



THE VILLAGE OF PALM SPRINGS, FLORIDA



Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2011

The CAFR cover photo of a rainbow over the Robert L. Pratt Water Treatment Plant was captured by our employee Carlos Ortega. The Pratt plant is one of two plants owned and operated by the Village that utilizes the MIEX treatment process and contributed to Palm Springs winning the Florida State AWWA “Best Tasting Water in Florida” award in 2009.

Thank you, Carlos!

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 and a sun. 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 seal is semi-transparent and serves as a background for the title text.

**THE VILLAGE OF
PALM SPRINGS, FLORIDA**

Comprehensive Annual
Financial Report

**Fiscal Year Ended
September 30, 2011**

**Prepared by:
Finance Department**

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

VILLAGE OF PALM SPRINGS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2011

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal.....	i
List of Principal Officials.....	v
Organizational Chart	vi
GFOA Certificate of Achievement for Excellence in Financial Reporting	vii

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	3

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Assets	14
Statement of Activities	15

Fund Financial Statements:

Balance Sheet - Governmental Funds	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	20
Statement of Net Assets - Proprietary Fund	21
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Fund.....	22
Statement of Cash Flows - Proprietary Fund	23
Statement of Fiduciary Net Assets	25
Statement of Changes in Fiduciary Net Assets	26
Notes to Financial Statements	27

REQUIRED SUPPLEMENTARY INFORMATION:

Budgetary Comparison Schedule - General Fund	57
Notes to Budgetary Comparison Schedule	61
Condition Rating of the Village's Street System	62
Schedule of Funding Progress - Pension Trust Funds	63
Schedule of Employer Contributions - Pension Trust Funds.....	64

COMBINING FUND FINANCIAL STATEMENTS AND DEBT SCHEDULES:

Nonmajor Governmental Funds:

Combining Balance Sheet	65
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	66

VILLAGE OF PALM SPRINGS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2011

COMBINING FUND FINANCIAL STATEMENTS AND DEBT SCHEDULES (Continued):

Fiduciary Funds:

Combining Statement of Fiduciary Net Assets	67
Combining Statement of Changes in Fiduciary Net Assets.....	68

Schedules of Long-Term Debt to Maturity:

Combining Schedule of Debt Service Requirements (Principal and Interest) to Maturity	69
\$7,890,000 Florida Municipal Loan Council Revenue Bond, Series 2002A, dated May 1, 2002	70
\$7,244,700 Promissory Note, dated December 14, 2001	71
\$1,209,857 Water and Sewer Capital Appreciation Bonds, Series 1988	72
\$11,550,000 Florida Municipal Loan Council Revenue Bonds, Series 2003A	73

STATISTICAL SECTION

Financial Trends:

Net Assets by Component.....	75
Changes in Net Assets	77
Governmental Activities Tax Revenues by Source	81
Fund Balances of Governmental Funds.....	82
Changes in Fund Balances of Governmental Funds	84
General Governmental Tax Revenues by Source	86
Assessed Value of Taxable Property	87

Revenue Capacity:

Property Tax Rates - Direct and Overlapping Governments	88
Principal Property Taxpayers.....	89
Property Tax Levies and Collections.....	91
Water and Sewer Revenue Base	92

Debt Capacity:

Ratios of Outstanding Debt by Type	93
Ratios of General Bonded Debt Outstanding.....	94
Direct and Overlapping Governmental Activities Debt.....	95
Water and Sewer Pledged Revenue Coverage.....	96

Demographic and Economic Information:

Demographic and Economic Statistics	97
Principal Employers.....	98

Operating Information:

Full-time Equivalent Village Government Employees by Function.....	99
Operating Indicators by Function	100
Capital Asset Statistics by Function	102
Schedule of Insurance in Force.....	104

VILLAGE OF PALM SPRINGS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2011

COMPLIANCE SECTION

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	105
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	107

INTRODUCTORY SECTION



Village of Palm Springs

Department of Finance

226 Cypress Lane,

Palm Springs, Fl. 33461-1699

(561) 965-4013 Fax (561) 304-4615

January 6, 2012

***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, 2011. The CAFR has been prepared in accordance with the Village Charter, Florida State Statutes and 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 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, Porter & Veil, Certified Public Accountants, have issued an unqualified ("clean") opinion on the Village of Palm Springs' financial statements for the year ended September 30, 2011. The independent auditor's report on the basic financial statements and combining fund statements and debt schedules is located at the front of 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. 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, over 140 golf courses 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, townhouses and condominiums and 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, 2011, our utility system had 19,878 water customers and 17,459 wastewater customers. Approximately 53% of the total connections serve Village residents; the other 47% 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 are 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 to help carry us through natural disasters such as the hurricane seasons of 2004 and 2005. 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 53%, from 12,351 in 2002 to the current estimate of 18,928. Over the same ten year period the Village's assessed taxable value grew from \$293 million in 2002 to a high of \$946 million in 2008 (an increase of 223%), then due to the economic downturn, it has declined to \$600 million, a decline of 37% in three years.

The Village chose to early implement the Governmental Accounting Standards Board (GASB) Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2010. As of September 30, 2011 the General Fund had a total fund balance of \$6,398,478. The components of fund balance in accordance with GASB 54 are detailed as follows.

Total fund balance	\$	6,398,478
Non-spendable:		
Inventory		34,717
Assigned:		
For subsequent year's budget		193,386
For library operations		53,935
For disaster recovery		1,500,000
For Utility capital improvements		1,500,000
For future capital projects		<u>1,500,000</u>
Total Unassigned fund balance	\$	<u>1,616,440</u>

The General Fund's unassigned fund balance represents 12.9% of the General Fund budget for fiscal year 2012. Our goal is to maintain this 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." This fiscal year the Village agreed to provide funding to the Water and Sewer Enterprise 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 to assigned for Utility capital improvements. We also increased the amount of assigned fund balance for future

capital projects by \$500,000, for a total of \$1,500,000, to provide funding for the development of new parks on the land acquired in FY 2011 and potential drainage improvements. The increases to assigned fund balance are a positive action, setting aside funds for larger capital projects, disaster recovery and loaning funds to expand the wastewater system. Paying the Village's General Fund interest instead of borrowing on a bank loan will earn the Village a higher rate of return on available funds while saving the borrowing costs that would have otherwise been paid to a bank. The Village will, as 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 Leisure Services Activity Buildings are all less than 10 years old. The Library was renovated when the new Village complex was built approximately 8 years ago and last fiscal year 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 Council legally adopts a formal budget for the General Fund. The Village maintains budgetary control at the department level of expenditure. All expenditures in excess of \$5,000 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 appropriation.

A schedule comparing the original budget, revised budget and actual revenues and expenditures is located on pages 57 – 60 of this report.

Major initiatives

Despite the poor economy, the Village is still an attractive location and community for development. Wal-Mart is in the construction phase and plans to open its' new store in January 2012, employing an additional 350 people. The addition of Wal-Mart has stirred the interest of other commercial businesses. A new Ross Department Store opened in the Village in March 2011, employing 70 people. Oxygen Development's cosmetics manufacturing facility is nearing completion and is expected to open in December 2011, when they will hire as many as 500 people. Auto Zone is designing a new 12,000 square foot retail facility that will be constructed on Congress Avenue next to the Walgreen's that opened two years ago.

Public Safety continued pursuing grant funding for enforcement initiatives such as the FDOT Speed and Aggressive Driving grant and the FDOT Impaired Driving grant. Their successful work on these programs won them recognition at the State level and they received an award of donated equipment totaling over \$30,000.

The Village Library was the only library open in the surrounding 5 mile radius when the main branch of the Palm Beach County Library and the Greenacres branch of the Palm Beach County Library both closed for renovations, resulting in a 16% increase in circulation, a 26% increase in reference service, and a 29% increase in the use of our public computers. In order to meet this increased demand our staff took on additional assignments with back office staff working the circulation desk or shelving materials just to keep up with the increased demands.

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, 2010.

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 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-three consecutive years (fiscal years ended 1988-2010). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgements

Too often the media focuses on the negative; we've heard all the stories including staff reductions, reducing hours of operations, closing facilities, terminating programs and even bankruptcies. The headlines in Palm Springs wouldn't sell newspapers but we have a lot to be proud of. We have maintained our staff levels, kept our facilities open, fully operational and provided the same excellent level of service to our residents without raising our millage rate to compensate for the unprecedented decline in property values. This has been accomplished by a dedicated team of employees under the management of Karl E. Umberger, Village Manager, directed by the policies set by the Mayor and Village Council. Thank you for your prudent management for the benefit of our community.

Our Finance department is comprised of a dedicated, devoted, hardworking and intelligent group of women; Assistant Director, Mariana Ortega-Sanchez; Administrative Assistant, Nancie Rathbun; and, Fiscal Specialists Ann Feola and Leanna Collazo. Each of these individuals understand my need to set the bar high and aim for excellence in our work and they exhibit that daily as they work together as a team to be the BEST Finance staff anyone could be blessed to work with. Thank you!

Respectfully submitted,

A handwritten signature in cursive script that reads "Rebecca L. Morse". The signature is written in black ink and is positioned below the text "Respectfully submitted,".

Rebecca L. Morse, CGFO, CPFO
Chief Financial Officer

VILLAGE OF PALM SPRINGS, FLORIDA

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2011

<u>Title</u>	<u>Name</u>
Mayor	Bev Smith
Vice Mayor	Doug Gunther
Mayor Pro-Tem	Joni Brinkman
Council Member	Patti Waller
Council Member	Sergio Escalada
Village Manager	Karl E. Umberger
Chief Financial Officer	Rebecca L. Morse
Public Service Director	William F. Davis
Public Safety Director	Mark Hall
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, 2011**

VOTERS of PALM SPRINGS

VILLAGE ATTORNEY
Glen J. Torcivia

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

CONSULTANTS
Eckler Engineering

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

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

VILLAGE MANAGER
Karl E. Umberger

PUBLIC SAFETY
Mark Hall

LIBRARY
Elena Romeo

LEISURE SERVICES
William Golson

FINANCE
Rebecca Morse

PUBLIC SERVICE
William F. Davis

LAND DEVELOPMENT
Bette Lowe

VILLAGE CLERK
Virginia Walton

UTILITIES

PUBLIC WORKS

SANITATION

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, 2010

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



Linda C. Dandson

President

Jeffrey R. Emer

Executive Director

FINANCIAL SECTION



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

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
MARK D. VEIL, CPA

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900
WEST PALM BEACH, FL. 33401-5948

TELEPHONE (561) 832-9292
FAX (561) 832-9455

info@cdlcpa.com

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, 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, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the Village of Palm Springs, Florida. 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 of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Palm Springs, Florida, as of September 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2011, 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* and should be considered in assessing the results of our audit.

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 3 through 13 and the budgetary comparison information, condition rating of streets and historical pension information on pages 57 through 64 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Village of Palm Springs, Florida. 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 and debt schedules are the responsibility of management and were derived from and directly relate to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*Calder, Dauter, Levine,
Porter & Veil, P.A.*

December 22, 2011

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT'S 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, 2011. 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 assets at September 30, 2011 were \$52.3 million. Of this amount, \$8.6 million (unrestricted net assets) may be used to meet the Village's ongoing obligations to residents and creditors.
- Governmental net assets were \$13.9 million, an increase of \$842,379.
- Water and Sewer net assets were \$38.4 million, an increase of \$2,308,624.
- The total revenues from all sources were \$26.2 million, an increase of \$1,415,665.
- The total cost of all Village programs was \$23.0 million, a decrease of \$309,645.
- During the year, the Village's governmental activity revenues and transfers exceeded expenditures by \$842,379.
- Total revenues in the General Fund exceeded total expenditures by \$740,571 including other financing sources and uses.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,616,440, or 14.1% of total General Fund expenditures.
- The Village's total debt decreased \$1.7 million during the current fiscal year. The Village governmental activities debt decreased by \$175,781 and the business activities debt decreased by \$1,499,815.
- The Village recorded a liability at fiscal year-end representing the implicit rate subsidiary for other post-employment benefits in the amount of \$74,761 in the governmental activities and \$62,239 in the business activities for a total of \$137,000. This represents a decrease in the OPEB liability of \$49,039.

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 Assets 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 Assets and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this 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.

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

These two statements report the Village's net assets and changes therein. Net assets, the difference between assets and liabilities, are one way to measure the Village's financial health, or financial position. Over time, increases or decreases in net assets are an indicator of whether the financial health is improving or deteriorating.

The Statement of Net Assets 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.
- **Proprietary activities/Business type 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, proprietary 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 financial 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 funds balance sheet and in the governmental funds 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 65-66 of this report. The basic governmental fund financial statements can be found on pages 17-20 of this report.
- **Proprietary funds** - The Village's only proprietary fund is the Water and Sewer Enterprise fund. The Water and Sewer Enterprise fund accounts for the operations of the water and wastewater utility and charges customers for the services it provides. Proprietary funds are reported on the full accrual basis of accounting in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The basic proprietary 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 two fiduciary funds; the General Employees' Pension Trust Fund and the Police Officers Pension Trust Fund. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on pages 25-26 of this report.

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 27-56 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 57-64.

The combining statements of the non-major governmental funds and the combining statements of the fiduciary funds are presented on pages 65-68 of this report.

Immediately following the combining 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 69-73 of this report.

The statistical section located on pages 74-104 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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the Village, assets exceeded liabilities by \$52.3 million, approximately \$3.2 million more than fiscal year 2010. The largest portion of the Village's net assets (81.1%) reflects its investment in capital assets (land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. 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.

**Village of Palm Springs
Net Assets Summary**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Assets:						
Current and other assets	\$ 7,217,696	\$ 6,508,566	\$ 8,576,473	\$ 7,026,828	\$ 15,794,169	\$ 13,535,394
Capital assets	14,456,263	14,589,679	44,698,706	45,268,847	59,154,969	59,858,526
Total assets	\$ 21,673,959	\$ 21,098,245	\$ 53,275,179	\$ 52,295,675	\$ 74,949,138	\$ 73,393,920
Liabilities:						
Long-term debt outstanding	\$ 6,570,000	\$ 6,740,000	\$ 12,053,132	\$ 13,577,305	\$ 18,623,132	\$ 20,317,305
Other liabilities	1,217,734	1,314,399	2,838,718	2,643,665	4,056,452	3,958,064
Total liabilities	\$ 7,787,734	\$ 8,054,399	\$ 14,891,850	\$ 16,220,970	\$ 22,679,584	\$ 24,275,369
Net Assets:						
Invested in capital assets, net of debt	\$ 7,886,263	\$ 7,849,679	\$ 34,478,958	\$ 33,504,764	\$ 42,365,221	\$ 41,354,443
Restricted for law enforcement	30,045	35,264	-	-	30,045	35,264
Restricted for debt service	44,546	16,290	1,085,083	1,132,301	1,129,629	1,148,591
Restricted for capital assets	-	-	100,000	100,000	100,000	100,000
Unrestricted	5,925,371	5,142,613	2,719,288	1,337,640	8,644,659	6,480,253
Total net assets	\$ 13,886,225	\$ 13,043,846	\$ 38,383,329	\$ 36,074,705	\$ 52,269,554	\$ 49,118,551

An additional portion of the Village's net assets (2.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$8.6 million or 16.5%)

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Village of Palm Springs Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$ 3,049,912	\$ 2,387,015	\$ 13,871,775	\$ 13,109,032	\$ 16,921,687	\$ 15,496,047
Operating grants and contributions	434,107	406,558			434,107	406,558
Capital grants and contributions	73,944	104,731	871,217	741,905	945,161	846,636
General revenues:						
Property taxes	2,647,462	2,917,117			2,647,462	2,917,117
Utility service taxes	1,992,185	1,955,211			1,992,185	1,955,211
Franchise fees	983,164	974,408			983,164	974,408
Sales and use taxes	1,353,681	1,295,958			1,353,681	1,295,958
Business taxes	246,354	238,928			246,354	238,928
Intergovernmental, unrestricted	452,923	427,847			452,923	427,847
Investment earnings	17,131	36,196	73,861	94,803	90,992	130,999
Miscellaneous	67,781	43,715	29,755	16,163	97,536	59,878
Total revenues	\$ 11,318,644	\$ 10,787,684	\$ 14,846,608	\$ 13,961,903	\$ 26,165,252	\$ 24,749,587
Expenses:						
Program expenses:						
General government	\$ 1,667,204	\$ 1,630,953			\$ 1,667,204	\$ 1,630,953
Public Safety	6,433,149	6,617,900			6,433,149	6,617,900
Sanitation and Recycling	856,371	715,654			856,371	715,654
Transportation	1,026,758	994,731			1,026,758	994,731
Culture/Recreation	1,684,426	1,696,739			1,684,426	1,696,739
Interest on long-term debt	350,259	357,189			350,259	357,189
Water and Sewer Utility			10,996,082	11,310,728	10,996,082	11,310,728
Total Expenses	\$ 12,018,167	\$ 12,013,166	\$ 10,996,082	\$ 11,310,728	\$ 23,014,249	\$ 23,323,894
Change in net assets before transfers	(699,523)	(1,225,482)	3,850,526	2,651,175	3,151,003	1,425,693
Transfers	1,541,902	1,449,356	(1,541,902)	(1,449,356)	-	-
Increase in net assets	842,379	223,874	2,308,624	1,201,819	3,151,003	1,425,693
Net Assets - October 1	13,043,846	12,819,972	36,074,705	34,872,886	49,118,551	47,692,858
Net assets - September 30	\$ 13,886,225	\$ 13,043,846	\$ 38,383,329	\$ 36,074,705	\$ 52,269,554	\$ 49,118,551

Governmental Activities

Revenues: Governmental activities increased the Village's net assets by \$842,379. Charges for services increased by \$662,897 or 27.8%. This increase is comprised of a significant increase of \$29,597 in revenues derived from lien search requests, an increase of \$38,404 in the collection of violations of local ordinance fees, building permit fees exceeded the prior fiscal year by \$379,437 largely due to the Walmart and Oxygen projects, court fine revenues increased \$56,026 and red light camera revenues increased by \$112,702 reflecting a full year of the program as compared to last fiscal year when the program was active for only two months. Revenues collected for garbage collection increased by \$55,132 due to annexed properties added to our service area in this fiscal year. Our Leisure summer and vacation program revenues increased \$24,958 compared to fiscal year 2010, facility rental fees, sponsor donations and library fines all increased slightly while travel club trip registrations declined slightly compared to last fiscal year.

