	29	23	26	43
Fire (a)					
Fire Stations	1	1	1	1	1
Fire trucks	3	3	3	3	1
ALS Rescue Vehicles	4	5	3	3	2
Sanitation (b)					
Garbage Trucks	3	3	3	3	1
Trash Trucks	3	3	3	3	1
Roads and Streets					
Street lights	13	29	29	29	29
Lane miles	58.99	60.00	70.00	71.86	72.31
Culture/recreation					
Library					
Books	42,324	46,311	48,969	46,500	49,286
Leisure Services					
Ballfields - lighted	4	4	4	4	4
Basketball courts	2	2	2	2	2
Soccer fields	3	3	3	3	3
Tennis courts	4	4	4	4	4
Mini-golf course	-	1	1	1	1
Parks	2	2	3	3	4
Water/Sewer Utility					
Water mains (miles)	126.00	124.00	124.00	124.70	124.90
Sanitary sewers (miles)	83.00	89.00	89.00	89.00	86.50
Storm sewers (miles)	3.75	4.00	4.00	3.96	3.96
Fire hydrants	863	863	863	872	872
Maximum daily water treatment capacity (thousands of gallons)	10,000	10,000	10,000	10,000	10,000

Sources: Village departments

N/A: Not available.

(a) The Village contracted with Palm Beach County for fire-rescue services effective October 1, 2009.

(b) The Village privatized sanitation operations effective April 1, 2008.

Fiscal Year				
2009	2010	2011	2012	2013
1	1	1	1	1
43	59	56	58	58
1	-	-	-	-
1	-	-	-	-
2	-	-	-	-
1	1	1	1	1
1	1	1	1	1
29	29	29	81	81
72.31	72.31	69.21	66.61	72.70
51,936	54,039	54,493	55,155	56,797
4	4	4	4	4
2	2	2	2	2
3	3	3	3	3
4	4	4	4	4
1	1	1	1	1
6	6	6	7	8
124.90	124.90	126.00	126.00	126.58
88.50	94.30	95.55	99.05	99.48
3.96	3.96	3.96	3.96	4.29
872	872	872	872	872
10,000	10,000	10,000	10,000	10,000

VILLAGE OF PALM SPRINGS, FLORIDA

Schedule of Insurance in Force

September 30, 2013

Company	Policy Number	Type of Coverage	Property Covered	Amount of Coverage
FMIT#0459	U711-50850 General & Police	Fiduciary liability	Pension trustees	\$1,000,000
FMIT#0459	PROP DEC 1013 PROP02-1013	Property inland marine	Village property	\$22,248,869
FMIT#0459	SEGL 1013	General liability	Village property	\$1,000,000 \$2,000,000
FMIT#0459	AL 1013 APD 1009	Automobile liability Physical damage	Any auto Owned vehicles	\$1,000,000 per schedule
FMIT#0459	ECLE1013	Crime	Employee theft, dishonesty, forgery	\$100,000
FMIT#0459	105185397	Fiduciary bond	Finance Officer	\$1,000,000
FMIT#0459	EO 1009 LE 1007	Professional liability Professional liability	Public officials Law enforcement	\$1,000,000
National Union Fire Insurance Co.	SRG9043155-B	Accidental death and dismemberment	Village employees	\$66,000/ \$190,000
FMIT#0459	WC EL 1013	Workers compensation	Village employees	Florida statutory
Commerce & Industry Insurance Co.	FPL011943510	Pollution liability	Village property	\$1,000,000 per claim

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*

The Honorable Mayor and
Village Council
Village of Palm Springs, Florida

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, business-type activity, each major fund and the aggregate remaining fund information of the Village of Palm Springs, Florida, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Village of Palm Springs, Florida, and have issued our report thereon dated January 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) of the Village of Palm Springs, Florida, 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 internal control of the Village of Palm Springs, Florida. Accordingly, we do not express an opinion on the effectiveness of the internal control of the Village of Palm Springs, Florida.

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

Purpose of this Report

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

*Cale, Dutton, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
January 17, 2014



CALER, DONTEN, LEVINE,
COHEN, PORTER & VEIL, P.A.

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Management Letter

The Honorable Mayor and
Village Council
Village of Palm Springs, Florida

We have audited the financial statements of the Village of Palm Springs, Florida, as of and for the year ended September 30, 2013, and have issued our report thereon dated January 17, 2014.

We conducted our audit in accordance with U.S. generally accepted auditing standards and 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 Florida Auditor General. We have issued our 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*. Disclosures in that report, which is dated January 17, 2014, should be considered in conjunction with this management letter.

Additionally, Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida, requires certain additional information to be reported. This management letter includes the following additional information required by Chapter 10.550, Rules of the Auditor General, which is not included in the aforementioned auditor's report:

1. Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no findings and recommendations reported in our 2012 management letter.
2. Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Village complied with Section 218.415, Florida Statutes.
3. Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.
4. Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address 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. In connection with our audit, we did not have any such findings.
5. Section 10.554(1)(i)5., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements.

6. Section 10.554(1)(i)6.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Village did not meet any of the conditions described in Section 218.503(1), Florida Statutes, as of and for the year ended September 30, 2013.
7. Section 10.554(1)(i)6.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Village for the fiscal year ended September 30, 2013, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2013. In connection with our audit, we determined that these two reports were in substantial agreement.
8. Pursuant to Sections 10.554(1)(i)6.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2013. It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by management. The results of our procedures disclosed no matters that are required to be reported.

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

*Cale, Douten, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
January 17, 2014