



# THE VILLAGE OF PALM SPRINGS, FLORIDA



## **Comprehensive Annual Financial Report**

**Fiscal Year Ended September 30, 2010**

The CAFR cover photo of the Palm Springs Library was taken by Vicki Webber, Technical Services Supervisor. Vicki has been with the Village serving our Library patrons for over 29 years.

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 text "Palm Beach County" is faintly visible in the background of the seal.

**THE VILLAGE OF  
PALM SPRINGS, FLORIDA**

Comprehensive Annual  
Financial Report

**Fiscal Year Ended  
September 30, 2010**

**Prepared by:  
Finance Department**

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

# VILLAGE OF PALM SPRINGS, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2010

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# VILLAGE OF PALM SPRINGS, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

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**VILLAGE OF PALM SPRINGS, FLORIDA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2010

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# **INTRODUCTORY SECTION**

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# *Village of Palm Springs*

## *Department of Finance*

*226 Cypress Lane,*

*Palm Springs, Fl. 33461-1699*

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

January 14, 2011

***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, 2010. 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, 2010. The independent auditor's report on the basic financial statements and supplementary information is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) follows the independent audit 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, 2010, our utility system had 19,752 water customers and 17,297 sewer customers. Approximately 53% of total connections serve our 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 is under the direction of the Village Manager who is appointed by the Village Council.

### **Economic outlook and financial planning**

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

The Village's population has increased 28%, from 12,351 in 2001 to the current estimate of 15,831. Over the same ten year period the Village's assessed taxable value grew from \$239 million in 2001 to a high of \$946 million in 2008 (an increase of 296%), then due to the economic downturn it has declined to \$694 million, a decline of 27% in two years.

The Village chose to early implement the Governmental Accounting Standards Board (GASB) Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. As of result of that implementation the Village closed one special revenue fund that did not meet the new fund type definition. As of September 30, 2010 the General Fund had a total fund balance of \$5,657,907. The components of fund balance in accordance with GASB 54 are detailed as follows.

|                               |                     |
|-------------------------------|---------------------|
| Total fund balance            | \$ 5,657,907        |
| Non-spendable:                |                     |
| Inventory                     | 26,966              |
| Assigned:                     |                     |
| For subsequent year's budget  | 321,946             |
| For library operations        | 54,230              |
| For disaster recovery         | 1,500,000           |
| For future capital projects   | <u>1,000,000</u>    |
| Total Unassigned fund balance | <u>\$ 2,754,765</u> |

The General Fund's unassigned fund balance represents 23.4% of the General Fund budget for fiscal year 2011. 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." 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 Building are all less than 10 years old and the Library was renovated when the new Village complex was built approximately 7 years ago. The Village did add a new Maintenance building this fiscal year to house our warehouse and field crew personnel. The Village maintains the roads and street network 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 or more require the Village Manager's authorization, and expenditures over \$25,000 require approval by the Village Council and/or competitive bid.

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

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

### **Major initiatives**

The Village extended our sanitary sewer lines 5.8 miles completing an expansion project we began in FY 2009 to serve an area just south of the Village incorporated area but within our water service area. These new lines provide service to an estimated 101 homes. Utilities plans to extend more sanitary sewer lines in FY 2011 in order to serve those areas currently on septic systems but within our water service area.

The Police department joined in the “Click-it-or-Ticket” seat belt campaign and our enforcement efforts won recognition as number one in the State of Florida for medium size departments and second in the State for all Police departments. The award for our successful enforcement was over \$25,000 in equipment donated by the State for the department.

Despite the economy, the Village is still an attractive community for development and Wal-Mart is in the design phase and hopes to open its’ new store in December 2011. The addition of Wal-Mart has stirred the interest of other commercial businesses, Ross department store is expected to open in March 2011.

The Village is continuing our annexation initiative to include communities that want to be served by Palm Springs and adjoining commercial corridors on Lake Worth Road, Congress Avenue and Military Trail.

### **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, 2009.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, the contents of which conform to program standards. Such reports must satisfy both 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-two consecutive years (fiscal years ended 1988-2009). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

## **Acknowledgements**

When Palm Beach County and South Florida were booming, Palm Springs continued our steady, prudent and conservative approach to providing the best level of service to our residents as efficiently as possible. This conservative management of our resources has enabled us to continue to provide quality services to our residents in this difficult economy. 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.

Coach Vince Lombardi was quoted “The achievements of an organization are the results of the combined efforts of each individual.” The Finance department is comprised of exceptional individuals; Assistant Director, Mariana Ortega-Sanchez, Administrative Assistant, Nancie Rathbun and Fiscal Specialists Ann Feola and Leanna Collazo. Each and every day they contribute to the quality of our operations and always deliver their best. I am blessed to work with them and they make me proud. 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 above the printed name and title.

Rebecca L. Morse, CGFO, CPFO  
Chief Financial Officer

# VILLAGE OF PALM SPRINGS, FLORIDA

## LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2010

| <u>Title</u>              | <u>Name</u>        |
|---------------------------|--------------------|
| Mayor                     | J. "Mike" Davis    |
| Vice Mayor                | Bev Smith          |
| Mayor Pro-Tem             | Doug Gunther       |
| Council Member            | Joni Brinkman      |
| Council Member            | Patti Waller       |
| Village Manager           | Karl E. Umberger   |
| Public Service Director   | William F. Davis   |
| Public Safety Director    | Vacant             |
| Chief Financial Officer   | Rebecca L. Morse   |
| 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, 2010**

**VOTERS of PALM SPRINGS**

**VILLAGE ATTORNEY**  
*Glen J. Torcivia*

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

**CONSULTANTS**  
*Eckler Engineering*

**MAYOR AND VILLAGE COUNCIL**  
*J. "Mike" Davis - Mayor  
Bev Smith - Vice Mayor  
Doug Gunther - Mayor Pro-Tem  
Joni Brinkman - Council Member  
Patti Waller - 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**  
*Vacant*

**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, 2009

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



President

Executive Director

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## **FINANCIAL SECTION**

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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

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, 2010, 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, 2010, and the respective changes in financial position and cash flows, where applicable, 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 27, 2010, 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 listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Village of Palm Springs, Florida. 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 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 financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

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

December 27, 2010

**VILLAGE OF PALM SPRINGS, FLORIDA**  
**MANAGEMENT AND DISCUSSION AND ANALYSIS**

As management of the Village of Palm Springs, we are presenting this discussion and analysis (MD&A) to provide a narrative overview and analysis of the financial activities of the Village for the fiscal year ended September 30, 2010. 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, 2010 were \$49.1 million. Of this amount, \$6.5 million (unrestricted net assets) may be used to meet the Village's ongoing obligations to residents and creditors.
- Governmental net assets were \$13.0 million, an increase of \$223,874.
- Water and Sewer net assets were \$36.1 million, an increase of \$1,201,819.
- The total revenues from all sources were \$24.7 million, a decrease of \$152,405.
- The total cost of all Village programs was \$23.3 million, a decrease of \$751,849.
- During the year, the Village's governmental activity revenues and transfers exceeded expenditures by \$223,874.
- Total expenditures in the General Fund exceeded total revenues by \$383,942 including other financing sources and uses.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$2,754,765, or 22.8% of total General Fund expenditures.
- The Village's total debt decreased by \$1.6 million during the current fiscal year. The Village governmental activities debt decreased by \$171,929 and the business activities debt decreased by \$1,425,105.
- The Village recorded a liability at fiscal year-end representing the implicit rate subsidiary for other post employment benefits in the amount of \$130,167 in the governmental activities and \$55,872 in the business activities for a total of \$186,039. This represents an increase in the OPEB liability of \$79,938.