Operating grants and contributions increased by \$27,549 or 6.8%. This year the Village received \$2,800 in safety grant funds from the Florida Municipal Insurance Trust which represents an increase of \$2,103 in general government operating grants compared to last fiscal year. Public Safety operating grants increased by \$91,894 including a new grant from the Florida Department of Transportation for Impaired Driving enforcement, totaling \$23,171, however the net increase compared to fiscal year 2010 was only \$7,976 due to the loss of Chapter 175 funds in the amount of \$87,404 that the Village no longer receives due to closing the Village's Police Pension Plan to new members effective June 30, 2010. Operating grant revenues for physical

VILLAGE OF PALM SPRINGS, FLORIDA

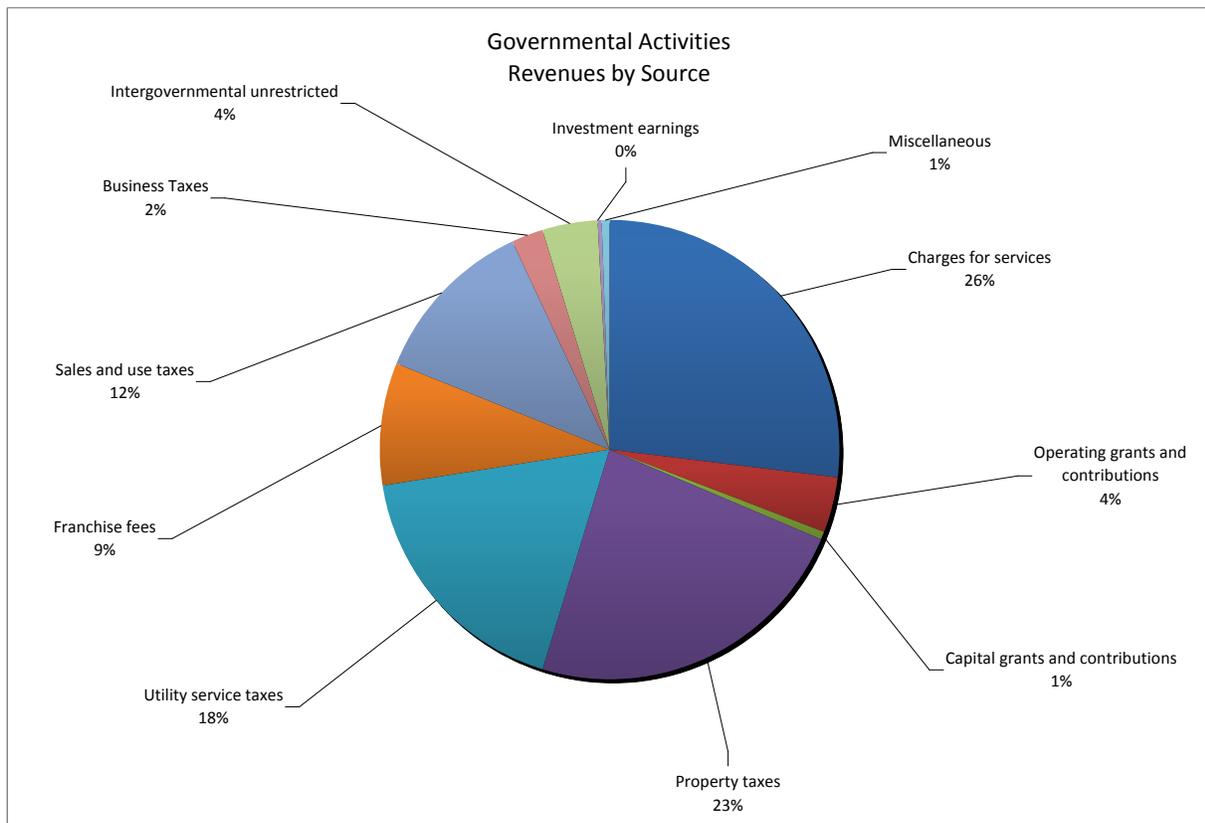
MANAGEMENT'S DISCUSSION AND ANALYSIS

environment increased \$19,298 due to an increase in recycling revenue sharing funds provided by the Solid Waste Authority of Palm Beach County. Transportation received a small increase in operating grants with additional funds from Florida Department of Transportation for street light maintenance. Culture/recreation saw a small decline in operating grants and contributions as State aid for Libraries decreased \$2,056 and donations were down \$1,345 compared to fiscal year 2010.

Capital grants and contributions decreased a total of \$30,787 or 29.4%. The Village received reduced capital grants in the general government programs totaling \$26,458 due to fewer insurance capital reimbursements and public safety decreased \$4,329, the net impact of receiving a reduction of \$8,629 in funds from Palm Beach County Section 12.50 funds and an increase of \$4,300 in donated capital assets.

Property taxes decreased \$269,655 or 9.2%. The Village maintained the operating millage rate of 3.5000 but the taxable value declined 12.1% as a result of the decline in market values.

The Village's governmental activities revenues by source are summarized as follows:



Ad valorem taxes contributed 23% of total governmental activity revenues this fiscal year as compared to 27% in fiscal year 2010. In fiscal year 2011, the Village's taxable value decreased 12.1% due to the declining market values. Charges for Services increased from 22% of revenues to 26% in fiscal year 2011, largely due to increased revenues from building permits from two major building projects (Walmart and Oxygen), court fines and red light traffic camera fines.

Expenses: The Village's programs include General Government, Public Safety, Physical Environment (sanitation and recycling), Transportation, and Culture/Recreation. General Government includes the

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 \$36,251 due to increased wages, health insurance, professional fees which were offset by decreases in pension costs, general liability insurance and unemployment expenses.

Public Safety expenses decreased \$184,751 which was due to decreased wages from the prior year for vacant positions, pension cost increases due to the impact of closing the Police Pension plan to new members and covering new full-time and part-time hires in the Florida Retirement System. Health insurance costs increased due to rate increases while our worker's compensation costs declined with a better experience rating. Contractual services decreased when the Village discontinued using a service to provide school crossing guards and instead hired our own. Vehicle repair costs decreased with more cars in the fleet and fuel cost increased due to higher gas prices.

Sanitation expenses increased \$140,717 due to contractual rate increases from the hauler and additional customers added to our service area through annexation.

Transportation increased \$32,027 due to increased wages, health insurance, and costs for maintaining the new maintenance building added last fiscal year, offset by decreases in pension costs and a slight decline in expenditures for road maintenance. 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 asphalt pavement ratings. This fiscal year those costs were \$110,127 as compared to \$119,735 in fiscal year 2010. More information on the Village's Street System and condition rating can be found on page 62 of this report.

Culture/Recreation expenses decreased \$12,313 comprised of an increase in wages, health insurance and utility costs with decreases in pension costs, worker's compensation, contractual services and repair and maintenance 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.

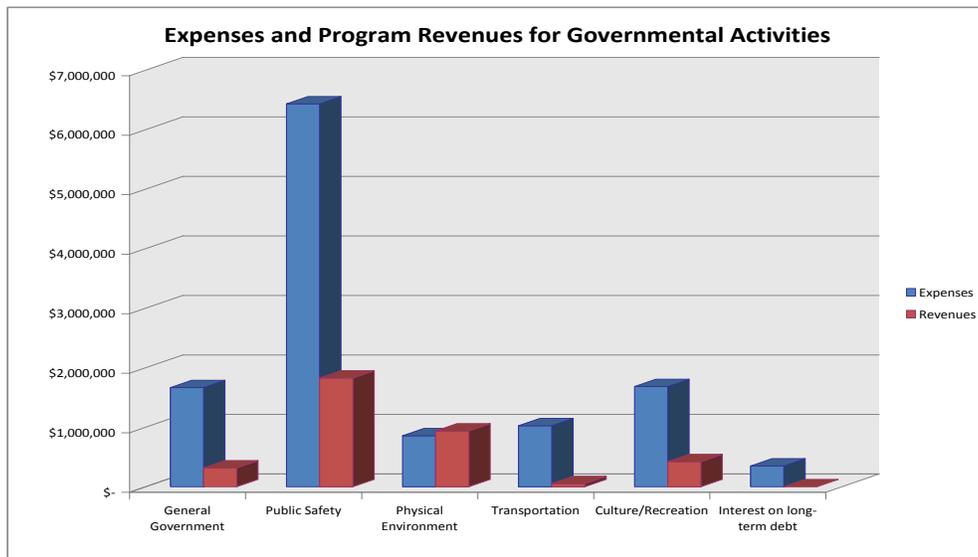
**Village of Palm Springs
Governmental Activities
Net Cost of Services**

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2011	2010	2011	2010	2011	2010
General Government	\$ 1,667,204	\$ 1,630,953	\$ (316,381)	\$ (278,347)	\$ 1,350,823	\$ 1,352,606
Public Safety	6,433,149	6,617,900	(1,827,431)	(1,289,390)	4,605,718	5,328,510
Physical Environment	856,371	715,654	(937,391)	(862,961)	(81,020)	(147,307)
Transportation	1,026,758	994,731	(54,020)	(52,447)	972,738	942,284
Culture/Recreation	1,684,426	1,696,739	(422,740)	(415,159)	1,261,686	1,281,580
Interest on long-term debt	350,259	357,189	-	-	350,259	357,189
Totals	\$ 12,018,167	\$ 12,013,166	(3,557,963)	(2,898,304)	\$ 8,460,204	\$ 9,114,862

The total cost of all governmental activities this year was \$12.0 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 \$8.5 million was financed through general revenues.

VILLAGE OF PALM SPRINGS, FLORIDA

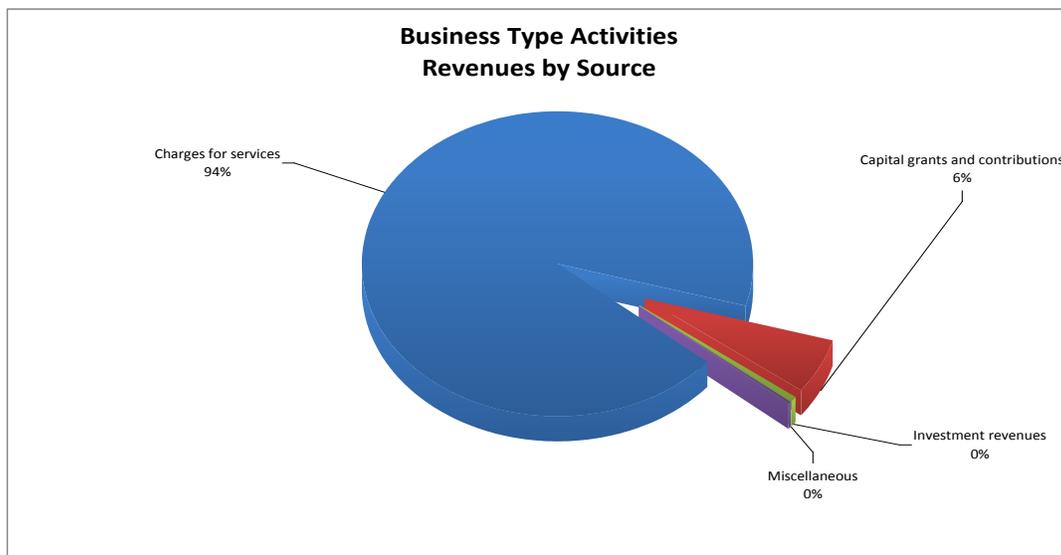
MANAGEMENT'S DISCUSSION AND ANALYSIS



Business-type Activities

Net assets of the proprietary fund (Water and Sewer Enterprise) at September 30, 2011 were \$38.4 million. As shown in the Statement of Activities, the cost of providing proprietary (business-type) activities this year was \$11.0 million, or a decrease of \$314,646 compared to fiscal year 2010. Salaries and health insurance costs increased \$158,388 while pension costs declined by \$147,303 due to a majority of utility employees opting to leave the Village's General Employees Pension plan and enroll in the Florida Retirement System (FRS) and the lowering of employer contributions by FRS effective July 1, 2011. Also, the payments to the City of Lake Worth for Regional Sewer decreased by \$329,547 due to a lower O&M rate charged by Lake Worth and worker's compensation, unemployment and OPEB expenses declined \$33,727 compared to fiscal year 2010. Chemical prices and utility costs increased over the prior fiscal year.

Net assets increased by \$2,308,624. The graph below shows the source of revenues for the Water and Sewer Utility. Revenues derived from charges for services increased by \$762,743 or 5.8% from fiscal year 2010 which was due to the increase in rates implemented in November for services used in October.



VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

Fund accounting is used to ensure and demonstrate compliance with finance related legal requirements.

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 \$6,473,069, an increase of \$763,608, in comparison to the prior year. Revenues increased \$526,660, primarily due to building permit revenue increasing \$379,769 due to the two large projects currently under construction (Walmart and Oxygen). Also, revenues from court fines increased \$204,745, which includes red light camera fines, and increased enforcement of speed and impaired drivers. The increased enforcement hours were funded by two grants. Tax revenue declined \$216,499 due to the decline in property values and intergovernmental revenues increased \$102,402 which includes the grant funds for the increased police enforcement programs.

Expenditures were down \$572,777 compared to fiscal year 2010. Public Safety expenditures decreased \$150,612 which is a combination of slight decrease in personnel service costs due to turnover (\$11,276), decreased pension expenditures (\$34,241) due to the decline in FRS employer costs, a decrease of \$27,914 in worker's compensation insurance thanks to improved claims experience and a decrease in contractual services of \$68,437 due to dropping the service provider for school crossing guards and employing our own guards. Capital Outlay declined significantly (\$638,604) compared to fiscal year 2010 when we built a new maintenance building. Physical environment expenditures increased \$140,788 as we added new customers to the Village through annexation plus a contractual rate increase from the hauler.

The governmental funds had a total fund balance of \$6,473,069, comprised of non-spendable fund balance of \$34,717 representing inventory; restricted fund balance of \$74,591 (\$44,546 for debt service and \$30,045 for law enforcement); assigned fund balances of \$1,500,000 for disaster recovery; \$3,000,000 assigned for future capital projects, including \$1,500,000 assigned to provide funding to the Water and Sewer Enterprise fund for expansion of the wastewater system; \$53,935 is assigned for Library operations; and, \$193,386 assigned for the subsequent year's budget. The balance of \$1,616,440 is unassigned.

The primary operating fund for the Village is the General Fund. At the end of the current fiscal year, in accordance with GASB statement 54, the unassigned fund balance of the General Fund was \$1,616,440, while the total fund balance was \$6,398,478. The unassigned fund balance in the General Fund represents 12.9% of the fiscal year 2012 budget. The unassigned fund balance at fiscal year-end 2010 represented 23.4% of the 2011 budget. The Village's target range for unassigned fund balance is 20-25%. This fiscal year the Village is below that range due to deciding it was prudent to increase assigned fund balance for future capital outlay by \$500,000 since we just acquired two new parcels of land for new parks and we added a new assignment of fund balance representing funds loaned to the Water and Sewer Enterprise fund for wastewater line expansion projects.

Proprietary Funds

The Village has one proprietary fund type, an 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.