**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.

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT AND DISCUSSION AND ANALYSIS

### 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.

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 statements provide a detailed short-term view of the Village's general governmental operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. The Village of Palm Springs has three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. Data from the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 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

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT AND DISCUSSION AND ANALYSIS

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 Hazardous Employees 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.

### **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 case of the Village, assets exceeded liabilities by \$49.1 million, approximately \$1.4 million more than fiscal year 2009.

The largest portion of the Village's net assets (84.2%) 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, FLORIDA**  
**MANAGEMENT AND DISCUSSION AND ANALYSIS**

**Village of Palm Springs**  
**Net Assets Summary**

|   | Governmental Activities |                      | Business-type Activities |                      | Total Primary Government |                      |
|---|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|
|   | 2010                    | 2009<br>(restated)   | 2010                     | 2009<br>(restated)   | 2010                     | 2009<br>(restated)   |
| <b>Assets:</b>                          |                         |                      |                          |                      |                          |                      |
| Current and other assets                | \$ 6,508,566            | \$ 6,996,413         | \$ 7,026,828             | \$ 7,734,065         | \$ 13,535,394            | \$ 14,730,478        |
| Capital assets                          | 14,589,679              | 14,072,569           | 45,268,847               | 44,630,101           | 59,858,526               | 58,702,670           |
| <b>Total assets</b>                     | <b>\$ 21,098,245</b>    | <b>\$ 21,068,982</b> | <b>\$ 52,295,675</b>     | <b>\$ 52,364,166</b> | <b>\$ 73,393,920</b>     | <b>\$ 73,433,148</b> |
| <b>Liabilities:</b>                     |                         |                      |                          |                      |                          |                      |
| Long-term debt outstanding              | \$ 6,740,000            | \$ 6,905,000         | \$ 13,577,305            | \$ 15,023,323        | \$ 20,317,305            | \$ 21,928,323        |
| Other liabilities                       | 1,314,399               | 1,344,010            | 2,643,665                | 2,467,957            | 3,958,064                | 3,811,967            |
| <b>Total liabilities</b>                | <b>\$ 8,054,399</b>     | <b>\$ 8,249,010</b>  | <b>\$ 16,220,970</b>     | <b>\$ 17,491,280</b> | <b>\$ 24,275,369</b>     | <b>\$ 25,740,290</b> |
| <b>Net Assets:</b>                      |                         |                      |                          |                      |                          |                      |
| Invested in capital assets, net of debt | \$ 7,849,679            | \$ 7,167,569         | \$ 33,504,764            | \$ 31,406,094        | \$ 41,354,443            | \$ 38,573,663        |
| Restricted for law enforcement          | 35,264                  | 17,910               | -                        | -                    | 35,264                   | 17,910               |
| Restricted for debt service             | 16,290                  | 16,219               | 1,132,301                | 1,173,221            | 1,148,591                | 1,189,440            |
| Restricted for capital assets           | -                       | -                    | 100,000                  | 100,000              | 100,000                  | 100,000              |
| Unrestricted                            | 5,142,613               | 5,618,274            | 1,337,640                | 2,193,571            | 6,480,253                | 7,811,845            |
| <b>Total net assets</b>                 | <b>\$ 13,043,846</b>    | <b>\$ 12,819,972</b> | <b>\$ 36,074,705</b>     | <b>\$ 34,872,886</b> | <b>\$ 49,118,551</b>     | <b>\$ 47,692,858</b> |

An additional portion of the Village's net assets (2.6%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$6.5 million or 13.2%) 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 |                      |
|---------------------------------------|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|
|                                       | 2010                    | 2009<br>(restated)   | 2010                     | 2009<br>(restated)   | 2010                     | 2009<br>(restated)   |
| <b>Revenues:</b>                      |                         |                      |                          |                      |                          |                      |
| <b>Program revenues:</b>              |                         |                      |                          |                      |                          |                      |
| Charges for services                  | \$ 2,387,015            | \$ 2,327,843         | \$ 13,109,032            | \$ 12,234,482        | \$ 15,496,047            | \$ 14,562,325        |
| Operating grants and contributions    | 406,558                 | 362,561              | -                        | -                    | 406,558                  | 362,561              |
| Capital grants and contributions      | 104,731                 | 313,988              | 741,905                  | 549,540              | 846,636                  | 863,528              |
| <b>General revenues:</b>              |                         |                      |                          |                      |                          |                      |
| Property taxes                        | 2,917,117               | 4,124,073            | -                        | -                    | 2,917,117                | 4,124,073            |
| Utility service taxes                 | 1,955,211               | 1,904,565            | -                        | -                    | 1,955,211                | 1,904,565            |
| Franchise fees                        | 974,408                 | 1,011,953            | -                        | -                    | 974,408                  | 1,011,953            |
| Sales and use taxes                   | 1,295,958               | 1,293,888            | -                        | -                    | 1,295,958                | 1,293,888            |
| Business taxes                        | 238,928                 | 229,978              | -                        | -                    | 238,928                  | 229,978              |
| Intergovernmental, unrestricted       | 427,847                 | 427,967              | -                        | -                    | 427,847                  | 427,967              |
| Investment earnings                   | 36,196                  | 31,990               | 94,803                   | 44,096               | 130,999                  | 76,086               |
| Miscellaneous                         | 43,715                  | 24,005               | 16,163                   | 21,063               | 59,878                   | 45,068               |
| <b>Total revenues</b>                 | <b>\$ 10,787,684</b>    | <b>\$ 12,052,811</b> | <b>\$ 13,961,903</b>     | <b>\$ 12,849,181</b> | <b>\$ 24,749,587</b>     | <b>\$ 24,901,992</b> |
| <b>Expenses:</b>                      |                         |                      |                          |                      |                          |                      |
| <b>Program expenses:</b>              |                         |                      |                          |                      |                          |                      |
| General government                    | \$ 1,630,953            | \$ 1,635,724         | -                        | -                    | \$ 1,630,953             | \$ 1,635,724         |
| Public Safety                         | 6,617,900               | 8,165,634            | -                        | -                    | 6,617,900                | 8,165,634            |
| Sanitation and Recycling              | 715,654                 | 709,062              | -                        | -                    | 715,654                  | 709,062              |
| Transportation                        | 994,731                 | 908,360              | -                        | -                    | 994,731                  | 908,360              |
| Culture/Recreation                    | 1,696,739               | 1,669,351            | -                        | -                    | 1,696,739                | 1,669,351            |
| Interest on long-term debt            | 357,189                 | 363,789              | -                        | -                    | 357,189                  | 363,789              |
| Water and Sewer Utility               | -                       | -                    | 11,310,728               | 10,623,823           | 11,310,728               | 10,623,823           |
| <b>Total Expenses</b>                 | <b>\$ 12,013,166</b>    | <b>\$ 13,451,920</b> | <b>\$ 11,310,728</b>     | <b>\$ 10,623,823</b> | <b>\$ 23,323,894</b>     | <b>\$ 24,075,743</b> |
| Change in net assets before transfers | \$ (1,225,482)          | \$ (1,399,109)       | \$ 2,651,175             | \$ 2,225,358         | \$ 1,425,693             | \$ 826,249           |
| Transfers                             | 1,449,356               | 1,515,547            | (1,449,356)              | (1,515,547)          | -                        | -                    |
| Increase in net assets                | \$ 223,874              | \$ 116,438           | \$ 1,201,819             | \$ 709,811           | \$ 1,425,693             | \$ 826,249           |
| Net Assets - October 1                | 12,819,972              | 12,703,534           | 34,872,886               | 34,163,075           | 47,692,858               | 46,866,609           |
| <b>Net assets - September 30</b>      | <b>\$ 13,043,846</b>    | <b>\$ 12,819,972</b> | <b>\$ 36,074,705</b>     | <b>\$ 34,872,886</b> | <b>\$ 49,118,551</b>     | <b>\$ 47,692,858</b> |