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

Unrestricted net assets for the Water and Sewer Enterprise Fund were \$2.7 million at fiscal year-end. Unrestricted net assets increased by \$1,381,648 compared to the prior fiscal year. This is due to an increase in revenues generated by charges for services and a decrease in operating expenses. Revenues increased due to a rate increase that went into effective for services consumed in October, billed in November, and a slight increase in our customer base. The decrease in operating expenses represents the net of salary increases, savings in pension costs and a decrease in wastewater disposal fees paid to the City of Lake Worth due to a rate reduction from fiscal year 2010.

Total net assets for the Water and Sewer Enterprise Fund were \$38.4 million at fiscal year-end, an increase of \$2,308,624 from the prior fiscal year.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were \$279,500, and can be briefly summarized as follows:

- \$144,000 was appropriated to fund the purchase of two new parcels of land that will be available to develop into additional community parks.
- \$26,000 from the Florida Department of Transportation for the Impaired Driving Grant. This grant funds additional coverage to enhance traffic enforcement and reduce impaired driving accidents.
- \$97,500 from the Florida Department of Transportation for the Speed and Aggressive Driving Grant providing funds for increased patrols to reduce speeding and aggressive driving.
- \$12,000 of additional revenues from the Leisure Service Programs that were appropriated for Leisure Service travel club trip expenses.

Of the total increase, \$123,500 was funded by grants, \$144,000 was appropriated from fund balance assigned for future capital projects and \$12,000 was funded by increased revenues. At fiscal year-end General Fund revenues and transfers exceeded the budget by \$200,919. Building permits exceeded the projected revenues by \$463,932 when Walmart and Oxygen pulled permits this fiscal year for their projects that had been budgeted to begin at the end of fiscal year 2010. Fines and forfeitures revenues also exceeded budget expectations by \$267,614, because at the time of budget adoption the future of the red light camera program was undecided and the Village did not budget for these revenues which totaled \$130,309. In addition to those revenues Court Fines and Violations of Local Ordinance revenues also exceeded the anticipated revenues. The Court Fines increased as a result of increased speed enforcement and impaired driving tickets issued as part of our enhanced patrols funded by two Florida Department of Transportation Grants. Charges for Services exceeded anticipated revenues slightly while Franchise Fees, Utility Service Taxes and Intergovernmental revenues fell slightly below budgeted revenues.

General Fund expenditures were \$539,652 less than the budget for fiscal year 2011. The savings was not generated by a particular expenditure object or department but instead by 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, 2011, amounts to \$59,154,969 (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 investment in capital assets by \$460,363, or 2.1% over fiscal year 2010 before depreciation. This increase includes \$142,034 representing two parcels of land the Village purchased for future community parks; donated

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

assets including an armored truck valued at \$30,000 and police equipment awarded by Law Enforcement Challenge Awards valued at \$30,400. The Village purchased \$52,276 in new police vehicles; \$135,237 for two trucks for the Roads and Street department; \$19,149 for a new Administration vehicle; \$40,149 in computer workstations, peripheral equipment and software; \$49,440 for police traffic equipment and defibrillators; \$10,775 to resurface the basketball courts; and \$16,230 for a new fuel management system.

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 2011 the estimated maintenance costs were \$125,000 and the actual were \$110,127.

Business-type activities increased the investment in capital assets by \$1,968,046 or 2.4% from fiscal year 2010 before depreciation. This increase reflects the capitalization of water and wastewater capital improvement projects totaling \$1,211,012 completed during the fiscal year; \$125,380 for a new Lime Slaker at the Main Water Treatment Plant; \$30,290 for new lift station pumps; \$32,000 for a large boom mower; \$26,040 for new meters at well sites; \$3,780 for 3 Defibrillators, one at each water treatment plant, and one for the warehouse; \$3,897 for 3 computer workstations; \$3,120 for a new phone system at the Pratt Water Treatment Plant; \$4,863 for a boring tool to install water lines; and, \$7,813 in equipment for the water treatment plants. Also at fiscal year end Construction in Progress was \$629,590, an increase of \$518,580 over fiscal year 2010. Additional detailed information regarding capital assets can be found in Note 4, beginning on page 40 of this report.

**Village of Palm Springs
Capital Assets Net of Depreciation**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
Land	\$ 372,421	\$ 230,387	\$ 364,217	\$ 364,217	\$ 736,638	\$ 594,604
Buildings	9,219,655	9,219,655	3,043,449	3,043,449	12,263,104	12,263,104
Improvements other than buildings	1,987,829	1,977,054	69,313,137	68,102,125	71,300,966	70,079,179
Machinery & Equipment	3,272,766	3,010,677	3,800,420	3,561,966	7,073,186	6,572,643
Software & Library Materials	648,254	602,789	58,698	58,698	706,952	661,487
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	-	-	629,590	111,010	629,590	111,010
Total Assets	19,622,686	19,162,323	84,393,044	82,424,998	104,015,730	101,587,321
Less Accumulated Depreciation	(5,166,423)	(4,572,644)	(39,694,338)	(37,156,151)	(44,860,761)	(41,728,795)
Total	\$ 14,456,263	\$ 14,589,679	\$ 44,698,706	\$ 45,268,847	\$ 59,154,969	\$ 59,858,526

Debt: At fiscal year end, the Village had total long-term debt outstanding of \$19,577,476 (excluding other postemployment benefits), a decrease of \$1,626,557, or 7.7% as compared to fiscal year 2010.

**Village of Palm Springs
Long-Term Liabilities**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	\$ 6,570,000	\$ 6,740,000	\$ -	\$ -	\$ 6,570,000	\$ 6,740,000
Revenue Bonds	-	-	11,162,173	11,897,820	11,162,173	11,897,820
Note Payable	-	-	890,959	1,679,485	890,959	1,679,485
Compensated Absences	624,387	574,762	329,957	311,966	954,344	886,728
Other postemployment benefits	74,761	130,167	62,239	55,872	137,000	186,039
Total	\$ 7,269,148	\$ 7,444,929	\$ 12,445,328	\$ 13,945,143	\$ 19,714,476	\$ 21,390,072

The general obligation bonds financed the new Village complex including a new administration building, a new public safety building, an addition and renovation to the library, new tennis courts, new basketball courts, a new water play area, new playground, picnic pavilion, mini-golf course and other site improvements. The revenue bonds and note payable represent financing of improvements to both water treatment plants and wastewater system. Compensated absences increased due to reduced turnover and salary increases. Additional information on the Village's long-term debt can be found in Note 5, beginning on page 41 of this report.

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The liability for other postemployment benefits decreased by \$49,039 in 2011 for a total of \$137,000, which represents the implicit rate subsidy in compliance with GASB Statement No. 45. The decrease reflects the latest actuarial valuation as of October 1, 2010. Additional information on other postemployment benefits can be found in Note 10, beginning on page 52 of this report.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

Due to the decline in market value of taxable property in the Village, Charges for services surpassed ad valorem taxes in 2011 as the single most significant governmental revenue source for the Village of Palm Springs. In this fiscal year Charges for services represent 27% (up from 23%) of total governmental revenues and ad valorem taxes now represent 23% of total governmental revenue, down from 27% last fiscal year. Charges for services increased due to additional revenues for garbage collection services generated by additional customers added by annexation, increased participation in Leisure Service summer and vacation camps and increased lien search revenues.

Ad Valorem 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 \$4.9999 per \$1,000 of taxable value in 2002 to the present rate of \$3.5000 per \$1,000 of taxable value for the current fiscal year, a decrease of over 30.0%. The Village's taxable property values have increased 208% since 2002. This increase is primarily due to annexation, development and redevelopment. Taxable property values dropped 12.1% from fiscal year 2010. The Village taxable values dropped another 1.9% for the upcoming fiscal year 2012. Effective October 1, 2009 (fiscal year 2010) the Village transferred fire rescue services to Palm Beach County Fire Rescue. Palm Beach County Fire Rescue MSTU (municipal services taxing unit) 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.

Walmart has a scheduled grand opening in January 2012 and Oxygen manufacturing should be opening its facility by the end of December 2011 or early 2012. Oxygen which manufactures cosmetics is relocating its operations from Broward County, Florida, to Palm Springs. Wal-Mart is expected to employ over 300 people and Oxygen anticipates eventually staffing over 500 positions. The Village has also received interest in vacant commercial property on Congress Avenue for a new Auto Zone store. We expect these projects to stimulate additional development in our commercial areas.

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 Enterprise fund for wastewater expansion projects. The Water and Sewer Enterprise fund will pay the General Fund interest on the outstanding balance of the loan and repay the principal within two years. This action generates interest income for the Village's General Fund and saves the Enterprise Fund the cost of debt financing.

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 Assets

September 30, 2011

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,066,185	\$ 2,119,229	\$ 8,185,414
Receivables:			
Accounts, net of allowance	64,606	2,717,454	2,782,060
Utility taxes	163,996	-	163,996
Franchise fees	291,128	-	291,128
Intergovernmental	132,378	-	132,378
Grants	51,588	-	51,588
Inventory	34,717	340,686	375,403
Net pension asset	367,309	88,629	455,938
Restricted assets:			
Cash and cash equivalents	-	2,753,857	2,753,857
Cash with fiscal agent	-	285,000	285,000
Other investment	45,789	84,260	130,049
Capital assets:			
Capital assets, not being depreciated	4,494,182	993,807	5,487,989
Capital assets being depreciated	15,128,504	83,399,237	98,527,741
Accumulated depreciation	(5,166,423)	(39,694,338)	(44,860,761)
Unamortized bond issue costs	-	187,358	187,358
Total assets	\$ 21,673,959	\$ 53,275,179	\$ 74,949,138
Liabilities			
Accounts payable and accrued liabilities	\$ 156,892	\$ 1,136,329	\$ 1,293,221
Accrued interest payable	141,268	207,747	349,015
Deposits	8,779	1,102,446	1,111,225
Revenue collected in advance	211,647	-	211,647
Compensated absences-current portion	64,011	33,152	97,163
Compensated absences-noncurrent portion	560,376	296,805	857,181
Other postemployment benefits payable	74,761	62,239	137,000
Long-term liabilities due within one year	180,000	1,646,026	1,826,026
Long-term liabilities due in more than one year	6,390,000	10,407,106	16,797,106
Total liabilities	\$ 7,787,734	\$ 14,891,850	\$ 22,679,584
Net assets			
Invested in capital assets, net of related debt	\$ 7,886,263	\$ 34,478,958	\$ 42,365,221
Restricted for law enforcement	30,045	-	30,045
Restricted for debt service	44,546	1,085,083	1,129,629
Restricted for capital assets	-	100,000	100,000
Unrestricted	5,925,371	2,719,288	8,644,659
Total net assets	\$ 13,886,225	\$ 38,383,329	\$ 52,269,554

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Activities

Year Ended September 30, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,667,204	\$ 300,037	\$ 2,800	\$ 13,544
Public safety	6,433,149	1,458,760	308,271	60,400
Physical environment	856,371	882,409	54,982	-
Transportation	1,026,758	-	54,020	-
Culture/recreation	1,684,426	408,706	14,034	-
Interest on long-term debt	350,259	-	-	-
Total governmental activities	12,018,167	3,049,912	434,107	73,944
Business-type activities:				
Utility-water and sewer	10,996,082	13,871,775	-	871,217
Total business-type activities	10,996,082	13,871,775	-	871,217
Total	\$ 23,014,249	\$ 16,921,687	\$ 434,107	\$ 945,161

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 assets

Net assets, beginning of year as restated

Net assets, end of year

Governmental Activities	Business-Type Activities	Total
\$ (1,350,823)	\$ -	\$ (1,350,823)
(4,605,718)	-	(4,605,718)
81,020	-	81,020
(972,738)	-	(972,738)
(1,261,686)	-	(1,261,686)
(350,259)	-	(350,259)
(8,460,204)	-	(8,460,204)
-	3,746,910	3,746,910
-	3,746,910	3,746,910
(8,460,204)	3,746,910	(4,713,294)
2,647,462	-	2,647,462
1,992,185	-	1,992,185
983,164	-	983,164
1,353,681	-	1,353,681
246,354	-	246,354
452,923	-	452,923
17,131	73,861	90,992
67,781	29,755	97,536
1,541,902	(1,541,902)	-
9,302,583	(1,438,286)	7,864,297
842,379	2,308,624	3,151,003
13,043,846	36,074,705	49,118,551
\$ 13,886,225	\$ 38,383,329	\$ 52,269,554

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Balance Sheet

Governmental Funds

September 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 5,991,594	\$ 74,591	\$ 6,066,185
Receivables:			
Accounts, net of allowance for uncollectibles	64,606	-	64,606
Utility taxes	163,996	-	163,996
Franchise fees	291,128	-	291,128
Intergovernmental	132,378	-	132,378
Grants	51,588	-	51,588
Inventory	34,717	-	34,717
Other investment	45,789	-	45,789
Total assets	\$ 6,775,796	\$ 74,591	\$ 6,850,387
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 156,892	\$ -	\$ 156,892
Deposits	8,779	-	8,779
Revenue collected in advance	211,647	-	211,647
Total liabilities	\$ 377,318	\$ -	\$ 377,318
Fund balances:			
Nonspendable:			
Inventory	\$ 34,717	\$ -	\$ 34,717
Restricted for:			
Law enforcement	-	30,045	30,045
Debt service	-	44,546	44,546
Assigned to:			
Disaster recovery	1,500,000	-	1,500,000
Capital projects	3,000,000	-	3,000,000
Library	53,935	-	53,935
Subsequent year's budget	193,386	-	193,386
Unassigned:			
General fund	1,616,440	-	1,616,440
Total fund balances	\$ 6,398,478	\$ 74,591	\$ 6,473,069
Total liabilities and fund balances	\$ 6,775,796	\$ 74,591	\$ 6,850,387

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

*Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets*

September 30, 2011

Total governmental fund balances (page 17) \$ 6,473,069

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

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

Cost of assets	\$ 19,622,686	
Accumulated depreciation	<u>(5,166,423)</u>	
		14,456,263

Net pension assets of defined benefit pension plans are reported in the statement of net assets. Because these do not represent available, spendable resources, they are not reported in governmental funds. 367,309

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	(6,570,000)	
Accrued interest payable on long-term debt	(141,268)	
Compensated absences payable	(624,387)	
Other postemployment benefits payable	<u>(74,761)</u>	
		(7,410,416)

Total net assets (page 14) \$ 13,886,225

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended September 30, 2011

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 5,317,737	\$ 551,428	\$ 5,869,165
Licenses and permits	714,739	-	714,739
Intergovernmental	2,295,483	-	2,295,483
Confiscated property	-	15,916	15,916
Charges for services	1,610,697	-	1,610,697
Fines and forfeitures	502,914	-	502,914
Contributions and donations	15,051	-	15,051
Interest revenues	17,090	41	17,131
Miscellaneous	217,148	-	217,148
Total revenues	10,690,859	567,385	11,258,244
Expenditures			
Current:			
General government	1,488,922	-	1,488,922
Public safety	6,178,093	11,012	6,189,105
Physical environment	822,736	-	822,736
Transportation	993,226	-	993,226
Culture/recreation	1,512,892	-	1,512,892
Capital outlay	496,321	10,155	506,476
Debt service:			
Principal	-	170,000	170,000
Interest and other fiscal charges	-	353,181	353,181
Total expenditures	11,492,190	544,348	12,036,538
Excess (deficiency) of revenues over expenditures	(801,331)	23,037	(778,294)
Other financing sources			
Transfers in	1,541,902	-	1,541,902
Total other financing sources	1,541,902	-	1,541,902
Change in fund balances	740,571	23,037	763,608
Fund balances, beginning of year	5,657,907	51,554	5,709,461
Fund balances, end of year	\$ 6,398,478	\$ 74,591	\$ 6,473,069

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, 2011*

Net change in fund balances - total governmental funds (page 19) \$ 763,608

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	\$ 506,476	
Less current year depreciation expense	<u>(698,471)</u>	(191,995)

Losses on disposal of capital assets are reported in the statement of activities, but not in the governmental funds. (1,821)

Donations of capital assets are reported in the statement of activities, but not in the governmental funds. 60,400

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	33,484	
Change in compensated absences payable	(49,625)	
Change in other postemployment benefits payable	<u>55,406</u>	39,265

Net effect of accrued interest on long-term debt (difference between amount accrued in prior year and current year accrual) 2,922

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 assets. In the current year, these amounts consist of:

Principal payments on long-term debt		170,000
--------------------------------------	--	---------

Change in net assets of governmental activities (pages 15-16)	\$	842,379
--	-----------	----------------