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT AND DISCUSSION AND ANALYSIS

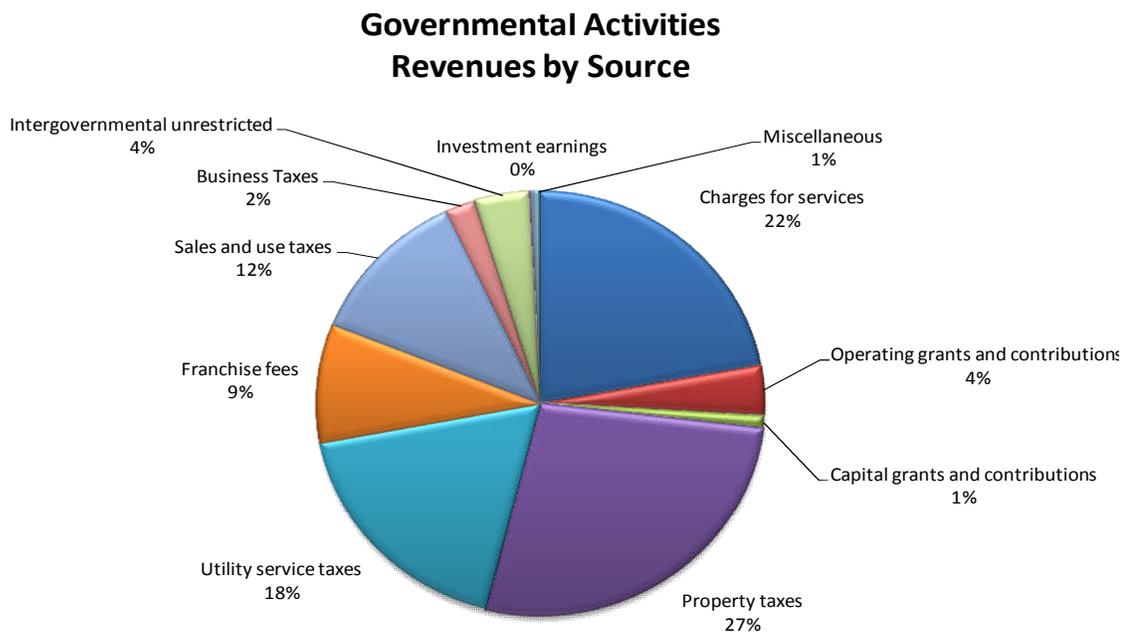
### Governmental Activities

**Revenues:** Governmental activities increased the Village’s net assets by \$223,874. Charges for services increased by \$59,172 or 2.54%. The Village collected an additional in \$50,000 rental fees from Palm Beach County Fire Rescue as they moved into the Fire Rescue end of our Public Safety facility. Now that the Village is no longer providing Fire Rescue and Advanced Life Support services our revenues from ALS transports decreased by \$285,873. Court Fine revenues increased this year by \$27,028 reflecting the increased traffic/speed enforcement the police were able to institute with the new officers from the COPS and Speed and Aggressive Driving grants. Building Permit fees increased \$217,694 compared to fiscal year 2009 reflecting multiple projects including the Downtown Shoppes, Kids College Day Care, and the expansion of Kiddy Haven Daycare and St. Charles Townhomes. The revenues from Sanitation increased \$29,083 due to the improved collection using the non-ad valorem tax roll together with the additional annexed properties. The travel club trip registrations increased \$19,413, camp registrations increased \$5,190 and field rentals increased \$4,372 contributing to the increase in charges for services in Culture/Recreation.

Operating grants increased \$43,997 over fiscal year 2009 including \$35,684 from the Solid Waste Authority Recycling Revenue Sharing, a speed and aggressive driving grant for \$25,000 to fund additional traffic enforcement hours. The Village was also awarded a COPS grant to hire two additional police officers for a totaling \$124,314. The Village is no longer receiving Chapter 175 funds since we transferred our fire rescue services to Palm Beach County, a loss of \$86,581 and our share of Chapter 185 funding for police pensions decreased \$10,784 compared to fiscal year 2009.

Capital Grants decreased by \$209,257, in fiscal year 2009 the Village received two grants for recreation facilities totaling \$208,286 that we did not receive in this fiscal year, also the Police department received a capital grant in fiscal year 2009 to purchase new mobile data terminals for a total of \$50,997, this year we received \$8,629 in funding from that grant. The Police department received donated capital equipment totaling \$56,100.

Property taxes decreased \$1,206,956 or 29.3%. The Village lowered its operating millage rate from \$4.3321 to \$3.5000 (19.2%) and the Village’s taxable value declined 19.6% as a result of the decline in market values. The Village’s governmental activities revenues by source are summarized as follows:



# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT AND DISCUSSION AND ANALYSIS

Ad valorem taxes contributed 27% of total governmental activity revenues this fiscal year as compared to 34% in fiscal year 2009. In fiscal year 2010, the Village decreased the operating millage by 19.2% and the taxable value decreased 19.6% due to the declining market values. Capital grants/contributions decreased to 1% of total governmental revenues, compared to 3% fiscal year 2009. Utility Service taxes increased from 16% of revenues to 18% in fiscal year 2010, utility taxes from FPL increased reflecting revenues from annexed properties, utility taxes from our Water and Sewer utility also increased with the growth in our customer base and annexations.

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

General Government expenditures decreased \$4,771 due to lower legal fees, advertising costs, and electrical expenses, net of increased personnel costs.

Public Safety expenditures decreased \$1,547,734 primarily due to the transfer of our fire rescue services to Palm Beach County effective October 1, 2009.

Sanitation expenditures increased \$6,592 due to contractual rate increases from the haulers.

Transportation increased \$86,371 which is a net decrease in personnel costs of \$49,970 from unfilled vacant positions and increased operating supply costs of \$37,764 and a significant increase of \$98,577 in expenditures for road maintenance in order to keep our street system in compliance with Village policy to maintain at least 80% of our street system at a good or better condition as determined by the annual payment ratings. More information on the Village’s Street System and condition rating can be found on page 62 of this report.