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Net Assets

Proprietary Fund

September 30, 2011

	Water and Sewer Utility
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,119,229
Accounts receivable, net	2,717,454
Inventory	340,686
Net pension asset	88,629
Restricted assets:	
Cash and cash equivalents	2,753,857
Cash with fiscal agent	285,000
Total current assets	8,304,855
Noncurrent assets:	
Other investment	84,260
Capital assets:	
Capital assets not being depreciated	993,807
Capital assets being depreciated	83,399,237
Accumulated depreciation	(39,694,338)
Unamortized bond issue costs	187,358
Total noncurrent assets	44,970,324
Total assets	\$ 53,275,179
Liabilities and Net Assets	
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 1,136,329
Current portion of compensated absences payable	33,152
Current portion of capital appreciation bonds payable	570,000
Payable from restricted assets:	
Accrued interest	207,747
Current portion of note payable	821,026
Current portion of revenue bonds payable	255,000
Total current liabilities	3,023,254
Noncurrent liabilities:	
Deposits	1,102,446
Compensated absences payable	296,805
Other postemployment benefits payable	62,239
Note payable	69,933
Revenue bonds payable, net of unamortized premium	10,337,173
Total noncurrent liabilities	11,868,596
Total liabilities	\$ 14,891,850
Net assets:	
Invested in capital assets, net of related debt	\$ 34,478,958
Restricted for debt service	1,085,083
Restricted for capital assets	100,000
Unrestricted	2,719,288
Total net assets	\$ 38,383,329

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA*Statement of Revenues, Expenses and Changes in Net Assets**Proprietary Fund**Year Ended September 30, 2011*

	Water and Sewer Utility
Operating revenues	
Charges for services	\$ 13,871,775
Total operating revenues	13,871,775
Operating expenses:	
Personal services	3,549,266
Operating expenses	4,243,222
Depreciation and amortization	2,567,647
Total operating expenses	10,360,135
Operating income	3,511,640
Nonoperating revenues (expenses)	
Investment revenues	73,861
Miscellaneous revenues	29,755
Interest expense and fiscal charges	(635,947)
Total nonoperating revenues (expenses)	(532,331)
Income before contributions and transfers	2,979,309
Capital contributions	871,217
Transfers out	(1,541,902)
Change in net assets	2,308,624
Net assets, beginning of year as restated	36,074,705
Net assets, end of year	\$ 38,383,329

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Cash Flows

Proprietary Fund

Year Ended September 30, 2011

	Water and Sewer Utility
Cash flows from operating activities	
Cash received from customers	\$ 13,529,405
Cash paid to suppliers for goods and services	(4,137,073)
Cash paid to employees for services	(3,565,891)
Net cash provided by operating activities	5,826,441
Cash flows from noncapital financing activity	
Transfers out	(1,541,902)
Net cash used in noncapital financing activity	(1,541,902)
Cash flows from capital and related financing activities	
Principal paid on promissory note	(788,526)
Principal paid on bonds	(810,000)
Interest paid on long-term debt	(569,219)
Acquisition and construction of capital assets	(1,970,167)
Capital contributions from customers	871,217
Net cash used in capital and related financing activities	(3,266,695)
Cash flows from investing activity	
Investment income	118,470
Net cash provided by investing activity	118,470
Net increase in cash and cash equivalents	1,136,314
Cash and cash equivalents, beginning of year	4,021,772
Cash and cash equivalents, end of year	\$ 5,158,086
Cash and cash equivalents per statement of net assets	
Unrestricted	\$ 2,119,229
Restricted	2,753,857
Cash with fiscal agent	285,000
Cash and cash equivalents, end of year	\$ 5,158,086

Continued

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Cash Flows (Continued)

Proprietary Fund

Year Ended September 30, 2011

	Water and Sewer Utility
Cash flows from operating activities	
Operating income	\$ 3,511,640
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	2,567,647
Provision for uncollectible accounts	5,727
Change in operating assets and liabilities:	
Accounts receivable	(432,305)
Inventory	12,037
Net pension asset	(40,983)
Accounts payable and accrued liabilities	94,112
Compensated absences payable	17,991
Other post employment benefits payable	6,367
Deposits	84,208
Total adjustments	2,314,801
Net cash provided by operating activities	\$ 5,826,441
Supplemental disclosure of noncash capital and related financing activities and investing activity	
Accrued interest on capital appreciation bonds	\$ 89,233
Amortization of premium on bonds	14,880
Amortization of bond issue costs	27,339
Unrealized gain on investments	13,993

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Fiduciary Net Assets

September 30, 2011

	Employee Pension Funds
Assets	
Cash and cash equivalents	\$ 2,165,688
Investments	
U.S. Government securities	777,576
U.S. Government agencies	850,565
Fixed income mutual fund	291,053
Mortgage and asset-backed securities	624,882
Corporate and municipal bonds	5,204,739
Domestic equity securities and mutual funds	10,862,800
Foreign equity securities and mutual funds	3,589,116
Real estate investment trusts	172,368
Precious metals exchange traded fund	158,060
Receivables:	
Interest and dividends	89,705
Total assets	\$ 24,786,552
Liabilities	
Accounts payable and accrued liabilities	\$ 37,346
DROP plan liability	368,561
Total liabilities	\$ 405,907
Net assets held in trust for pension benefits, beginning of year, as restated	
Net assets held in trust for pension benefits	\$ 24,380,645
Total net assets	\$ 24,380,645

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Changes in Fiduciary Net Assets

Year Ended September 30, 2011

	Employee Pension Funds
Additions	
Contributions:	
Employer	\$ 1,578,705
Plan members	216,849
Total contributions	1,795,554
Investment income:	
Interest	288,613
Dividends	278,862
Net decrease in fair value of investments	(888,848)
Investment expenses	(131,809)
Net investment loss	(453,182)
Total additions	1,342,372
Deductions	
Administration	111,694
Benefits	1,161,053
Total deductions	1,272,747
Net increase in plan net assets	69,625
Net assets held in trust for pension benefits, beginning of year, as restated	24,311,020
Net assts held in trust for pension benefits, end of year	\$ 24,380,645

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

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 assets 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 are 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.

Separate financial statements are provided for governmental funds, enterprise funds, and fiduciary funds, even though the latter are excluded from the government-wide financial

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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 provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, 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 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 fund which is 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, 2011

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:

Non-Major 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 reported in governmental activities in the statement of net assets. 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, generally are 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 has the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Village has elected to not follow subsequent private-sector guidance.

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, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity

a. Deposits and Investments

Pooled cash and investments consist of cash on hand, restricted and unrestricted interest-bearing cash accounts, 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”); and investments with the Florida Municipal Investment Trust Fund (“FMIT”) administered by the Florida League of Cities. 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 and FMIT investment pools are operated as “2a-7 like” pools and thus, the fair value of these investments 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.

The Florida Municipal Investment Trust is an interlocal governmental entity created under Chapter 163, Florida Statutes. The operation and administration of the Trust is the responsibility of a Board of Trustees who are selected from the ranks of elected officials of governmental entities participating in the Trust.

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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

e. 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 assets. 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. 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 assets.

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

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

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

e. Capital Assets (Continued)

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 62.

f. 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 a maximum number of hours based on years of service, but never more than 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 Statement of Net Assets. The general fund is used to liquidate the liability recorded in the governmental funds.

g. Long-Term Obligations

In the government-wide financial statements and enterprise fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund statement of net assets.

Bond discount and premium of 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 bond issues.

h. Fund Equity

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:

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

h. Fund Equity (Continued)

- ❖ 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.
- ❖ 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.

i. 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 are reported as "due to/from other funds."

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, and Net Assets or Equity (Continued)

j. 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 all of the appropriate requirements of State law. The assessed value of property within the corporate limits of the Village at January 1, 2010, upon which the 2010/2011 levy was based, was approximately \$610.7 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 Fire Rescue. The Palm Beach County Fire Rescue MSTU (municipal services taxing unit) 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 the Village millage rate to 6.5419.

The tax levy of the Village is established by the 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, 2011 was 3.500 (\$3.50 for each \$1,000 of assessed valuation) and the debt service millage was 0.9368, for a total millage of 4.4368. 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, 2011, 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, 2011, 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 (2009/2010) 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, 2011

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j. 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, 2011 the Village adopted an operating millage rate of 3.50, resulting in a total operating tax levy of \$2,052,053 for 2011, a decrease of approximately 16% from the property tax levy for 2010. Future legislation could have a significant impact on the future tax revenues of the Village and the current services provided to Village residents.

k. Use of Estimates

The financial statements and related disclosures are prepared in conformity with U.S. generally accepted accounting principles. 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 collectibility of receivables, the use and recoverability of inventory, 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.

NOTE 2. DEPOSITS AND INVESTMENTS

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

	Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 6,066,185	\$ 45,789	\$ 6,111,974
Business-type activities	5,158,086	84,260	5,242,346
Total statement of net assets	11,224,271	130,049	11,354,320
Fiduciary Funds	2,165,688	22,531,159	24,696,847
Total deposits and investments	\$ 13,389,959	\$ 22,661,208	\$ 36,051,167

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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

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;
- 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.

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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

- b. Fixed Income - Fixed income investments shall have a minimum rating of “investment grade” or higher as reported by a major credit rating service; and the value of bonds issued by any single corporation shall not exceed 10% of the total fund.
- c. Money Market - Money market funds or 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, 2011 are as follows:

	Fair Value		
	Unrestricted	Restricted	Pension
Cash and cash equivalents:			
Petty cash	\$ 4,400	\$ -	\$ -
Deposits with financial institutions	7,145,868	3,037,544	392,856
Investment in State Board of Administration			
Florida Prime Fund	1,035,146	-	-
Florida Municipal Investment			
Trust Enhanced Cash Fund	-	1,313	-
Money market mutual funds	-	-	1,772,832
Total cash and cash equivalents	\$ 8,185,414	\$ 3,038,857	\$ 2,165,688
Other investment - LGIP Fund B	\$ 130,049	\$ -	\$ -
Pension fund investments:			
U.S. Government securities	-	-	777,576
U.S. Government agencies	-	-	850,565
Fixed income mutual fund	-	-	291,053
Mortgage and asset-backed securities	-	-	624,882
Municipal bonds	-	-	34,626
Corporate bonds	-	-	5,170,113
Domestic equity securities and mutual funds	-	-	10,862,800
Foreign equity securities and mutual funds	-	-	3,589,116
Real estate investment trusts	-	-	172,368
Precious metals exchange traded fund	-	-	158,060
Total investments	\$ 130,049	\$ -	\$ 22,531,159

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 and fixed income mutual fund 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, 2011 are summarized as follows:

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

Investment Type	NRSRO Rating	Fair Value
State Board of Administration Florida Prime Fund	AAAm	\$ 1,035,146
Pension fund investments:		
U.S. Government securities	Not Rated	777,576
U.S. Government agencies	AA	850,565
Mortgage and asset-backed securities	AAA	1,247
Mortgage and asset backed securities	Not Rated	623,635
Municipal bonds	AA	34,626
Corporate bonds	AA	627,477
Corporate bonds	A	3,527,834
Corporate bonds	BBB	1,014,802
Total		\$ 8,492,908

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 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, 2011 the Fund B investments had a net asset value approximating 75.7% 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.

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, 2011 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.

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

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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 investment securities at September 30, 2011.

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	\$ 142,804	\$ 403,378	\$ -	\$ 231,394
U.S. Government agencies	51,332	208,308	120,020	470,905
Mortgage and asset-backed securities	-	853	78,645	545,384
Municipal bonds	-	-	-	34,626
Corporate bonds	354,865	2,636,887	1,815,919	362,442
Total	\$ 549,001	\$ 3,249,426	\$ 2,014,584	\$ 1,644,751

The SBA Florida Prime fund had a weighted average maturity of 38 days at September 30, 2011. The weighted average life of the Fund B investment was 4.82 years at September 30, 2011, however, because Fund B consists entirely of restructured and defaulted securities there is considerable uncertainty regarding the ultimate maturity of the investments. The average maturity of the fixed income mutual fund was 9.5 years at September 30, 2011.

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.

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 assets invested in common stocks and debt securities. At September 30, 2011 two mutual fund investments of the Police Officers Pension Fund represented 6.5% and 8.1% of that Plan's net assets and two mutual fund investments of the General Employees Pension Fund represented 7.8% and 10.2% of that Plan's net assets. Securities of a single issuer in each mutual fund are less than 5% of each Plan's net assets.

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, 2011.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 3. RECEIVABLES

Receivables at September 30, 2011 are summarized as follows:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Accounts and other receivables	\$ 519,730	\$ 2,794,531	\$ 3,314,261
Intergovernmental and grants	183,966	-	183,966
Gross receivables	703,696	2,794,531	3,498,227
Less: allowance for uncollectible accounts	-	(77,077)	(77,077)
Net receivables	\$ 703,696	\$ 2,717,454	\$ 3,421,150

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2011 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 230,387	\$ 142,034	\$ -	\$ 372,421
Infrastructure	4,121,761	-	-	4,121,761
Total capital assets not being depreciated	4,352,148	142,034	-	4,494,182
Capital assets being depreciated:				
Buildings	9,219,655	-	-	9,219,655
Improvements other than buildings	1,977,054	10,775	-	1,987,829
Machinery and equipment	3,010,677	368,602	(106,513)	3,272,766
Library materials and software	602,789	45,465	-	648,254
Total capital assets being depreciated	14,810,175	424,842	(106,513)	15,128,504
Less accumulated depreciation for:				
Buildings	(1,555,842)	(242,593)	-	(1,798,435)
Improvements other than buildings	(547,896)	(96,205)	-	(644,101)
Machinery and equipment	(2,041,062)	(305,823)	104,692	(2,242,193)
Library materials and software	(427,844)	(53,850)	-	(481,694)
Accumulated depreciation	(4,572,644)	(698,471)	104,692	(5,166,423)
Governmental activities capital assets, net	\$ 14,589,679	\$ (131,595)	\$ (1,821)	\$ 14,456,263

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 4. CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 364,217	\$ -	\$ -	\$ 364,217
Construction in progress	111,010	518,580	-	629,590
Total capital assets not being depreciated	475,227	518,580	-	993,807
Capital assets being depreciated:				
Buildings	3,043,449	-	-	3,043,449
Improvements other than buildings	68,102,125	1,211,012	-	69,313,137
Intangible assets	7,183,533	-	-	7,183,533
Equipment and software	3,620,664	241,308	(2,854)	3,859,118
Total capital assets being depreciated	81,949,771	1,452,320	(2,854)	83,399,237
Less accumulated depreciation for:				
Buildings	(2,075,428)	(57,384)	-	(2,132,812)
Improvements other than buildings	(27,074,120)	(2,048,664)	-	(29,122,784)
Intangible assets	(5,592,691)	(212,344)	-	(5,805,035)
Equipment and software	(2,413,912)	(221,916)	2,121	(2,633,707)
Accumulated depreciation	(37,156,151)	(2,540,308)	2,121	(39,694,338)
Business-type activities capital assets, net	\$ 45,268,847	\$ (569,408)	\$ (733)	\$ 44,698,706

Depreciation expense for the year ended September 30, 2011 was charged to functions as follows:

Governmental Activities:	
General government	\$ 180,431
Public safety	253,959
Physical environment	33,634
Transportation	43,907
Culture and recreation	186,540
Total depreciation expense- Governmental activities	\$ 698,471
Business-type activities: Water & Sewer	\$ 2,540,308

NOTE 5. LONG-TERM DEBT

Changes in Long-Term Liabilities

The following changes occurred in long-term liabilities during the year ended September 30, 2011:

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 5. LONG-TERM DEBT (Continued)

Changes in Long-Term Liabilities (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 6,740,000	\$ -	\$ (170,000)	\$ 6,570,000	\$ 180,000
Compensated absences	574,762	545,509	(495,884)	624,387	64,011
Total Governmental Activities	\$ 7,314,762	\$ 545,509	\$ (665,884)	\$ 7,194,387	\$ 244,011
Business-type activities:					
Promissory note	\$ 1,679,485	\$ -	\$ (788,526)	\$ 890,959	\$ 821,026
Capital appreciation bonds	1,481,810	89,233	(570,000)	1,001,043	570,000
Revenue bonds, series 2003A	10,080,000	-	(240,000)	9,840,000	255,000
Compensated absences	311,966	236,399	(218,408)	329,957	33,152
Total Business-type Activities	13,553,261	\$ 325,632	\$ (1,816,934)	12,061,959	\$ 1,679,178
Unamortized premium on revenue bonds	336,010			321,130	
Net Business-type Activities	\$13,889,271			\$12,383,089	

Governmental Activities:

\$7,890,000 Florida Municipal Loan Council Revenue Bonds, Series 2002A

The general obligation bonds represent the Village's portion of the Florida Municipal Loan Council Revenue Bonds, Series 2002A. Interest of 3.25% to 5.50% is payable on May 1 and November 1. Principal will be repaid in thirty installments maturing on May 1, 2032. The full faith, credit, and taxing power of the Village is pledged to the repayment of the principal and interest on the bonds. Annual debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2012	\$ 180,000	\$ 339,044	\$ 519,044
2013	185,000	330,044	515,044
2014	200,000	319,868	519,868
2015	210,000	308,868	518,868
2016	220,000	297,319	517,319
2017-2021	1,295,000	1,292,719	2,587,719
2022-2026	1,660,000	926,220	2,586,220
2027-2031	2,130,000	463,332	2,593,332
2032	490,000	25,112	515,112
Total	\$ 6,570,000	\$ 4,302,526	\$10,872,526

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 5. LONG-TERM DEBT (Continued)

Business-Type Activities:

\$7,244,700 Promissory Note

The note payable is a \$7,244,700 Promissory Note dated December 14, 2001. From December 14, 2001 to October 1, 2012, the outstanding principal amount will bear interest at 4.05% and will be repaid in monthly installments of \$70,165, including interest. The note is secured by a pledge of the net revenues derived from the operation of the water and sewer system. Annual debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2012	\$ 821,026	\$ 20,946	\$ 841,972
2013	69,933	232	70,165
Total	\$ 890,959	\$ 21,178	\$ 912,137

Revenue Bonds

The Village has issued revenue bonds which are collateralized by a pledge of and lien on the net revenues derived from the operation of the water and sewer system.

The provisions of the water and sewer bond resolutions differ in some respects, but generally provide for:

1. Annual debt service funding by monthly transfers of cash to a reserve account.
2. Establishment of certain cash reserves. The maximum deposit required is usually set at the highest future principal and interest payment.
3. Maintenance of a renewal and replacement cash reserve set at 5% of the previous year's gross revenue up to a maximum of \$100,000.
4. Early redemption of outstanding bonds at call rates varying between \$10 and \$40 per certificate or 101% to 104% of the instrument's face value, depending on the bonds and call date.
5. Investing of cash reserves in time deposits or direct obligations of the U.S. Government with varying maturity restrictions.
6. The use of cash is generally restricted to the following items, listed in priority: operation and maintenance, debt service, reserves, renewal and replacement, and any other lawful purpose.

At September 30, 2011 the Village was in compliance with its bond covenants. Revenue bonds currently outstanding are as follows:

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 5. LONG-TERM DEBT (Continued)

Business-Type Activities: (Continued)

Revenue Bonds (Continued)

\$1,209,857 Capital Appreciation Bonds, Series 1988, due in annual installments of \$485,000 to \$685,000 from April 1, 2005 through October 1, 2012, with interest at 7.75% - 8.25% accrued semi-annually on April 1 and October 1 of each year. The annual maturities below include the original principal amount plus accrued interest accreted through maturity.

Year Ending September 30,	Total
2012	\$ 570,000
2013	485,000
Total	\$ 1,055,000

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

These 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 1 and November 1. Principal will be repaid in thirty installments with final maturity on May 1, 2033. 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 bonds were issued to provide funds for water and wastewater system improvements.

Annual debt service requirements to maturity for the Series 2003A Bonds are as follows:

Year Ending September 30,	Principal	Interest	Total
2012	\$ 255,000	\$ 491,476	\$ 746,476
2013	265,000	478,724	743,724
2014	280,000	464,812	744,812
2015	295,000	450,112	745,112
2016	310,000	434,626	744,626
2017-2021	1,810,000	1,911,410	3,721,410
2022-2026	2,310,000	1,415,000	3,725,000
2027-2031	2,930,000	800,250	3,730,250
2032-2033	1,385,000	104,750	1,489,750
Total	\$ 9,840,000	\$ 6,551,160	\$16,391,160

Utility Pledged Revenues

The Village has pledged the future net revenues (generally customer revenues, net of specified operating expenses) of the water and sewer utility to repay the outstanding note and revenue bonds issued from 1988 through 2003 to finance improvements to the system. The note and bonds are payable solely from the utility net revenues and are payable through 2033. Annual principal and

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 5. LONG-TERM DEBT (Continued)

Utility Pledged Revenues (Continued)

interest payments on the bonds are expected to require less than 45 percent of utility net revenues. Total principal and interest remaining to be paid on the note and bonds is \$18,358,296. Principal and interest paid for the current year and utility net revenues available for debt service (as defined by the bond ordinances) were \$2,167,745 and \$7,054,120, respectively.

Interest Expense and Arbitrage

Total interest costs incurred and paid on all Village debt for the year ended September 30, 2011 was \$350,259 and \$346,056, respectively, for governmental activities and \$623,650 and \$569,219, respectively, for business-type activities.

The Village is subject to the arbitrage restrictions imposed by the federal government for its outstanding bond 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 a percentage of 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.

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 Bonds 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 Bonds. As a result of this refunding issue, the Village amended its contracts with the City, whereby the combined outstanding

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 6. OBLIGATION UNDER UTILITY AGREEMENTS AND INTANGIBLE RIGHTS

(Continued)

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 Bonds, 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, 2011, the combined intangible rights had a net book value of \$1,378,498 and were recorded with capital assets. All outstanding obligations under the utility agreements were paid at maturity on October 31, 2006.

NOTE 7. INTERFUND TRANSFERS

The following is a summary of interfund transfers for the year ended September 30, 2011:

	Transfers in	Transfers out
Governmental Activities:		
General Fund	\$ 1,541,902	\$ -
Business-type Activities:		
Enterprise Fund	-	1,541,902
Total interfund transfers	\$ 1,541,902	\$ 1,541,902

Transfers include payments in lieu of taxes of \$1,541,902 that are not payments for services.

NOTE 8. ENTERPRISE FUND RESTRICTED ASSETS AND RESERVES

Restricted assets of the enterprise fund at September 30, 2011 include amounts restricted for debt service, and plant renewal and replacement under the terms of the outstanding revenue bonds, and unused bond proceeds. Restricted resources are used first to fund expenses incurred for restricted purposes. The following is a summary of the restricted assets at September 30, 2011:

	Restricted Assets
Utility Debt Service	\$ 2,652,544
Renewal and Replacement	100,000
Cash with fiscal agent	285,000
Unused proceeds from 2003 bonds	1,313
	\$ 3,038,857

The provisions of the water and wastewater bond issues require the Village to establish, in addition to the current portions of principal and interest due, a reserve equal to the maximum principal and interest requirements in any ensuing fiscal year. The required cash balances as of September 30, 2011 and the reserve requirements have been met for the water and wastewater bonds.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 8. ENTERPRISE FUND RESTRICTED ASSETS AND RESERVES (Continued)

The Village is also required to establish a reserve for renewal and replacement of water and wastewater facilities. The required reserve is 5% of the preceding year's revenue up to a maximum of \$100,000. The Village has a reserve of \$100,000 at September 30, 2011 which meets this legal requirement.

NOTE 9. PENSION PLANS

Village Pension Plans

The Village sponsored two separate single employer defined benefit plans for 2011: 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 fund. Plan provisions are established by and may be amended by the Village Council.

Village contribution requirements are determined by each Plan's actuary. 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. Additionally, the State collects a locally authorized insurance premium surcharge for the Police Officers Pension Plan on casualty insurance policies within the corporate limits of the Village, which can only be distributed after the State has ascertained that the Village has met the reporting requirements for its most recently completed fiscal year.

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 asked prices of each instrument using various third party pricing sources. At September 30, 2011 two investments of the Police Officers Pension Fund represented 6.5% and 8.1% of that Plan's net assets and two investments of the General Employees Pension Fund represented 7.8% and 10.2% of that Plan's net assets.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 9. PENSION PLANS (Continued)

The following summary of the significant provisions of each Plan were obtained from the respective actuarial reports and Village information for the two pension plans as of October 1, 2010 (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	71	24	
Retirees and Beneficiaries	35	21	
Terminated Vested	44	17	
Normal Retirement Benefits:			
Retirement Age	62	Option 1	Option 2
Years of Service (minimum)	5	50	55
Accrual	2.5%	15	10
Maximum	50%	3.0%	3.0%
Years to Vest	10	None	None
Deferred Retirement Option Plan	Not available	Eligible at normal retirement age	
Contributions:			
Actuarial Rate			
Village	22.8%	72.4%	
State	None	None	
Participants	3.00%	6.60%	
Annual Pension Cost	\$1,024,764	\$963,407	
Contribution Made	\$1,109,644	\$952,994	
Actuarial Valuation:			
Frequency	Annual	Annual	
Latest Valuation	10/1/10	10/1/10	
Basis for Contribution	10/1/08	10/1/08	
Cost Method	Entry age normal	Entry age normal	
Amortization:			
Method	Level dollar	Level dollar closed	
Period	15-25 years	1-24 years	
Open/Closed	Closed	Closed	

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 9. PENSION PLANS (Continued)

	General Employees	Police Officers
Assumptions:		
Investment Earnings (with inflation)	8.0% / year	8.0% / year
Salary Increases (with inflation)	4.6% - 8.3% / year	5.0% - 8.0% / year
Inflation	4.5% / year	5.0% / year
Cost of living adjustments	3.0%	3.0%
Mortality Rates	1983 Group Annuity Mortality Table	RP-2000 Mortality Table with Blue Collar Adjustment

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, 2010 were as follows:

	General Employees	Police Officers
Annual required contribution (ARC)	\$ 1,018,543	\$ 952,994
Interest on net pension asset	(7,895)	(22,623)
Adjustment to ARC	14,116	33,036
Annual pension cost (APC)	1,024,764	963,407
Village contribution	1,109,644	952,994
Increase (decrease) in net pension asset	84,880	(10,413)
Net pension asset, beginning of year	98,683	282,788
Net pension asset, end of year	\$ 183,563	\$ 272,375

Trend Information

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 Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
General Employees:						
2010	\$ 13,055,082	\$ 15,183,230	\$ 2,128,148	86.0%	\$ 2,931,037	72.6%
Police Officers:						
2010	\$ 12,227,758	\$ 18,138,625	\$ 5,910,867	67.4%	\$ 1,734,067	340.9%

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

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 9. PENSION PLANS (Continued)

Trend Information (Continued)

Three-Year Trend Information				
	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
General Employees:	9/30/09	\$ 942,609	108%	\$ 79,313
	9/30/10	977,165	102%	98,683
	9/30/11	1,024,764	109%	183,563
Police Officers:	9/30/09	\$ 882,107	111%	\$ 280,344
	9/30/10	1,019,621	101%	282,788
	9/30/11	963,407	100%	272,375

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, 2011 are as follows:

Statements of Plan Net Assets		
	General Employees	Police Officers
Assets		
Cash and cash equivalents	\$ 1,162,491	\$ 1,003,197
Investments:		
U.S. Government securities	540,768	236,808
U.S. Government agencies	635,017	215,548
Fixed income mutual fund	291,053	-
Mortgage and asset-backed securities	5,298	619,584
Corporate and municipal bonds	2,327,980	2,876,759
Domestic equity securities and mutual funds	4,935,587	5,927,213
Foreign equity securities and mutual funds	1,971,563	1,617,553
Real estate investment trusts	148,320	24,048
Precious metals exchange traded fund	158,060	-
Interest and dividends receivable	39,123	50,582
Total assets	12,215,260	12,571,292
Liabilities		
Accounts payable and accrued liabilities	18,542	18,804
DROP plan liability	-	368,561
Total liabilities	18,542	387,365
Net assets held in trust for pension benefits	\$ 12,196,718	\$ 12,183,927

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 9. PENSION PLANS (Continued)

Pension Plan Financial Statements (Continued)

Statements of Changes in Plan Net Assets		
	General Employees	Police Officers
Additions		
Contributions:		
Employer	\$ 763,780	\$ 814,925
Plan members	94,530	122,319
Total contributions	858,310	937,244
Investment income:		
Interest	132,030	156,583
Dividends	132,286	146,576
Net decrease in fair value of investments	(356,418)	(532,430)
Investment expenses	(75,635)	(56,174)
Net investment loss	(167,737)	(285,445)
Total additions	690,573	651,799
Deductions		
Administration	47,807	63,887
Benefits	447,529	713,524
Total deductions	495,336	777,411
Net increase (decrease) in plan net assets	195,237	(125,612)
Net Assets - October 1, 2010, as restated	12,001,481	12,309,539
Net Assets - September 30, 2011	\$ 12,196,718	\$ 12,183,927

The net assets of the Police Officers Pension Plan at October 1, 2010 have been restated to reflect a liability of \$273,039 for DROP plan participant account balances at that date.

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 rate, which is 4.91% for regular class employees; 14.10% for special risk employees (police officers); and, 11.14% for elected officials for the twelve months ending June 30, 2012. 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, 2011 were \$350,314 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, 2011

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. The Village set their net OPEB obligation at zero as of the beginning of its transition year ended September 30, 2009 and applied the measurement and recognition requirements of Statement 45 on a prospective basis.

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, 2011 were based on an actuarial valuation as of October 1, 2010, 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)
Change in actuarial assumptions		(69,039)
Decrease in net OPEB obligation		(49,039)
Net OPEB obligation, beginning of year		186,039
Net OPEB obligation, end of year	\$	137,000

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Comparative trend data for prior years is as follows:

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation
9/30/2009	\$ 106,000	\$ 0	0.0%	\$ 106,000
9/30/2010	23,000	12,000	52.2%	186,039
9/30/2011	24,000	4,000	16.7%	137,000

Funded Status and Funding Progress

The Plan is financed on a pay-as-you-go basis. The Plan was not funded for the year ended September 30, 2009. A schedule of funding progress based on an actuarial valuation as of October 1, 2010, 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%

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, 2010, 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.

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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Actuarial Methods and Assumptions (Continued)

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 \$69,039. 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 \$100,000/ \$200,000 for all claims relating to the same accident.

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, 2011, 2010, and 2009.

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.

Contract Commitments

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

	Total Project Authorization	Expended through September 30, 2011	Retainage Payable September 30, 2011	Balance to Complete
Task #101 – Force Main to PBC	\$ 80,800	\$ 54,050	\$ -	\$ 26,750
Task #109 – SCADA System	681,300	174,150	10,304	496,846
Task #110 – Renovate RLP Plant LAB	83,109	29,189	1,329	52,591
Task #111 – Serubi Patio Court	390,261	228,706	11,040	150,515

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 12. COMMITMENTS AND CONTINGENCIES (Continued)

Contract Commitments (Continued)

	Total Project Authorization	Expended through September 30, 2011	Retainage Payable September 30, 2011	Balance to Complete
Task #115 – WW Gulfstream Road	\$ 170,787	\$ 129,995	\$ 6,175	\$ 34,617
Task #116 – Kirk, Canal 11 Rd, 39 th & Gardenia WW	439,307	-	-	439,307
Task #117 – Corrigan Court WW	399,155	-	-	399,155
Task #118 – Lakewood Rd E of Gulfstream, Edwards Ave WW	281,719	-	-	281,719
Task #119 – Coconut N of Lakewood WW	119,394	-	-	119,394
Task #120 – Rehab Strawberry Fields, Marlboro Ct & Estates of LCS Lift Stations	70,000	13,500	-	56,500
	\$ 2,715,832	\$ 629,590	\$ 28,848	\$ 2,057,394

Contingencies

During the fiscal year ended September 30, 2006, the City of Lake Worth (the “City”) provided the Village with an independent report indicating that the Renewal and Replacement Reserve Account for the Lake Worth Regional Water Systems (the “Regional System”) was underfunded in prior years and that the Village’s allocable share of the underfunded amount was \$2,649,879. From 2007 through 2010, the City billed the Village \$382,064 for renewal and replacement contributions, none of which has been paid or accrued by the Village. The Village, in consultation with legal counsel, does not believe they are liable for the underfunded amount under the contract with the City and that the Village has met all contractual obligations for renewal and replacement funding.

In December 2010 the City filed a lawsuit against the Village and six other municipal and State participants in the Regional System seeking payment of renewal and replacement charges totaling \$13 million. The Village and its legal counsel continue to believe they are not liable for any underfunded amount under the contract with the City. The Village and the other defendants have requested that the Auditor General for the State of Florida conduct an examination of the Regional System and determine the amount, if any, of renewal and replacement charges that each participant owes to the City. The Auditor General is currently in the process of conducting their examination. The ultimate outcome of this matter and any liability of the Village under the contract are not presently determinable and no amounts have been accrued in the accompanying financial statements.