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**

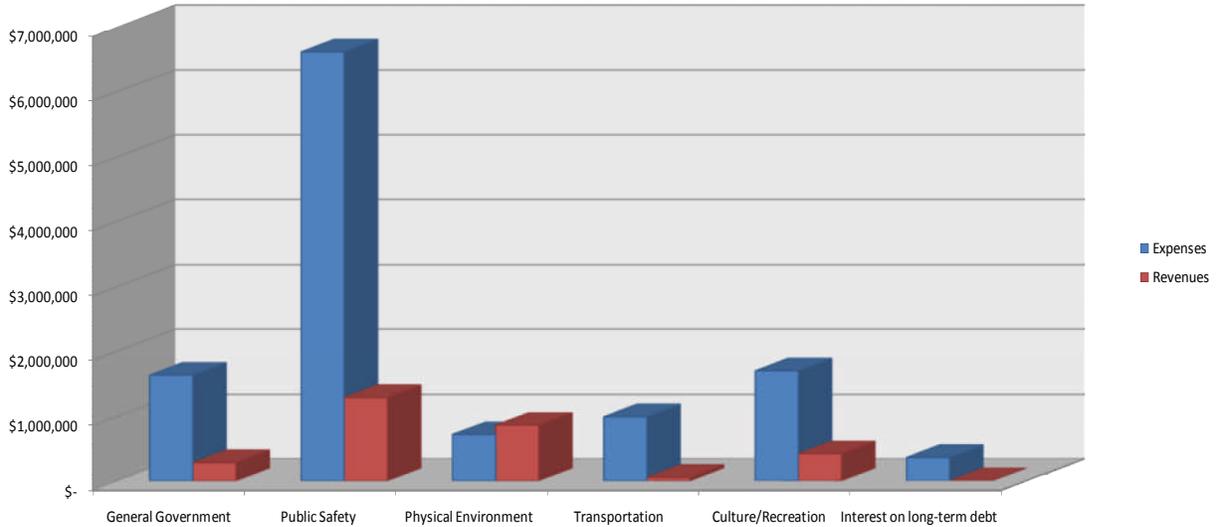
|                            | Total Cost of Services |                      | Program Revenues      |                       | Net Cost of Services |                      |
|----------------------------|------------------------|----------------------|-----------------------|-----------------------|----------------------|----------------------|
|                            | 2010                   | 2009<br>(restated)   | 2010                  | 2009<br>(restated)    | 2010                 | 2009<br>(restated)   |
| General Government         | \$ 1,630,953           | \$ 1,635,724         | \$ (278,347)          | \$ (308,922)          | \$ 1,352,606         | \$ 1,326,802         |
| Public Safety              | 6,617,900              | 8,165,634            | (1,289,390)           | (1,247,726)           | 5,328,510            | 6,917,908            |
| Sanitation and Recycling   | 715,654                | 709,062              | (862,961)             | (798,194)             | (147,307)            | (89,132)             |
| Transportation             | 994,731                | 908,360              | (52,447)              | (12,094)              | 942,284              | 896,266              |
| Culture/Recreation         | 1,696,739              | 1,669,351            | (415,159)             | (637,456)             | 1,281,580            | 1,031,895            |
| Interest on long-term debt | 357,189                | 363,789              | -                     | -                     | 357,189              | 363,789              |
| <b>Totals</b>              | <b>\$ 12,013,166</b>   | <b>\$ 13,451,920</b> | <b>\$ (2,898,304)</b> | <b>\$ (3,004,392)</b> | <b>\$ 9,114,862</b>  | <b>\$ 10,447,528</b> |

The total cost of all governmental activities this year was \$12.0 million. The schedule above shows that \$2.9 million of the cost of services was paid by those who directly benefited from the programs and \$9.1 million was financed through general revenues.

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT AND DISCUSSION AND ANALYSIS

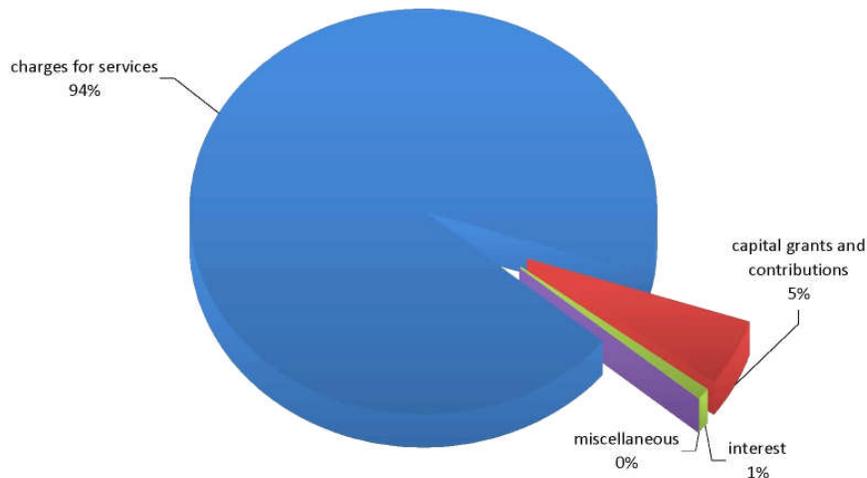
### Expenses and Program Revenues for Governmental Activities



### Business-type Activities

Net assets of the proprietary fund (Water and Sewer Enterprise) at September 30, 2010 were \$36.1 million. The cost of providing proprietary (business-type) activities this year was \$11.3 million, as shown in the Statement of Activities. The Village paid the City of Lake Worth for the sub-regional sewer a total of \$1,552,220 an increase of \$579,231 due to a rate increase from the prior year. Repair costs increased \$87,151 due to aging capital equipment while electrical costs declined \$66,824. Net assets increased by \$1,201,819. The graph below shows the source of revenues for the Water and Sewer Utility. Revenues derived from charges for services increased by \$874,550 or 7.1% from fiscal year 2009 which was due to the increase in rates implemented in November for services used in October.

### Business Type Activities Revenues by Source



**VILLAGE OF PALM SPRINGS, FLORIDA**  
**MANAGEMENT AND DISCUSSION AND ANALYSIS**

**FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS**

The Village uses fund accounting 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 \$5,709,461, a decrease of \$428,375, in comparison with the prior year. Revenues decreased \$1,278,975, primarily due to tax revenues decreasing \$1,184,905 as a result of a lower millage rate and decline in taxable values.

Expenditures were down \$967,482 compared to fiscal year 2009. Public safety expenditures decreased \$1,460,993 reflecting the transfer of fire rescue services to Palm Beach County Fire Rescue. Capital Outlay costs increased \$386,149. In fiscal year 2010 the Village completed the construction of a new maintenance (Transportation) building for a total cost of \$917,927 and purchased two new trucks to replace older vehicles for a total cost of \$40,778. In fiscal year 2009 the Village had capital costs related to developing new parks totaling \$164,042 and capital in Leisure Services in fiscal year 2010 declined by a total of \$162,881. Capital outlay in Police increased by \$54,235 including new recording equipment and software, new evidence tracking equipment and software, 7 replacement workstations and two new police cars.

The governmental funds had a total fund balance of \$5,709,461, comprised of non-spendable fund balance of \$26,966 representing inventory; restricted fund balance of \$51,554 (\$16,290 for debt service and \$35,264 for law enforcement); assigned fund balances of \$1,500,000 for disaster recovery; \$1,000,000 assigned for future capital projects; \$54,230 is assigned for Library operations; and, \$321,946 is assigned for subsequent year's budget. Unassigned fund balance was \$2,754,765, a decrease of \$355,187 from the prior year, which was attributable to expenditures in excess of revenues of \$374,145, net of the transfer of \$54,230 to General Fund assigned fund balance from the close out of the Library Fund.

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 \$2,754,765, while the total fund balance was \$5,657,907. The unassigned fund balance in fiscal year 2010 is comparable to the unreserved, undesignated fund balance (as defined prior to GASB statement 54) for fiscal year 2009 which was \$3,109,952. The unassigned fund balance in General Fund represents 23.4% of the fiscal year 2011 budget. The unreserved, undesignated fund balance at fiscal year end 2009 represented 24.7% of the 2010 budget. Both of these fiscal year end balances are within the Village's target fund balance range of 20-25%.

**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.

Unrestricted net assets for the Water and Sewer Enterprise Fund were \$1.3 million at fiscal year end. Unrestricted net assets decreased \$817,637 compared to the prior fiscal year. This is primarily due to the increase in net assets invested in capital assets. Total net assets for the Water and Sewer Enterprise Fund were \$36.1 million at fiscal year end, an increase of \$1,201,819 from the prior fiscal year. Operating revenues

## VILLAGE OF PALM SPRINGS, FLORIDA

### MANAGEMENT AND DISCUSSION AND ANALYSIS

increased by \$874,550 or 7.1%, as compared to fiscal year 2009, for a total of \$13,109,032. The increase in operating revenues was due the implementation of a rate increase implemented for services used in October and billed in November. Operating expenses increased by \$715,840, or 7.2% over fiscal year 2009, for a total of \$10,594,644. The increase in operating expenses reflects the increased pension costs partially related to the increase in employer contribution to the Village pension plan and the implementation effective June 30<sup>th</sup> of the Florida Retirement System. The largest increase in operating expenses was the rate increase from the City of Lake Worth for the Regional Sewer Treatment; this expense increased \$579,231 over fiscal year 2009.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were \$1,044,669, and can be briefly summarized as follows:

- \$825,000 was appropriated to fund the completion of the new Maintenance building at 2400 Kirk Road.
- \$128,500 from the Federal Department of Justice Community Policing Grant to fund two additional patrol officers.
- \$27,540 appropriated increase to Public Safety machinery and equipment to purchase ballistic shields, and helmets with Federal Justice Assistance Grant funds.
- \$25,000 in grant funds from Florida Department of Transportation for Speed and Aggressive Driving Enforcement.
- \$8,629 increase in Public Safety machinery and equipment for the purchase of two traffic citation handheld computers with funds provided through a Palm Beach County grant.
- \$30,000 to record increase in Trip Registrations and Trip Expenses due to increased events of the travel club.