In addition, the Village owes the City approximately \$730,000 for disputed wastewater billings for 2008 and 2009. The Village contends that an inaccurate wastewater meter resulted in erroneous meter readings and inflated billings to the Village. The meter was replaced in 2010 and the Village had reached a tentative settlement of this matter, however the settlement was never approved by the City. At September 30, 2011 the Village has accrued estimated charges of approximately \$730,000 for any potential liability the Village may owe to the City.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2011

NOTE 12. COMMITMENTS AND CONTINGENCIES (Continued)

Contingencies (Continued)

The Village is also a defendant in other lawsuits occurring in the normal course of business, the outcome of which is not presently determinable. In the opinion of management, after consultation with legal counsel, the resolution of these matters will not 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, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes:				
Ad valorem taxes	\$ 2,092,053	\$ 2,092,053	\$ 2,096,034	\$ 3,981
Franchise fees	1,092,565	1,092,565	983,164	(109,401)
Utility service taxes	2,092,223	2,092,223	1,992,185	(100,038)
Business taxes	240,902	240,902	246,354	5,452
Total taxes	5,517,743	5,517,743	5,317,737	(200,006)
Licenses and permits:				
Building permits	250,000	250,000	713,932	463,932
Other permits and licenses	400	400	807	407
Total licenses and permits	250,400	250,400	714,739	464,339
Intergovernmental:				
State revenue sharing	469,894	469,894	452,923	(16,971)
Alcoholic beverage licenses	14,500	14,500	12,135	(2,365)
Municipal fuel tax refund	8,500	8,500	8,177	(323)
Local option gas tax	325,917	325,917	321,489	(4,428)
County occupational licenses	34,300	34,300	34,697	397
Half-cent sales tax	1,023,921	1,023,921	1,011,880	(12,041)
Grant revenue	243,547	367,047	375,902	8,855
Other intergovernmental revenue	60,520	60,520	78,280	17,760
Total intergovernmental	2,181,099	2,304,599	2,295,483	(9,116)
Charges for services:				
General government	55,650	55,650	83,145	27,495
Public safety	249,600	249,600	272,791	23,191
Physical environment	875,718	875,718	882,409	6,691
Leisure services	334,440	346,440	360,102	13,662
Nonresident fees	12,900	12,900	12,250	(650)
Total charges for services	1,528,308	1,540,308	1,610,697	70,389
Fines and forfeitures:				
Judgements and fines	162,500	162,500	240,806	78,306
Red light traffic fines	-	-	130,309	130,309
Other	72,800	72,800	131,799	58,999
Total fines and forfeitures	235,300	235,300	502,914	267,614
Contributions and donations	10,500	10,500	15,051	4,551

Continued

VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Miscellaneous:				
Interest revenue	\$ 20,400	\$ 20,400	\$ 17,090	\$ (3,310)
Miscellaneous revenue	5,000	5,000	67,975	62,975
Facility rental	139,744	139,744	149,173	9,429
Total miscellaneous	165,144	165,144	234,238	69,094
Total revenues	9,888,494	10,023,994	10,690,859	666,865
Other financing source				
Transfer in	1,541,902	1,541,902	1,541,902	-
Other sources				
Subsequent year appropriation	321,946	465,946	0	(465,946)
Total revenues and other financing source	\$ 11,752,342	\$ 12,031,842	\$ 12,232,761	\$ 200,919
Expenditures				
General government:				
Legislative:				
Personal services	\$ 47,711	\$ 47,711	\$ 46,975	\$ 736
Operating	57,056	55,056	47,131	7,925
Nonoperating	127,000	93,000	4,000	89,000
Total legislative	231,767	195,767	98,106	97,661
Executive:				
Personal services	619,397	619,397	609,464	9,933
Operating	37,695	37,695	27,082	10,613
Capital outlay	32,200	32,200	23,260	8,940
Total executive	689,292	689,292	659,806	29,486
Financial administration:				
Personal services	421,541	421,991	413,001	8,990
Operating	19,377	19,127	14,347	4,780
Capital outlay	10,100	9,900	9,032	868
Total financial administration	451,018	451,018	436,380	14,638
Legal:				
Operating	115,000	115,000	95,996	19,004
Other general government:				
Personal services	11,000	11,000	8,473	2,527
Operating	260,813	261,313	222,453	38,860
Capital outlay	7,500	7,000	3,829	3,171
Total other general government	279,313	279,313	234,755	44,558
Total general government	1,766,390	1,730,390	1,525,043	205,347

Continued

VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Public safety:				
Land development:				
Personal services	\$ 382,564	\$ 392,264	\$ 359,918	\$ 32,346
Operating	79,809	73,379	66,856	6,523
Capital outlay	6,375	3,105	3,095	10
Total land development	468,748	468,748	429,869	38,879
Law enforcement:				
Personal services	5,362,243	5,374,592	5,200,325	174,267
Operating	524,290	573,790	550,994	22,796
Capital outlay	60,000	121,651	111,599	10,052
Total law enforcement	5,946,533	6,070,033	5,862,918	207,115
Total public safety	6,415,281	6,538,781	6,292,787	245,994
Physical environment:				
Sanitation services:				
Operating	788,240	824,240	822,736	1,504
Total physical environment	788,240	824,240	822,736	1,504
Transportation:				
Personal services	612,987	603,687	588,418	15,269
Operating	426,070	435,370	404,808	30,562
Capital outlay	168,500	168,500	153,905	14,595
Total transportation	1,207,557	1,207,557	1,147,131	60,426
Culture/recreation:				
Library:				
Personal services	532,625	532,625	527,391	5,234
Operating	102,352	103,037	98,572	4,465
Capital outlay	40,000	39,315	36,233	3,082
Total library	674,977	674,977	662,196	12,781
Leisure services:				
Personal services	485,544	479,544	474,824	4,720
Operating	350,053	364,153	359,695	4,458
Capital outlay	9,500	157,400	155,368	2,032
Total leisure services	845,097	1,001,097	989,887	11,210

Continued

VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2011

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Special events:				
Operating	\$ 54,800	\$ 54,800	\$ 52,410	\$ 2,390
Total culture/recreation	1,574,874	1,730,874	1,704,493	26,381
Total expenditures	\$ 11,752,342	\$ 12,031,842	11,492,190	\$ 539,652
Net change in fund balance			740,571	
Fund balance, beginning of year			5,657,907	
Fund balance, end of year			\$ 6,398,478	

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

SEPTEMBER 30, 2011

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 \$279,500 were needed for costs incurred for various departmental operating expenses and capital outlay for the year ended September 30, 2011, increasing the original general fund budget from \$11,752,342 to \$12,031,842. 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 reservation of fund balance for encumbrances at September 30, 2011.

VILLAGE OF PALM SPRINGS, FLORIDA

CONDITION RATING OF THE VILLAGE'S STREET SYSTEM

SEPTEMBER 30, 2011

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
2002	\$ 40,000	\$ 3,287	\$ 36,713
2003	41,400	6,361	35,039
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
Total	\$ 1,122,000	\$ 907,766	\$ 214,234

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 2011, the Village is in year 2 of the third 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						
2005	\$ 5,952,552	\$ 11,133,634	\$ 5,181,082	53.5%	\$ 2,263,680	228.9%
2006	7,016,483	12,620,820	5,604,337	55.6%	2,455,243	228.3%
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%

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.

General Employees

2005	\$ 6,949,418	\$ 10,120,984	\$ 3,171,566	68.7%	\$ 4,137,546	76.7%
2006	7,882,464	11,944,135	4,061,671	66.0%	4,285,900	94.8%
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%

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 (including inflation)	8.0% / year	8.0% / year
Salary increases (including inflation)	5.0% - 8.0% / year	4.6% - 8.3% / year
Inflation	5.0% / 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			
	2006	\$ 548,908	104%
	2007	626,200	100%
	2008	853,902	106%
	2009	875,369	112%
	2010	1,009,299	101%
	2011	952,994	100%
General Employees Pension Fund			
	2006	\$ 498,271	100%
	2007	745,116	100%
	2008	851,289	100%
	2009	942,609	108%
	2010	974,215	102%
	2011	1,018,543	109%

**COMBINING FUND FINANCIAL
STATEMENTS AND DEBT SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds – Special revenue funds are used to account for specific revenues that are restricted to expenditure for particular purposes.

Law Enforcement Fund – Accounts for proceeds from law enforcement forfeitures. Expenditures are 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, 2011

	<u>Special Revenue Fund</u>		<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Law Enforcement Fund</u>			
Assets:				
Cash and cash equivalents	\$ 30,045	\$	44,546	\$ 74,591
Total assets	\$ 30,045	\$	44,546	\$ 74,591
Liabilities and Fund Balances:				
Liabilities	\$ -	\$	-	\$ -
Fund balances:				
Restricted for:				
Law enforcement	30,045		-	30,045
Debt service	-		44,546	44,546
Total fund balances	30,045		44,546	74,591
Total liabilities and fund balances	\$ 30,045	\$	44,546	\$ 74,591

VILLAGE OF PALM SPRINGS, FLORIDA*Combining Statement of Revenues, Expenditures and Changes in Fund Balances**Nonmajor Governmental Funds**Year Ended September 30, 2011*

	Special Revenue Fund		Total Nonmajor Governmental Funds
	Law Enforcement Fund	Debt Service Fund	
Revenues			
Taxes	\$ -	\$ 551,428	\$ 551,428
Confiscated property	15,916	-	15,916
Interest	32	9	41
Total revenues	15,948	551,437	567,385
Expenditures			
Current:			
Public safety	11,012	-	11,012
Capital outlay	10,155	-	10,155
Debt service:			
Principal	-	170,000	170,000
Interest and other fiscal charges	-	353,181	353,181
Total expenditures	21,167	523,181	544,348
Net change in fund balances	(5,219)	28,256	23,037
Fund balances, beginning of year	35,264	16,290	51,554
Fund balances, end of year	\$ 30,045	\$ 44,546	\$ 74,591

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 Assets

September 30, 2011

	General Employees Pension Fund	Police Officers Pension Fund	Total Pension Funds
Assets			
Cash and cash equivalents	\$ 1,162,491	\$ 1,003,197	\$ 2,165,688
Investments:			
U.S. Government securities	540,768	236,808	777,576
U.S. Government agencies	635,017	215,548	850,565
Fixed income mutual fund	291,053	-	291,053
Mortgage and asset-backed securities	5,298	619,584	624,882
Corporate and municipal bonds	2,327,980	2,876,759	5,204,739
Domestic equity securities and mutual funds	4,935,587	5,927,213	10,862,800
Foreign equity securities and mutual funds	1,971,563	1,617,553	3,589,116
Real estate investment trusts	148,320	24,048	172,368
Precious metals exchange traded fund	158,060	-	158,060
Receivables:			
Interest and dividends	39,123	50,582	89,705
Total assets	\$ 12,215,260	\$ 12,571,292	\$ 24,786,552
Liabilities			
Accounts payable and accrued liabilities	\$ 18,542	\$ 18,804	\$ 37,346
DROP plan liability	-	368,561	368,561
Total liabilities	\$ 18,542	\$ 387,365	\$ 405,907
Net Assets			
Net assets held in trust for pension benefits	\$ 12,196,718	\$ 12,183,927	\$ 24,380,645
Total net assets	\$ 12,196,718	\$ 12,183,927	\$ 24,380,645

VILLAGE OF PALM SPRINGS, FLORIDA

Combining Statement of Changes in Fiduciary Net Assets
Year Ended September 30, 2011

	General Employees Pension Fund	Police Officers Pension Fund	Total Pension Funds
Additions			
Contributions:			
Employer	\$ 763,780	\$ 814,925	\$ 1,578,705
Plan members	94,530	122,319	216,849
Total contributions	858,310	937,244	1,795,554
Investment income:			
Interest	132,030	156,583	288,613
Dividends	132,286	146,576	278,862
Net decrease in fair value of investments	(356,418)	(532,430)	(888,848)
Investment expenses	(75,635)	(56,174)	(131,809)
Net investment loss	(167,737)	(285,445)	(453,182)
Total additions	690,573	651,799	1,342,372
Deductions			
Administration	47,807	63,887	111,694
Benefits	447,529	713,524	1,161,053
Total deductions	495,336	777,411	1,272,747
Net increase (decrease) in plan net assets	195,237	(125,612)	69,625
Net assts held in trust for pension benefits, beginning of year, as restated	12,001,481	12,309,539	24,311,020
Net assets held in trust for pension benefits, end of year	\$ 12,196,718	\$ 12,183,927	\$ 24,380,645

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, 2011

Fiscal Year Ending September 30,	Governmental Activities		Business-type Activities		
	Bond Payable	Note Payable	Revenue Bonds Payable		Total
			Series 1988	Series 2003A	
2012	\$ 519,044	\$ 841,972	\$ 570,000	\$ 746,476	\$ 2,677,492
2013	515,044	70,165	485,000	743,724	1,813,933
2014	519,868	-	-	744,812	1,264,680
2015	518,868	-	-	745,112	1,263,980
2016	517,319	-	-	744,626	1,261,945
2017	515,218	-	-	743,350	1,258,568
2018	517,569	-	-	746,288	1,263,857
2019	519,094	-	-	743,174	1,262,268
2020	519,794	-	-	744,274	1,264,068
2021	516,044	-	-	744,324	1,260,368
2022	516,794	-	-	744,324	1,261,118
2023	516,794	-	-	743,326	1,260,120
2024	516,044	-	-	743,526	1,259,570
2025	519,544	-	-	747,824	1,267,368
2026	517,044	-	-	746,000	1,263,044
2027	518,794	-	-	745,750	1,264,544
2028	519,544	-	-	744,250	1,263,794
2029	518,788	-	-	746,500	1,265,288
2030	517,006	-	-	747,250	1,264,256
2031	519,200	-	-	746,500	1,265,700
2032	515,112	-	-	744,250	1,259,362
2033	-	-	-	745,500	745,500
Total	\$ 10,872,526	\$ 912,137	\$ 1,055,000	\$ 16,391,160	\$ 29,230,823

VILLAGE OF PALM SPRINGS, FLORIDA

\$7,890,000 Florida Municipal Loan Council Revenue Bond, Series 2002A, dated May 1, 2002

Fiscal Year	Ending September 30,	Principal		Interest		Total	Interest Rate		
		May 1	May 1	November 1	November 1				
2012	\$	180,000	\$	169,522	\$	169,522	\$	519,044	5.000%
2013		185,000		165,022		165,022		515,044	5.500%
2014		200,000		159,934		159,934		519,868	5.500%
2015		210,000		154,434		154,434		518,868	5.500%
2016		220,000		148,660		148,659		517,319	5.500%
2017		230,000		142,609		142,609		515,218	5.500%
2018		245,000		136,284		136,285		517,569	5.500%
2019		260,000		129,547		129,547		519,094	5.500%
2020		275,000		122,397		122,397		519,794	5.000%
2021		285,000		115,522		115,522		516,044	5.000%
2022		300,000		108,397		108,397		516,794	5.000%
2023		315,000		100,897		100,897		516,794	5.000%
2024		330,000		93,022		93,022		516,044	5.000%
2025		350,000		84,772		84,772		519,544	5.000%
2026		365,000		76,022		76,022		517,044	5.000%
2027		385,000		66,897		66,897		518,794	5.000%
2028		405,000		57,272		57,272		519,544	5.125%
2029		425,000		46,894		46,894		518,788	5.125%
2030		445,000		36,003		36,003		517,006	5.125%
2031		470,000		24,600		24,600		519,200	5.125%
2032		490,000		12,556		12,556		515,112	5.125%
Total	\$	6,570,000	\$	2,151,263	\$	2,151,263	\$	10,872,526	

VILLAGE OF PALM SPRINGS, FLORIDA

\$7,244,700 Promissory Note, dated December 14, 2001

Fiscal Year				
Ending				
September 30,	Principal		Interest	Total
2012	\$ 821,026		\$ 20,946	\$ 841,972
2013	69,933		232	70,165
Total	\$ 890,959		\$ 21,178	\$ 912,137

VILLAGE OF PALM SPRINGS, FLORIDA

\$1,209,857 Water and Sewer Capital Appreciation Bonds, Series 1988

Fiscal Year	Principal		Interest		Total
	Ending				
	September 30,	October 1	April 1	October 1	
2012	\$ 43,688	\$ 41,490	\$ 241,312	\$ 243,510	\$ 570,000
2013	67,808	-	417,192	-	485,000
Total	\$ 111,496	\$ 41,490	\$ 658,504	\$ 243,510	\$ 1,055,000

VILLAGE OF PALM SPRINGS, FLORIDA

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

Fiscal Year	Ending September 30,	Principal		Interest		Total	Interest Rate		
		May 1	May 1	November 1	November 1				
2012	\$	255,000	\$	245,738	\$	245,738	\$	746,476	5.000%
2013		265,000		239,362		239,362		743,724	5.250%
2014		280,000		232,406		232,406		744,812	5.250%
2015		295,000		225,056		225,056		745,112	5.250%
2016		310,000		217,313		217,313		744,626	5.250%
2017		325,000		209,175		209,175		743,350	5.250%
2018		345,000		200,644		200,644		746,288	5.250%
2019		360,000		191,587		191,587		743,174	5.250%
2020		380,000		182,137		182,137		744,274	5.250%
2021		400,000		172,162		172,162		744,324	5.000%
2022		420,000		162,162		162,162		744,324	5.000%
2023		440,000		151,663		151,663		743,326	4.500%
2024		460,000		141,763		141,763		743,526	4.500%
2025		485,000		131,412		131,412		747,824	4.500%
2026		505,000		120,500		120,500		746,000	5.000%
2027		530,000		107,875		107,875		745,750	5.000%
2028		555,000		94,625		94,625		744,250	5.000%
2029		585,000		80,750		80,750		746,500	5.000%
2030		615,000		66,125		66,125		747,250	5.000%
2031		645,000		50,750		50,750		746,500	5.000%
2032		675,000		34,625		34,625		744,250	5.000%
2033		710,000		17,750		17,750		745,500	5.000%
Total	\$	9,840,000	\$	3,275,580	\$	3,275,580	\$	16,391,160	

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	75
<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	88
<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	93
<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	97
<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	99
<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 Assets by Component
Last Nine Fiscal Years
Accrual Basis of Accounting*

	Fiscal Year		
	2003	2004	2005
Governmental activities			
Invested in capital assets, net of related debt	\$ 4,441,217	\$ 6,584,386	\$ 6,818,977
Restricted	2,764,453	-	-
Unrestricted	3,212,820	4,100,592	4,159,815
Total governmental activities net assets	\$ 10,418,490	\$ 10,684,978	\$ 10,978,792
Business-type activities			
Invested in capital assets, net of related debt	\$ 16,776,279	\$ 19,234,374	\$ 19,027,484
Restricted	4,363,132	2,336,464	2,307,654
Unrestricted	5,960,324	6,992,800	9,210,863
Total business-type activities net assets	\$ 27,099,735	\$ 28,563,638	\$ 30,546,001
Primary government			
Invested in capital assets, net of related debt	\$ 21,217,496	\$ 25,818,760	\$ 25,846,461
Restricted	7,127,585	2,336,464	2,307,654
Unrestricted	9,173,144	11,093,392	13,370,678
Total primary government net assets	\$ 37,518,225	\$ 39,248,616	\$ 41,524,793

Information prior to the adoption of GASB Statement 34 in fiscal year 2003 is not available.