Of the total increase, \$189,669 was funded by grants, and \$825,000 was appropriated from fund balance designated for capital projects and \$30,000 was funded by increased revenues.

Actual revenues for building permits exceeded the anticipated revenue as numerous projects including Downtown Shoppes, Kids College Day care, Kiddy Haven Day care and St Charles Townhomes began development or expansion this fiscal year. Intergovernmental revenues exceeded budget as State Revenue Sharing, Half Cent Sales Tax and Local Option Gas tax all came in over budget. In keeping with our conservative nature the Village maintained conservative budget estimates especially after seeing reduced revenues from Interlocal sources in fiscal year 2009.

Budget to actual variances on the expenditure side in most departments reflect savings in personal services from turnover, concentrated efforts to reduce overtime, and lower than anticipated insurance costs. Land Development contractual services increased as developers began working on projects again increasing the demand for contractual inspectors. Repair and Maintenance costs increased in all departments reflecting the cost of delayed replacement of capital assets. Vehicle repairs in the Police department increased \$62,460 or 57.8% over fiscal year 2009.

### 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, 2010, amounts to \$59,858,526 (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 \$1,076,241, or 5.9% over fiscal year 2009 before depreciation. This increase reflects the new Maintenance building valued at \$917,927; donated equipment awarded to Police department from the Florida Department of Transportation valued at \$21,600; and, donated police vehicles from Palm

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT AND DISCUSSION AND ANALYSIS

Beach County Sheriff's office valued at \$34,500. The Village purchased \$23,479 in numerous computer workstations and peripheral equipment; \$40,778 for two trucks for the Transportation department; \$59,336 in new police vehicles; \$24,864 in recording equipment and software; \$15,990 for ballistic shields; \$8,629 for two traffic citation computers; and, \$7,740 for evidence tracking. The expansion to the public safety building to provide additional space for Palm Beach County Fire Rescue was completed this fiscal year for a total cost of \$476,407 (\$459,595 was construction in progress at fiscal year end 2009).

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 2010 the estimated maintenance costs were \$124,900 and the actual were \$119,735.

Business-type activities increased the investment in capital assets by \$3,086,614 or 3.9% from fiscal year 2009 before depreciation. This increase reflects the capitalization of water and wastewater capital improvement projects totaling \$3,565,806 completed during the fiscal year; \$92,153 in new trucks; \$174,909 for a new vacuum truck; \$29,630 in computer workstations and peripherals; and, \$79,900 in equipment for the water treatment plants, lab and wastewater lift stations less equipment disposals and the transfer of construction in progress at fiscal year end 2009 in the amount of \$226,587 to the governmental activities for the new maintenance building that was initially planned for Utilities. Additional detailed information regarding capital assets can be found in Note 4, beginning on page 41 of this report.

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

|                                   | Governmental Activities |                      | Business-type Activities |                      | Total Primary Government |                      |
|-----------------------------------|-------------------------|----------------------|--------------------------|----------------------|--------------------------|----------------------|
|                                   | 2010                    | 2009                 | 2010                     | 2009                 | 2010                     | 2009                 |
| Land                              | \$ 230,387              | \$ 230,387           | \$ 364,217               | \$ 364,217           | \$ 594,604               | \$ 594,604           |
| Buildings                         | 9,219,655               | 7,833,726            | 3,043,449                | 3,043,449            | 12,263,104               | 10,877,175           |
| Improvements other than buildings | 1,977,054               | 1,977,054            | 68,102,125               | 64,536,319           | 70,079,179               | 66,513,373           |
| Machinery & Equipment             | 3,010,677               | 2,913,727            | 3,561,966                | 3,206,026            | 6,572,643                | 6,119,753            |
| Software & Library Materials      | 602,789                 | 549,832              | 58,698                   | 58,698               | 661,487                  | 608,530              |
| 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          |                         | 459,595              | 111,010                  | 946,142              | 111,010                  | 1,405,737            |
| Total Assets                      | <u>\$ 19,162,323</u>    | <u>\$ 18,086,082</u> | <u>\$ 82,424,998</u>     | <u>\$ 79,338,384</u> | <u>\$ 101,587,321</u>    | <u>\$ 97,424,466</u> |
| Less Accumulated Depreciation     | (4,572,644)             | (4,013,513)          | (37,156,151)             | (34,708,283)         | (41,728,795)             | (38,721,796)         |
| Total                             | <u>\$ 14,589,679</u>    | <u>\$ 14,072,569</u> | <u>\$ 45,268,847</u>     | <u>\$ 44,630,101</u> | <u>\$ 59,858,526</u>     | <u>\$ 58,702,670</u> |

**Debt:** At fiscal year end, the Village had a total long-term debt outstanding of \$20,868,023, a decrease of \$1,597,034, or 7.1% as compared to fiscal year 2009.

### Village of Palm Springs Long-Term Liabilities

|                               | Governmental Activities |                     | Business-type Activities |                      | Total Primary Government |                      |
|-------------------------------|-------------------------|---------------------|--------------------------|----------------------|--------------------------|----------------------|
|                               | 2010                    | 2009                | 2010                     | 2009                 | 2010                     | 2009                 |
| General Obligation Bonds      | \$ 6,740,000            | \$ 6,905,000        | \$ -                     | \$ -                 | \$ 6,740,000             | \$ 6,905,000         |
| Revenue Bonds                 | -                       | -                   | 11,561,810               | 12,235,670           | 11,561,810               | 12,235,670           |
| Note Payable                  | -                       | -                   | 1,679,485                | 2,436,765            | 1,679,485                | 2,436,765            |
| Compensated Absences          | 574,762                 | 581,691             | 311,966                  | 305,931              | 886,728                  | 887,622              |
| Other postemployment benefits | 130,167                 | 78,165              | 55,872                   | 27,936               | 186,039                  | 106,101              |
| <b>Total</b>                  | <u>\$ 7,444,929</u>     | <u>\$ 7,564,856</u> | <u>\$ 13,609,133</u>     | <u>\$ 15,006,302</u> | <u>\$ 21,054,062</u>     | <u>\$ 22,571,158</u> |

## VILLAGE OF PALM SPRINGS, FLORIDA

### MANAGEMENT AND DISCUSSION AND ANALYSIS

The revenue bonds and note payable represent financing of improvements to both water treatment plants and wastewater system. 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 liability for compensated absences decreased slightly in Governmental Activities due to the termination of fire rescue personnel. Additional information on the Village's long-term debt can be found in Note 5, beginning on page 42 of this report.

The liability for other post employment benefits increased by \$79,938 in 2010 for a total of \$186,039, which represents the implicit rate subsidy in compliance with GASB Statement No. 45. Additional information on other postemployment benefits can be found in note 10, beginning on page 53 of this report.

### NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

Ad valorem taxes are the single most significant governmental revenue source for the Village of Palm Springs representing 27% of total governmental revenues. These 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 \$5.1593 per \$1,000 of taxable value in 2001 to the present rate of \$3.5000 per \$1,000 of taxable value for the current fiscal year, a decrease of over 32.2%. The Village's taxable property values have increased 291% since 2001. This increase is primarily due to annexation, development and redevelopment. Taxable property values dropped 19.6% from fiscal year 2009. The Village taxable values dropped another 11.8% for the upcoming fiscal year 2011.