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 7,199,449	\$ 7,472,382	\$ 7,151,174	\$ 7,167,569	\$ 7,849,679	\$ 7,886,263
-	-	43,411	34,129	51,554	74,591
5,150,443	5,391,895	5,508,949	5,577,255	5,142,613	5,925,371
\$ 12,349,892	\$ 12,864,277	\$ 12,703,534	\$ 12,778,953	\$ 13,043,846	\$ 13,886,225
\$ 27,627,368	\$ 28,748,028	\$ 29,837,394	\$ 31,406,094	\$ 33,504,764	\$ 34,478,958
118,999	1,357,698	1,317,850	1,273,221	1,232,301	1,185,083
5,253,146	4,015,758	3,007,831	2,155,277	1,337,640	2,719,288
\$ 32,999,513	\$ 34,121,484	\$ 34,163,075	\$ 34,834,592	\$ 36,074,705	\$ 38,383,329
\$ 34,826,817	\$ 36,220,410	\$ 36,988,568	\$ 38,573,663	\$ 41,354,443	\$ 42,365,221
118,999	1,357,698	1,361,261	1,307,350	1,283,855	1,259,674
10,403,589	9,407,653	8,516,780	7,732,532	6,480,253	8,644,659
\$ 45,349,405	\$ 46,985,761	\$ 46,866,609	\$ 47,613,545	\$ 49,118,551	\$ 52,269,554

VILLAGE OF PALM SPRINGS, FLORIDA

Changes in Net Assets

Last Nine Fiscal Years

Accrual Basis of Accounting

	Fiscal Year		
	2003	2004	2005
Expenses			
Governmental activities:			
General government	\$ 1,758,726	\$ 1,246,098	\$ 1,460,229
Public safety	3,655,456	4,306,625	5,047,665
Physical environment	440,529	809,087	770,321
Transportation	720,492	938,374	1,018,045
Culture/recreation	469,983	1,331,518	1,387,063
Interest on long-term debt	482,553	426,357	389,788
Total governmental activities expenses	7,527,739	9,058,059	10,073,111
Business-type activities:			
Water/Sewer Utility	7,404,500	8,006,446	7,751,695
Total business-type activities expenses	7,404,500	8,006,446	7,751,695
Total primary government expenses	\$ 14,932,239	\$ 17,064,505	\$ 17,824,806
Program Revenues			
Governmental activities:			
Charges for services:			
General government (1)	\$ 221,343	\$ 318,035	\$ 321,004
Public safety	785,366	838,765	675,994
Physical environment	350,120	398,628	414,375
Culture/recreation	236,772	357,950	335,149
Operating grants and contributions:			
General government	25,468	-	331,564
Public safety	82,189	76,566	120,352
Physical environment	-	-	-
Transportation	-	-	7,955
Culture/recreation	74,439	29,745	33,741
Capital grants and contributions:			
General government	10,000	-	-
Public safety	-	44,204	57,553
Transportation	-	-	74,294
Culture/recreation	581,141	176,238	-
Total governmental activities program revenues	2,366,838	2,240,131	2,371,981
Business-type activities:			
Charges for services:			
Water/Sewer	8,618,975	9,637,956	10,172,417
Capital grants and contributions	1,125,555	715,077	401,985
Total business-type activities program revenues	9,744,530	10,353,033	10,574,402
Total primary government program revenues	\$ 12,111,368	\$ 12,593,164	\$ 12,946,383
Net (expense)/revenue			
Governmental activities	\$ (5,160,901)	\$ (6,817,928)	\$ (7,701,130)
Business-type activities	2,340,030	2,346,587	2,822,707
Total primary government net expense	\$ (2,820,871)	\$ (4,471,341)	\$ (4,878,423)

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 1,489,124	\$ 1,652,285	\$ 1,676,049	\$ 1,648,500	\$ 1,630,953	\$ 1,667,204
6,013,883	7,436,765	7,833,731	8,177,216	6,617,900	6,433,149
1,045,789	840,332	1,017,487	709,062	715,654	856,371
941,378	1,023,051	925,984	914,748	994,731	1,026,758
1,573,129	1,742,484	1,665,319	1,679,624	1,696,739	1,684,426
382,721	376,367	369,781	363,789	357,189	350,259
11,446,024	13,071,284	13,488,351	13,492,939	12,013,166	12,018,167
8,498,243	10,195,468	10,569,732	10,662,117	11,310,728	10,996,082
8,498,243	10,195,468	10,569,732	10,662,117	11,310,728	10,996,082
\$ 19,944,267	\$ 23,266,752	\$ 24,058,083	\$ 24,155,056	\$ 23,323,894	\$ 23,014,249
\$ 412,527	\$ 428,057	\$ 424,182	\$ 217,171	\$ 237,648	\$ 300,037
994,345	1,163,450	952,624	943,382	924,366	1,458,760
532,932	582,711	663,039	798,194	827,277	882,409
393,817	356,453	389,303	369,096	397,724	408,706
718,297	55,383	34,023	79,298	697	2,800
242,497	213,395	203,709	253,347	300,295	308,271
-	-	-	-	35,684	54,982
8,432	11,742	12,094	12,094	52,447	54,020
28,315	24,271	22,634	17,822	17,435	14,034
194,167	36,536	15,633	12,453	40,002	13,544
10,000	6,694	10,000	50,997	64,729	60,400
-	-	-	-	-	-
136,549	163,451	25,000	250,538	-	-
3,671,878	3,042,143	2,752,241	3,004,392	2,898,304	3,557,963
11,195,361	11,302,346	10,973,325	12,234,482	13,109,032	13,871,775
575,661	934,530	909,126	549,540	741,905	871,217
11,771,022	12,236,876	11,882,451	12,784,022	13,850,937	14,742,992
\$ 15,442,900	\$ 15,279,019	\$ 14,634,692	\$ 15,788,414	\$ 16,749,241	\$ 18,300,955
\$ (7,774,146)	\$ (10,029,141)	\$ (10,736,110)	\$ (10,488,547)	\$ (9,114,862)	\$ (8,460,204)
3,272,779	2,041,408	1,312,719	2,121,905	2,540,209	3,746,910
\$ (4,501,367)	\$ (7,987,733)	\$ (9,423,391)	\$ (8,366,642)	\$ (6,574,653)	\$ (4,713,294)

VILLAGE OF PALM SPRINGS, FLORIDA

Changes in Net Assets (Continued)

Last Nine Fiscal Years

Accrual Basis of Accounting

	Fiscal Year		
	2003	2004	2005
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes:			
Property taxes	\$ 2,138,258	\$ 2,317,271	\$ 2,616,249
Utility service taxes	1,241,306	1,285,916	1,492,779
Franchise fees	526,320	552,295	562,586
Sales and use taxes	1,197,671	1,290,027	1,346,148
Business taxes (1)	-	-	-
Intergovernmental, unrestricted	363,681	421,513	505,715
Investment revenues	133,061	70,684	126,658
Miscellaneous	86,129	31,340	144,544
Transfers	990,172	1,115,370	1,200,265
Total governmental activities	6,676,598	7,084,416	7,994,944
Business-type activities			
Investment revenues	238,020	219,955	330,172
Miscellaneous	19,657	12,731	29,749
Transfers	(990,172)	(1,115,370)	(1,200,265)
Total business-type activities	(732,495)	(882,684)	(840,344)
Total primary government	\$ 5,944,103	\$ 6,201,732	\$ 7,154,600
Changes in Net Assets			
Governmental activities	\$ 1,515,697	\$ 1,923,515	\$ 1,177,016
Business-type activities	1,607,535	1,457,346	1,506,243
Total primary government	\$ 3,123,232	\$ 3,380,861	\$ 2,683,259

Information prior to the adoption of GASB Statement 34 in fiscal year 2003 is not available.

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

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 3,125,706	\$ 4,262,490	\$ 4,220,565	\$ 4,124,073	\$ 2,917,117	\$ 2,647,462
1,661,837	1,720,394	1,757,165	1,904,565	1,955,211	1,992,185
810,272	888,873	964,983	1,011,953	974,408	983,164
1,453,700	1,412,439	1,362,776	1,293,888	1,295,958	1,353,681
-	-	-	229,978	238,928	246,354
521,390	508,398	471,931	427,967	427,847	452,923
239,422	326,789	163,416	31,990	36,196	17,131
62,633	112,024	167,886	24,005	43,715	67,781
1,270,286	1,312,119	1,466,645	1,515,547	1,449,356	1,541,902
9,145,246	10,543,526	10,575,367	10,563,966	9,338,736	9,302,583
441,016	388,337	155,086	44,096	94,803	73,861
10,003	4,345	40,431	21,063	16,163	29,755
(1,270,286)	(1,312,119)	(1,466,645)	(1,515,547)	(1,449,356)	(1,541,902)
(819,267)	(919,437)	(1,271,128)	(1,450,388)	(1,338,390)	(1,438,286)
\$ 8,325,979	\$ 9,624,089	\$ 9,304,239	\$ 9,113,578	\$ 8,000,346	\$ 7,864,297
\$ 1,444,116	\$ 514,385	\$ (160,743)	\$ 75,419	\$ 223,874	\$ 842,379
2,003,440	1,121,971	41,591	671,517	1,201,819	2,308,624
\$ 3,447,556	\$ 1,636,356	\$ (119,152)	\$ 746,936	\$ 1,425,693	\$ 3,151,003

VILLAGE OF PALM SPRINGS, FLORIDA

Governmental Activities Tax Revenues by Source

Last Nine Fiscal Years

Accrual Basis of Accounting

Fiscal Year	Property Tax	Utility Service Tax	Franchise Fees	Sales and Use Tax	Local Business Taxes ⁽¹⁾	Total
2003	\$ 2,138,258	\$ 1,241,306	\$ 526,320	\$ 1,197,671	\$ -	\$ 5,103,555
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

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

Information prior to the adoption of GASB Statement 34 in fiscal year 2003 is not available.

VILLAGE OF PALM SPRINGS, FLORIDA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year			
	2002	2003	2004	2005
General fund				
Reserved	\$ 6,259	\$ 9,703	\$ 11,692	\$ 22,622
Unreserved	3,457,660	3,798,650	4,072,476	4,127,817
Nonspendable:				
Inventory	-	-	-	-
Assigned to:				
Disaster recovery	-	-	-	-
Capital projects	-	-	-	-
Library	-	-	-	-
Subsequent year's budget	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 3,463,919</u>	<u>\$3,808,353</u>	<u>\$ 4,084,168</u>	<u>\$ 4,150,439</u>
 All other governmental funds				
Reserved	\$ 6,167,601	\$2,369,958	\$ 249,050	\$ 201,098
Unreserved, reported in:				
Special revenue funds	19,092	50,076	70,382	73,249
Restricted for:				
Law enforcement	-	-	-	-
Debt service	-	-	-	-
Total all other governmental funds	<u>\$ 6,186,693</u>	<u>\$2,420,034</u>	<u>\$ 319,432</u>	<u>\$ 274,347</u>

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

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 16,822	\$ 25,330	\$ 74,048	\$ 54,425	\$ -	\$ -
5,317,561	5,929,454	6,004,672	5,987,424	-	-
-	-	-	-	26,966	34,717
-	-	-	-	1,500,000	1,500,000
-	-	-	-	1,000,000	3,000,000
-	-	-	-	54,230	53,935
-	-	-	-	321,946	193,386
-	-	-	-	2,754,765	1,616,440
<u>\$ 5,334,383</u>	<u>\$ 5,954,784</u>	<u>\$ 6,078,720</u>	<u>\$ 6,041,849</u>	<u>\$ 5,657,907</u>	<u>\$ 6,398,478</u>
\$ 42,717	\$ 54,175	\$ 43,411	\$ 34,129	\$ -	\$ -
71,905	64,906	66,396	61,858	-	-
-	-	-	-	35,264	30,045
-	-	-	-	16,290	44,546
<u>\$ 114,622</u>	<u>\$ 119,081</u>	<u>\$ 109,807</u>	<u>\$ 95,987</u>	<u>\$ 51,554</u>	<u>\$ 74,591</u>

VILLAGE OF PALM SPRINGS, FLORIDA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year			
	2002	2003	2004	2005
Revenues				
Taxes	\$ 3,272,134	\$ 3,905,884	\$ 4,155,482	\$ 4,671,614
Licenses and permits	258,364	620,841	711,795	446,473
Intergovernmental	1,566,010	1,749,953	1,955,300	2,426,341
Confiscated property	-	15,515	29,578	13,167
Grants	-	591,141	154,859	-
Charges for services	653,923	723,730	845,962	1,025,234
Fines and forfeitures	179,059	170,629	140,670	162,527
Contributions and donations	24,635	49,311	33,434	18,311
Investment revenues	164,983	133,061	70,684	126,658
Miscellaneous	51,488	93,200	111,413	202,041
Total revenues	6,170,596	8,053,265	8,209,177	9,092,366
Expenditures				
General government	906,582	988,770	1,050,402	1,247,293
Public safety	3,117,272	3,552,982	4,005,927	4,845,761
Physical environment	385,569	406,397	752,528	723,124
Transportation	584,258	699,430	912,573	1,007,187
Culture/Recreation	923,166	1,029,230	1,193,457	1,238,815
Capital outlay	2,161,371	5,045,584	2,707,162	681,664
Debt service				
Principal	53,800	371,461	130,000	135,000
Interest and other fiscal charges	15,022	409,092	397,285	392,601
Total expenditures	8,147,040	12,502,946	11,149,334	10,271,445
Excess of revenues over (under) expenditures	(1,976,444)	(4,449,681)	(2,940,157)	(1,179,079)
Other financing sources (uses)				
Insurance recoveries	-	-	-	-
Transfers in	970,424	1,183,220	1,115,370	1,200,265
Transfers out	-	(193,048)	-	-
Bonds issued	7,829,925	-	-	-
Total other financing sources (uses)	8,800,349	990,172	1,115,370	1,200,265
Net change in fund balances	<u>\$ 6,823,905</u>	<u>\$(3,459,509)</u>	<u>\$(1,824,787)</u>	<u>\$ 21,186</u>
Debt service as a percentage of non-capital expenditures	1.15%	10.47%	6.25%	5.50%