Effective October 1, 2009 (fiscal year 2010) the Village transferred fire rescue services to Palm Beach County Fire Rescue. The Village reduced our staff by 19 full-time and 5 casual fire rescue personnel. Palm Beach County Fire Rescue hired the 19 full-time employees and the MSTU (municipal services taxing unit) now taxes Village property owners \$3.45 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 \$6.55.

The Village is expecting Walmart to begin construction of its new store on 10<sup>th</sup> Avenue North in February 2011 with completion expected by December 2011. Another company, Oxygen which manufactures cosmetics is relocating its operations from Broward County, Florida, to Palm Springs and has begun clearing the site for construction. We expect both of 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 \$1.0 million for future capital needs.

### 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  
561-965-4013**

**[www.villageofpalm Springs.org](http://www.villageofpalm Springs.org)**

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# **BASIC FINANCIAL STATEMENTS**

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# VILLAGE OF PALM SPRINGS, FLORIDA

## Statement of Net Assets

September 30, 2010

|   | Governmental<br>Activities | Business-type<br>Activities | Total                |
|---|----------------------------|-----------------------------|----------------------|
| <b>Assets</b>                                   |                            |                             |                      |
| Cash and cash equivalents                       | \$ 5,313,410               | \$ 975,574                  | \$ 6,288,984         |
| Receivables:                                    |                            |                             |                      |
| Accounts, net of allowance                      | 91,663                     | 2,290,876                   | 2,382,539            |
| Utility taxes                                   | 159,288                    | -                           | 159,288              |
| Franchise fees                                  | 291,317                    | -                           | 291,317              |
| Intergovernmental                               | 197,070                    | -                           | 197,070              |
| Ad valorem taxes                                | 41,163                     | -                           | 41,163               |
| Inventory                                       | 26,966                     | 352,723                     | 379,689              |
| Net pension asset                               | 333,825                    | 47,646                      | 381,471              |
| Restricted assets:                              |                            |                             |                      |
| Cash and cash equivalents                       | -                          | 2,761,198                   | 2,761,198            |
| Cash with fiscal agent                          | -                          | 285,000                     | 285,000              |
| Other investment                                | 53,864                     | 99,114                      | 152,978              |
| Capital assets:                                 |                            |                             |                      |
| Capital assets, not being depreciated           | 4,352,148                  | 475,227                     | 4,827,375            |
| Capital assets being depreciated                | 14,810,175                 | 81,949,771                  | 96,759,946           |
| Accumulated depreciation                        | (4,572,644)                | (37,156,151)                | (41,728,795)         |
| Unamortized bond issue costs                    | -                          | 214,697                     | 214,697              |
| <b>Total assets</b>                             | <b>\$ 21,098,245</b>       | <b>\$ 52,295,675</b>        | <b>\$ 73,393,920</b> |
| <b>Liabilities</b>                              |                            |                             |                      |
| Accounts payable and accrued liabilities        | \$ 236,756                 | \$ 1,042,217                | \$ 1,278,973         |
| Accrued interest payable                        | 144,190                    | 215,372                     | 359,562              |
| Deposits  | 29,806                     | 1,018,238                   | 1,048,044            |
| Revenue collected in advance                    | 198,718                    | -                           | 198,718              |
| Compensated absences-current portion            | 48,248                     | 20,047                      | 68,295               |
| Compensated absences-noncurrent portion         | 526,514                    | 291,919                     | 818,433              |
| Other postemployment benefits payable           | 130,167                    | 55,872                      | 186,039              |
| Long-term liabilities due within one year       | 170,000                    | 1,598,525                   | 1,768,525            |
| Long-term liabilities due in more than one year | 6,570,000                  | 11,978,780                  | 18,548,780           |
| <b>Total liabilities</b>                        | <b>\$ 8,054,399</b>        | <b>\$ 16,220,970</b>        | <b>\$ 24,275,369</b> |
| <b>Net assets</b>                               |                            |                             |                      |
| Invested in capital assets, net of related debt | \$ 7,849,679               | \$ 33,504,764               | \$ 41,354,443        |
| Restricted for law enforcement                  | 35,264                     | -                           | 35,264               |
| Restricted for debt service                     | 16,290                     | 1,132,301                   | 1,148,591            |
| Restricted for capital assets                   | -                          | 100,000                     | 100,000              |
| Unrestricted                                    | 5,142,613                  | 1,337,640                   | 6,480,253            |
| <b>Total net assets</b>                         | <b>\$ 13,043,846</b>       | <b>\$ 36,074,705</b>        | <b>\$ 49,118,551</b> |

See notes to financial statements.

**VILLAGE OF PALM SPRINGS, FLORIDA**

Statement of Activities

Year Ended September 30, 2010

| Functions/Programs                    | Expenses             | Program Revenues     |                                    |                                  |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
|                                       |                      | Charges For Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities:              |                      |                      |                                    |                                  |
| General government                    | \$ 1,630,953         | \$ 237,648           | \$ 697                             | \$ 40,002                        |
| Public safety                         | 6,617,900            | 924,366              | 300,295                            | 64,729                           |
| Physical environment                  | 715,654              | 827,277              | 35,684                             | -                                |
| Transportation                        | 994,731              | -                    | 52,447                             | -                                |
| Culture/recreation                    | 1,696,739            | 397,724              | 17,435                             | -                                |
| Interest on long-term debt            | 357,189              | -                    | -                                  | -                                |
| <b>Total governmental activities</b>  | <b>12,013,166</b>    | <b>2,387,015</b>     | <b>406,558</b>                     | <b>104,731</b>                   |
| Business-type activities:             |                      |                      |                                    |                                  |
| Utility-water and sewer               | 11,310,728           | 13,109,032           | -                                  | 741,905                          |
| <b>Total business-type activities</b> | <b>11,310,728</b>    | <b>13,109,032</b>    | <b>-</b>                           | <b>741,905</b>                   |
| <b>Total</b>                          | <b>\$ 23,323,894</b> | <b>\$ 15,496,047</b> | <b>\$ 406,558</b>                  | <b>\$ 846,636</b>                |

General revenues:

Taxes:

- Property taxes
- Utility service taxes
- Franchise fees
- Sales and use taxes
- Business taxes

Intergovernmental, unrestricted

Investment earnings

Miscellaneous

Transfers

**Total general revenues and transfers**

Change in net assets

Net assets, beginning of year as restated

**Net assets, end of year**

| <b>Governmental<br/>Activities</b> | <b>Business-Type<br/>Activities</b> | <b>Total</b>         |
|------------------------------------|-------------------------------------|----------------------|
| \$ (1,352,606)                     | \$ -                                | \$ (1,352,606)       |
| (5,328,510)                        | -                                   | (5,328,510)          |
| 147,307                            | -                                   | 147,307              |
| (942,284)                          | -                                   | (942,284)            |
| (1,281,580)                        | -                                   | (1,281,580)          |
| (357,189)                          | -                                   | (357,189)            |
| <b>(9,114,862)</b>                 | <b>-</b>                            | <b>(9,114,862)</b>   |
| -                                  | 2,540,209                           | 2,540,209            |
| -                                  | <b>2,540,209</b>                    | <b>2,540,209</b>     |
| <b>(9,114,862)</b>                 | <b>2,540,209</b>                    | <b>(6,574,653)</b>   |
| 2,917,117                          | -                                   | 2,917,117            |
| 1,955,211                          | -                                   | 1,955,211            |
| 974,408                            | -                                   | 974,408              |
| 1,295,958                          | -                                   | 1,295,958            |
| 238,928                            | -                                   | 238,928              |
| 427,847                            | -                                   | 427,847              |
| 36,196                             | 94,803                              | 130,999              |
| 43,715                             | 16,163                              | 59,878               |
| 1,449,356                          | (1,449,356)                         | -                    |
| <b>9,338,736</b>                   | <b>(1,338,390)</b>                  | <b>8,000,346</b>     |
| 223,874                            | 1,201,819                           | 1,425,693            |
| 12,819,972                         | 34,872,886                          | 47,692,858           |
| <b>\$ 13,043,846</b>               | <b>\$ 36,074,705</b>                | <b>\$ 49,118,551</b> |

See notes to financial statements.