Fiscal Year					
2006	2007	2008	2009	2010	2011
\$ 5,597,815	\$ 6,871,757	\$ 6,942,713	\$ 7,270,569	\$ 6,085,664	\$ 5,869,165
749,514	807,031	415,096	117,276	334,970	714,739
3,134,436	2,439,028	2,179,288	2,378,024	2,193,081	2,295,483
25,924	101,432	32,301	33,897	22,778	15,916
-	-	-	-	-	-
1,166,898	1,290,774	1,546,796	1,790,671	1,537,494	1,610,697
182,734	173,730	303,837	247,398	298,169	502,914
64,268	17,547	15,379	13,498	10,645	15,051
239,422	326,789	163,416	31,990	36,196	17,131
191,660	245,462	262,137	127,236	212,587	217,148
11,352,671	12,273,550	11,860,963	12,010,559	10,731,584	11,258,244
1,283,700	1,383,491	1,446,600	1,438,136	1,438,735	1,488,922
5,748,952	6,918,839	7,606,128	7,800,710	6,339,717	6,189,105
996,777	782,933	907,704	675,256	681,948	822,736
917,523	994,880	908,705	903,365	975,657	993,226
1,408,466	1,507,621	1,475,500	1,473,942	1,503,238	1,512,892
911,849	849,262	346,028	758,932	1,145,081	506,476
140,000	145,000	150,000	160,000	165,000	170,000
385,638	378,783	372,281	366,456	359,939	353,181
11,792,905	12,960,809	13,212,946	13,576,797	12,609,315	12,036,538
(440,234)	(687,259)	(1,351,983)	(1,566,238)	(1,877,731)	(778,294)
194,167	-	-	-	-	-
1,270,286	1,312,572	1,466,645	1,515,547	1,503,586	1,541,902
-	(453)	-	-	(54,230)	-
-	-	-	-	-	-
1,464,453	1,312,119	1,466,645	1,515,547	1,449,356	1,541,902
\$ 1,024,219	\$ 624,860	\$ 114,662	\$ (50,691)	\$ (428,375)	\$ 763,608
4.83%	4.32%	4.06%	4.11%	4.58%	4.54%

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
2002	\$ 1,489,071	\$ 1,262,933	\$ 520,130	\$ 878,129	\$ -	\$ 4,150,263
2003	2,138,258	1,241,306	526,320	900,323	-	4,806,207
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

⁽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			
2002	\$ 275,502,947	\$ 18,007,541	\$ 293,510,488	21.5947	\$ 308,958,408
2003	304,931,917	19,476,608	324,408,525	22.8620	341,482,658
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

⁽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
2002	4.9999	0.2458	5.2457	8.9480	4.9351	-	2.4659	21.5947
2003	4.8740	1.9311	6.8051	8.7790	4.8084	-	2.4695	22.8620
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

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

	2009			
	Taxable Assessed Valuation	Taxes	Rank	Percentage of Total Taxes Levied
Phillips Lake Worth	\$ 14,500,000	\$ 62,815	1	1.67%
IRT Property Co.	13,493,798	58,456	2	1.55%
CSC Village Club Apts LTD	12,531,251	54,287	3	1.44%
Portofino Associates Ltd	10,500,000	45,487	4	1.21%
Four FLA Shopping Center Prop Ltd	8,500,000	36,823	5	0.98%
Advenir at Pines LLC	8,200,537	35,526	6	0.94%
Syms Corp.	8,052,222	34,883	7	0.93%
Woodhaven LLC	6,973,540	30,210	8	0.80%
Jerjo Inc.	5,579,619	24,171	9	0.64%
Lakeshore Center LLC	5,529,309	23,954	10	0.64%
EQR - Village Green Vistas, Inc.	-	-	-	-
Aurora Homes, Inc.	-	-	-	-
Waterton Esprimir	-	-	-	-
Acquiport Amsdell IV	-	-	-	-
Rex Prop Palm Springs Ltd. Co.	-	-	-	-
Totals	<u>\$ 93,860,276</u>	<u>\$ 406,612</u>		<u>10.80%</u>

Note: Information for 2010 and 2011 was not available from the Palm Beach County Tax Collector. Prior year information for 2009 was the most recent year available.

2002			
Taxable Assessed Valuation	Taxes	Rank	Percentage of Total Taxes Levied
\$ 5,144,504	\$ 26,987	6	2.15%
12,300,000	64,522	1	5.13%
8,838,103	46,362	2	3.69%
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
5,803,145	30,442	4	2.42%
4,000,000	20,983	8	1.67%
-	-	-	-
5,829,512	30,580	3	2.43%
5,707,984	29,942	5	2.38%
4,937,837	25,902	7	2.06%
3,260,383	17,103	9	1.36%
2,866,000	15,034	10	1.20%
<u>\$ 58,687,468</u>	<u>\$ 307,857</u>		<u>24.49%</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
2002	\$ 1,458,570	\$ 1,416,420	97.11%	\$ 3,817	\$ 1,420,237	97.37%
2003	1,581,167	1,538,115	97.28%	4,928	1,543,043	97.59%
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%

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⁾	
2002	1,402,811	\$ 10.98	11,931	1,089,058	\$ 16.41	9,018
2003	1,441,724	10.98	11,531	888,876	16.41	9,151
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

⁽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 Nine Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities		Total ⁽¹⁾ Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita
	General Obligation Bonds	Water & Sewer Revenue Bonds	Notes Payable	Obligation Under Agreement			
2003	\$ 7,765,000	\$16,794,468	\$6,390,232	\$1,733,326	\$32,683,026	5.29%	\$ 2,446
2004	7,635,000	16,854,899	5,796,318	1,223,927	31,510,144	4.70%	2,358
2005	7,500,000	16,261,239	5,177,435	684,209	29,622,883	4.42%	2,217
2006	7,360,000	15,740,566	4,533,236	159,204	27,793,006	3.43%	2,001
2007	7,215,000	13,874,827	3,862,457	-	24,952,284	2.71%	1,737
2008	7,065,000	13,246,703	3,164,150	-	23,475,853	2.55%	1,605
2009	6,905,000	12,586,558	2,436,765	-	21,928,323	2.37%	1,408
2010	6,740,000	11,897,820	1,679,485	-	20,317,305	2.20%	1,283
2011	6,570,000	11,327,820	890,959	-	18,788,779	1.73%	993

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.

Information prior to fiscal year 2003 is not available.

VILLAGE OF PALM SPRINGS, FLORIDA

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Assessed Value of Taxable Property	Percentage of Assessed Value of Taxable Property	Population	Per Capita
2002	\$ 8,136,461	\$ 12,627	\$ 8,123,834	\$293,510,488	2.77%	12,351	\$ 657.75
2003	7,765,000	20,337	7,744,663	324,408,525	2.39%	12,944	598.32
2003	7,765,000	20,677	7,744,323	379,187,543	2.04%	13,363	579.53
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

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, 2011*

	Total Outstanding	Percentage Applicable to Village of Palm Springs⁽¹⁾	Amount Applicable to Village of Palm Springs
Direct:			
Village of Palm Springs	\$ 6,570,000	100.00%	\$ 6,570,000
Overlapping:			
Palm Beach County	226,545,000	0.54%	1,223,343
Palm Beach County School District	37,215,000	0.54%	200,961
Total overlapping debt	263,760,000		1,424,304
Total direct and overlapping debt payable from ad valorem taxes			\$ 7,994,304
Estimated population			18,928
Total direct and overlapping debt per capita			\$ 422.35

⁽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 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
2002	\$ 9,294,750	\$ 4,350,714	\$ 4,944,036	\$ 1,728,272	2.86
2003	10,002,207	4,470,650	5,531,557	2,071,785	2.67
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

* 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⁾
2002	12,351	\$ 42,430	\$ 524,052,930	N/A	N/A	N/A	6.4%
2003	12,944	43,626	564,694,944	41.8	N/A	161,600	5.8%
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	57,461	1,087,621,808	43.5	N/A	174,004	11.7%

Data Sources:

⁽¹⁾ The population for 2003 through 2011 was obtained from the University of Florida, Bureau of Economic Business Administration. The population for 2002 was obtained from the 2000 U.S. Census Bureau count.

⁽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

	2011 ⁽¹⁾			2002		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Village Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Village Employment</u>
Employer						
Palm Beach County School District	21,718	1	N/A	N/A	N/A	N/A
Palm Beach County	11,381	2	N/A	N/A	N/A	N/A
Tenet Healthcare Corp.	5,127	3	N/A	N/A	N/A	N/A
HCA	4,150	5	N/A	N/A	N/A	N/A
Florida Power & Light (Headquarters)	3,658	4	N/A	N/A	N/A	N/A
Wackenhut Corporation	3,000	6	N/A	N/A	N/A	N/A
Florida Atlantic University	2,776	7	N/A	N/A	N/A	N/A
Bethesda Memorial Hospital	2,300	8	N/A	N/A	N/A	N/A
Veterans Health Administration	2,205	9	N/A	N/A	N/A	N/A
Office Depot	2,200	10	N/A	N/A	N/A	N/A
Totals	<u>58,515</u>		<u>N/A</u>	<u>N/A</u>		<u>N/A</u>

⁽¹⁾ Source: Business Development Board of Palm Beach County. Data is for Palm Beach County, Florida, for 2011 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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
General government	11.5	11.5	12.5	13.5	13.5	15	15	15	14.5	14.5
Public safety										
Building official	1	1	1	1	1	1	1	1	1	1
Land development	3.5	4.5	6.5	8	6.5	6.5	6	4	3	4.5
Police officers	32	33	34	38	38	38.5	40	39	38	40
Firefighters (b)	4	4	4	8	9	12	18	22.5	-	-
Civilian police/fire	15	16.5	16.5	18	16.5	15	12	14	15	15.5
Sanitation (a)	7	7	10	11	9	11	-	-	-	-
Transportation	15	17	18	19	12	9	13	12	11	11
Culture/Recreation										
Library	9	8.5	9	9	9	9.5	10	9.5	10	10
Leisure services	7.5	11	10.5	11.5	11.5	11.5	12	9	7.5	7.5
Water & Sewer Utility	<u>41</u>	<u>41</u>	<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>
Total	146.5	155	167	183	174	182	183	182.5	158	162

(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		
	2002	2003	2004
Public Safety			
Police			
Physical arrests	679	906	896
Parking violations	N/A	375	349
Traffic violations	11,280	9,257	7,077
Fire			
Number of calls (a)	1,300	1,475	1,966
Sanitation (b)			
Refuse collected (tons)	4,239	4,491	6,589
Recyclables collected (tons)	626	602	715
Roads and Streets			
Street resurfacing (miles)	N/A	N/A	2
Pot holes repaired	173	194	205
Culture/recreation			
Library			
Circulation	62,219	62,317	63,305
Active cardholders	N/A	N/A	N/A
Reference questions	N/A	N/A	N/A
Programs offered	291	403	279
Program attendance	2,992	3,096	3,052
Total library visitors	N/A	N/A	N/A
Leisure Services			
Baseball participants	N/A	N/A	N/A
Soccer participants	N/A	N/A	N/A
Flag football participants	N/A	N/A	N/A
Cheerleading participants	N/A	N/A	N/A
Basketball participants	N/A	N/A	80
Youth athletic participants	950	900	950
Adult flag football	-	-	-
Camp program participants	425	450	325
Class participants	75	150	600
Travel Club members	-	-	-
Special event participants	-	-	-
Facility rentals	-	-	-
Water/Sewer Utility			
Water accounts	11,931	11,531	11,634
Water customers	N/A	N/A	N/A
Water main breaks	2	2	5
Sewer accounts	9,018	9,151	9,405
Sewer customers	N/A	N/A	N/A
Avg daily water consumption (thousands of gallons)	4,175	4,335	4,076

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						
2005	2006	2007	2008	2009	2010	2011
1,049	1,166	1,316	1,308	1,129	1,090	1,021
534	682	540	636	214	160	79
6,488	10,284	12,008	9,242	7,472	11,438	9,038
2,193	2,237	2,639	4,066	3,631	N/A	N/A
6,900	5,805	9,030	2,771	privatized	privatized	privatized
360	446	452	215	privatized	privatized	privatized
2	5.82	4	3	3	1.7	2.3
225	520	752	1,073	1,036	790	765
69,572	82,286	75,545	85,979	105,018	98,723	114,881
N/A	3,738	3,989	3,912	4,336	4,421	5,191
N/A	8,958	10,820	16,553	19,590	19,694	10,748
356	334	339	460	656	686	656
4,030	3,522	4,313	5,230	7,555	8,040	7,947
N/A	N/A	N/A	88,887	106,345	97,233	109,002
N/A	286	279	318	272	265	224
N/A	222	221	218	280	289	224
N/A	273	294	303	290	293	311
N/A	24	49	31	12	12	22
120	-	100	130	127	150	161
930	805	943	1,000	981	1,009	942
-	-	-	-	72	156	156
335	545	375	425	450	384	385
675	796	716	546	480	*	*
-	-	-	-	-	305	268
-	-	-	-	-	4,162	5,123
-	-	-	-	-	1,383	836
11,924	11,450	11,537	11,623	11,307	12,349	12,374
N/A	19,732	19,825	21,937	18,747	19,752	19,878
2	2	12	1	5	6	6
9,593	9,381	9,417	9,546	9,344	10,268	10,375
N/A	17,172	17,180	17,228	16,314	17,297	17,459
4,360	4,379	4,182	4,033	3,901	3,732	3,743

* Included in facility rentals beginning with 2010.

VILLAGE OF PALM SPRINGS, FLORIDA

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year				
	2002	2003	2004	2005	2006
Public Safety					
Police					
Stations	1	1	1	1	1
Patrol Units	30	30	32	29	23
Fire (a)					
Fire Stations	1	1	1	1	1
Fire trucks	3	4	3	3	3
ALS Rescue Vehicles	3	4	4	5	3
Sanitation (b)					
Garbage Trucks	3	3	3	3	3
Trash Trucks	2	2	3	3	3
Roads and Streets					
Street lights	6	13	13	29	29
Lane miles	58.10	58.10	58.99	60.00	70.00
Culture/recreation					
Library					
Books	34,614	41,795	42,324	46,311	48,969
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	-	2	4	4	4
Mini-golf course	-	-	-	1	1
Parks	1	2	2	2	3
Water/Sewer Utility					
Water mains (miles)	N/A	N/A	126.00	124.00	124.00
Sanitary sewers (miles)	N/A	N/A	83.00	89.00	89.00
Storm sewers (miles)	N/A	N/A	3.75	4.00	4.00
Fire hydrants	N/A	N/A	863	863	863
Maximum daily water treatment capacity (thousands of gallons)	8,000	8,000	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				
2007	2008	2009	2010	2011
1	1	1	1	1
26	43	43	59	56
1	1	1	-	-
3	1	1	-	-
3	2	2	-	-
3	1	1	1	1
3	1	1	1	1
29	29	29	29	29
71.86	72.31	72.31	72.31	69.21
46,500	49,286	51,936	54,039	54,493
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
3	4	6	6	6
124.70	124.90	124.90	124.90	126.00
89.00	86.50	88.50	94.30	95.55
3.96	3.96	3.96	3.96	3.96
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, 2011

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 03 1010	Property inland marine	Village property	\$16,678,623
FMIT#0459	CA 1008	General liability	Village property	\$1,000,000 \$2,000,000
FMIT#0459	AL 1010 APD 1009	Automobile liability Physical damage	Any auto Owned vehicles	\$1,000,000 per schedule
FMIT#0459	CR 00 25 0506	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-A	Accidental death and dismemberment	Village employees	\$65,000/ \$185,000
FMIT#0459	WC EL 1008	Workers compensation	Village employees	Florida statutory
Commerce & Industry Insurance Co.	011943510	Pollution liability	Village property	\$1,000,000 per claim

COMPLIANCE SECTION



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

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900
WEST PALM BEACH, FL 33401-5948

TELEPHONE (561) 832-9292
FAX (561) 832-9455

info@cdlcpa.com

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
MARK D. VEIL, CPA

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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 the accompanying financial statements of the governmental activities, business-type activities, 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, 2011, which collectively comprise the basic financial statements of the Village of Palm Springs, Florida, and have issued our report thereon dated December 22, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the internal control over financial reporting of the Village of Palm Springs, Florida, as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of internal control over financial reporting of the Village of Palm Springs, Florida. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting 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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the financial statements of the Village of Palm Springs, Florida, are free of 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*.

This report is intended solely for the information and use of the Village Council and management of the Village of Palm Springs, Florida, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Calder, Dauter, Levine,
Porter & Veil, P.A.*

December 22, 2011



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

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
MARK D. VEIL, CPA

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900
WEST PALM BEACH, FL 33401-5948

TELEPHONE (561) 832-9292
FAX (561) 832-9455

info@cdlcpa.com

MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

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, 2011, and have issued our report thereon dated December 22, 2011.

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. 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 December 22, 2011, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which governs the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, 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. We noted that our recommendations related to comments (2010-1) Concentration of Credit Risk and (2010-2) Investment Credit Quality Ratings have been adequately addressed or no longer apply.
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 violations of 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 more than inconsequential. In connection with our audit, we did not have any such findings.
5. Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors: (1) violations of provisions

of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.

6. Section 10.554(1)(i)6., 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.
7. Section 10.554(1)(i)7.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, 2011.
8. Section 10.554(1)(i)7.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, 2011, 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, 2011. In connection with our audit, we determined that these two reports were in substantial agreement.
9. Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures as of September 30, 2011. 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.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. U.S. generally accepted auditing standards require us to indicate that this report is intended solely for the information and use of the Village Council and management of the Village of Palm Springs, Florida, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

*Caley, Dauter, Levine,
Porter & Veil, P.A.*

December 22, 2011