# VILLAGE OF PALM SPRINGS, FLORIDA

## Balance Sheet

### Governmental Funds

September 30, 2010

|  | General             | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------------------|--------------------------------|
| <b>Assets</b>                                    |                     |                                |                                |
| Cash and cash equivalents                        | \$ 5,261,856        | \$ 51,554                      | \$ 5,313,410                   |
| Receivables:                                     |                     |                                |                                |
| Accounts, net of allowance<br>for uncollectibles | 91,663              | -                              | 91,663                         |
| Utility taxes                                    | 159,288             | -                              | 159,288                        |
| Franchise fees                                   | 291,317             | -                              | 291,317                        |
| Intergovernmental                                | 197,070             | -                              | 197,070                        |
| Ad valorem taxes                                 | 41,163              | -                              | 41,163                         |
| Inventory  | 26,966              | -                              | 26,966                         |
| Other investment                                 | 53,864              | -                              | 53,864                         |
| <b>Total assets</b>                              | <b>\$ 6,123,187</b> | <b>\$ 51,554</b>               | <b>\$ 6,174,741</b>            |
| <b>Liabilities and Fund Balances</b>             |                     |                                |                                |
| Liabilities:                                     |                     |                                |                                |
| Accounts payable and<br>accrued liabilities      | \$ 236,756          | \$ -                           | \$ 236,756                     |
| Deposits   | 29,806              | -                              | 29,806                         |
| Revenue collected in advance                     | 198,718             | -                              | 198,718                        |
| <b>Total liabilities</b>                         | <b>\$ 465,280</b>   | <b>\$ -</b>                    | <b>\$ 465,280</b>              |
| Fund balances:                                   |                     |                                |                                |
| Nonspendable:                                    |                     |                                |                                |
| Inventory  | \$ 26,966           | \$ -                           | \$ 26,966                      |
| Restricted for:                                  |                     |                                |                                |
| Law enforcement                                  | -                   | 35,264                         | 35,264                         |
| Debt service                                     | -                   | 16,290                         | 16,290                         |
| Assigned to:                                     |                     |                                |                                |
| Disaster recovery                                | 1,500,000           | -                              | 1,500,000                      |
| Capital projects                                 | 1,000,000           | -                              | 1,000,000                      |
| Library  | 54,230              | -                              | 54,230                         |
| Subsequent year's budget                         | 321,946             | -                              | 321,946                        |
| Unassigned:                                      |                     |                                |                                |
| General fund                                     | 2,754,765           | -                              | 2,754,765                      |
| <b>Total fund balances</b>                       | <b>\$ 5,657,907</b> | <b>\$ 51,554</b>               | <b>\$ 5,709,461</b>            |
| <b>Total liabilities and fund balances</b>       | <b>\$ 6,123,187</b> | <b>\$ 51,554</b>               | <b>\$ 6,174,741</b>            |

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, 2010*

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Total governmental fund balances (page 17) \$ 5,709,461

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           | \$ 19,162,323      |            |
| Accumulated depreciation | <u>(4,572,644)</u> |            |
|                          |                    | 14,589,679 |

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. 333,825

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                              | (6,740,000)      |             |
| Accrued interest payable on long-term debt | (144,190)        |             |
| Compensated absences payable               | (574,762)        |             |
| Other postemployment benefits payable      | <u>(130,167)</u> |             |
|  |                  | (7,589,119) |

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**Total net assets (page 14) \$ 13,043,846**

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## VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended September 30, 2010

|  | General             | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|--------------------------------|--------------------------------|
| <b>Revenues</b>                                      |                     |                                |                                |
| Taxes  | \$ 5,560,724        | \$ 524,940                     | \$ 6,085,664                   |
| Licenses and permits                                 | 334,970             | -                              | 334,970                        |
| Intergovernmental                                    | 2,193,081           | -                              | 2,193,081                      |
| Confiscated property                                 | -                   | 22,778                         | 22,778                         |
| Charges for services                                 | 1,537,494           | -                              | 1,537,494                      |
| Fines and forfeitures                                | 298,169             | -                              | 298,169                        |
| Contributions and donations                          | 9,000               | 1,645                          | 10,645                         |
| Interest   | 35,973              | 223                            | 36,196                         |
| Miscellaneous  | 212,451             | 136                            | 212,587                        |
| <b>Total revenues</b>                                | <b>10,181,862</b>   | <b>549,722</b>                 | <b>10,731,584</b>              |
| <b>Expenditures</b>                                  |                     |                                |                                |
| Current:   |                     |                                |                                |
| General government                                   | 1,438,735           | -                              | 1,438,735                      |
| Public safety  | 6,334,247           | 5,470                          | 6,339,717                      |
| Physical environment                                 | 681,948             | -                              | 681,948                        |
| Transportation                                       | 975,657             | -                              | 975,657                        |
| Culture/recreation                                   | 1,501,238           | 2,000                          | 1,503,238                      |
| Capital outlay                                       | 1,137,565           | 7,516                          | 1,145,081                      |
| Debt service:  |                     |                                |                                |
| Principal  | -                   | 165,000                        | 165,000                        |
| Interest and other fiscal charges                    | -                   | 359,939                        | 359,939                        |
| <b>Total expenditures</b>                            | <b>12,069,390</b>   | <b>539,925</b>                 | <b>12,609,315</b>              |
| Excess (deficiency) of revenues<br>over expenditures | (1,887,528)         | 9,797                          | (1,877,731)                    |
| <b>Other financing sources (uses)</b>                |                     |                                |                                |
| Transfers in   | 1,503,586           | -                              | 1,503,586                      |
| Transfers out  | -                   | (54,230)                       | (54,230)                       |
| <b>Total other financing sources</b>                 | <b>1,503,586</b>    | <b>(54,230)</b>                | <b>1,449,356</b>               |
| Change in fund balances                              | (383,942)           | (44,433)                       | (428,375)                      |
| Fund balances, beginning of year                     | 6,041,849           | 95,987                         | 6,137,836                      |
| <b>Fund balances, end of year</b>                    | <b>\$ 5,657,907</b> | <b>\$ 51,554</b>               | <b>\$ 5,709,461</b>            |

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, 2010*

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Net change in fund balances - total governmental funds (page 19) \$ (428,375)

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

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

|  |                  |         |
|--|------------------|---------|
| Expenditures for capital assets        | \$ 1,145,081     |         |
| Less current year depreciation expense | <u>(683,147)</u> | 461,934 |

Losses on disposal of capital assets are reported in the statement of activities, but not in the governmental funds. (924)

Donations of capital assets are reported in the statement of activities, but not in the governmental funds. 56,100

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 compensated absences                  | 6,929           |          |
| Change in net pension asset                     | 12,462          |          |
| Change in other postemployment benefits payable | <u>(52,002)</u> | (32,611) |

Net effect of accrued interest on long-term debt (difference between amount accrued in prior year and current year accrual) 2,750

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 |  | 165,000 |
|--------------------------------------|--|---------|

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|  |           |                |
|--|-----------|----------------|
| <b>Change in net assets of governmental activities (pages 15-16)</b> | <b>\$</b> | <b>223,874</b> |
|--|-----------|----------------|

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*See notes to financial statements.*

# VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Net Assets

Proprietary Fund

September 30, 2010

|   | <b>Water and<br/>Sewer Utility</b> |
|---|------------------------------------|
| <b>Assets</b>   |                                    |
| Current assets:                                       |                                    |
| Cash and cash equivalents                             | \$ 975,574                         |
| Accounts receivable, net                              | 2,290,876                          |
| Inventory   | 352,723                            |
| Net pension asset                                     | 47,646                             |
| Restricted assets:                                    |                                    |
| Cash and cash equivalents                             | 2,761,198                          |
| Cash with fiscal agent                                | 285,000                            |
| <b>Total current assets</b>                           | <b>6,713,017</b>                   |
| Noncurrent assets:                                    |                                    |
| Other investment                                      | 99,114                             |
| Capital assets:                                       |                                    |
| Capital assets not being depreciated                  | 475,227                            |
| Capital assets being depreciated                      | 81,949,771                         |
| Accumulated depreciation                              | (37,156,151)                       |
| Unamortized bond issue costs                          | 214,697                            |
| <b>Total noncurrent assets</b>                        | <b>45,582,658</b>                  |
| <b>Total assets</b>                                   | <b>\$ 52,295,675</b>               |
| <b>Liabilities and Net Assets</b>                     |                                    |
| Liabilities:  |                                    |
| Current liabilities:                                  |                                    |
| Accounts payable and accrued liabilities              | \$ 1,042,217                       |
| Current portion of compensated absences payable       | 20,047                             |
| Current portion of capital appreciation bonds payable | 570,000                            |
| Payable from restricted assets:                       |                                    |
| Accrued interest                                      | 215,372                            |
| Current portion of note payable                       | 788,525                            |
| Current portion of revenue bonds payable              | 240,000                            |
| <b>Total current liabilities</b>                      | <b>2,876,161</b>                   |
| Noncurrent liabilities:                               |                                    |
| Deposits  | 1,018,238                          |
| Compensated absences payable                          | 291,919                            |
| Other postemployment benefits payable                 | 55,872                             |
| Note payable  | 890,960                            |
| Revenue bonds payable, net of unamortized premium     | 11,087,820                         |
| <b>Total noncurrent liabilities</b>                   | <b>13,344,809</b>                  |
| <b>Total liabilities</b>                              | <b>\$ 16,220,970</b>               |
| Net assets:   |                                    |
| Invested in capital assets, net of related debt       | \$ 33,504,764                      |
| Restricted for debt service                           | 1,132,301                          |
| Restricted for capital assets                         | 100,000                            |
| Unrestricted  | 1,337,640                          |
| <b>Total net assets</b>                               | <b>\$ 36,074,705</b>               |

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, 2010*

|   | <b>Water and<br/>Sewer Utility</b> |
|---|------------------------------------|
| <b>Operating revenues</b>                     |                                    |
| Charges for services                          | \$ 13,109,032                      |
| <b>Total operating revenues</b>               | <b>13,109,032</b>                  |
| <b>Operating expenses:</b>                    |                                    |
| Personal services                             | 3,595,735                          |
| Operating expenses                            | 4,495,524                          |
| Depreciation and amortization                 | 2,503,385                          |
| <b>Total operating expenses</b>               | <b>10,594,644</b>                  |
| Operating income                              | 2,514,388                          |
| <b>Nonoperating revenues (expenses)</b>       |                                    |
| Investment income                             | 94,803                             |
| Miscellaneous revenues                        | 16,163                             |
| Interest expense and fiscal charges           | (716,084)                          |
| <b>Total nonoperating revenues (expenses)</b> | <b>(605,118)</b>                   |
| Income before contributions and transfers     | <b>1,909,270</b>                   |
| Capital contributions                         | 741,905                            |
| Transfers out                                 | (1,449,356)                        |
| Change in net assets                          | 1,201,819                          |
| Net assets, beginning of year as restated     | 34,872,886                         |
| <b>Net assets, end of year</b>                | <b>\$ 36,074,705</b>               |

*See notes to financial statements.*

# VILLAGE OF PALM SPRINGS, FLORIDA

## Statement of Cash Flows

### Proprietary Fund

Year Ended September 30, 2010

|  | <b>Water and<br/>Sewer Utility</b> |
|--|------------------------------------|
| <b>Cash flows from operating activities</b>                      |                                    |
| Cash received from customers                                     | \$ 12,736,188                      |
| Cash paid to suppliers for goods and services                    | (4,440,076)                        |
| Cash paid to employees for services                              | (3,571,116)                        |
| <b>Net cash provided by operating activities</b>                 | <b>4,724,996</b>                   |
| <b>Cash flows from noncapital financing activity</b>             |                                    |
| Transfers out  | (1,449,356)                        |
| <b>Net cash used in noncapital financing activity</b>            | <b>(1,449,356)</b>                 |
| <b>Cash flows from capital and related financing activities</b>  |                                    |
| Principal paid on promissory note                                | (757,280)                          |
| Principal paid on bonds  | (800,000)                          |
| Interest paid on long-term debt                                  | (612,134)                          |
| Acquisition and construction of capital assets                   | (3,114,792)                        |
| Capital contributions from customers                             | 741,905                            |
| <b>Net cash used in capital and related financing activities</b> | <b>(4,542,301)</b>                 |
| <b>Cash flows from investing activities</b>                      |                                    |
| Sale of investment   | 45,179                             |
| Investment income  | 68,803                             |
| <b>Net cash provided by investing activities</b>                 | <b>113,982</b>                     |
| Net decrease in cash and cash equivalents                        | (1,152,679)                        |
| Cash and cash equivalents, beginning of year                     | 5,174,451                          |
| <b>Cash and cash equivalents, end of year</b>                    | <b>\$ 4,021,772</b>                |
| <b>Cash and cash equivalents per statement of net assets</b>     |                                    |
| Unrestricted   | \$ 975,574                         |
| Restricted   | 2,761,198                          |
| Cash with fiscal agent   | 285,000                            |
| <b>Cash and cash equivalents, end of year</b>                    | <b>\$ 4,021,772</b>                |

Continued

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Statement of Cash Flows (Continued)*

*Proprietary Fund*

*Year Ended September 30, 2010*

|  | <b>Water and<br/>Sewer Utility</b> |
|--|------------------------------------|
| <b>Cash flows from operating activities</b>  |                                    |
| Operating income   | \$ 2,514,388                       |
| Adjustments to reconcile operating income to net cash<br>provided by operating activities: |                                    |
| Depreciation and amortization  | 2,503,385                          |
| Provision for uncollectible accounts   | 10,550                             |
| Change in operating assets and liabilities:  |                                    |
| Accounts receivable  | (426,375)                          |
| Inventory  | (50,620)                           |
| Net pension asset  | (9,352)                            |
| Accounts payable and accrued liabilities   | 106,068                            |
| Compensated absences payable   | 6,035                              |
| Other post employment benefits payable   | 27,936                             |
| Deposits   | 42,981                             |
| Total adjustments  | 2,210,608                          |
| <b>Net cash provided by operating activities</b>   | <b>\$ 4,724,996</b>                |

**Supplemental disclosure of noncash capital and  
related financing activities**

|  |            |
|--|------------|
| Accrued interest on capital appreciation bonds | \$ 126,140 |
| Amortization of premium on bonds               | 14,878     |
| Amortization of bond issue costs               | 27,339     |
| Unrealized gain on investments                 | 42,163     |

*See notes to financial statements.*

# VILLAGE OF PALM SPRINGS, FLORIDA

## Statement of Fiduciary Net Assets

September 30, 2010

|   | <b>Employee<br/>Pension<br/>Funds</b> |
|---|---------------------------------------|
| <b>Assets</b>                                 |                                       |
| Cash and cash equivalents                     | \$ 3,216,896                          |
| Investments                                   |                                       |
| U.S. Government securities                    | 1,098,944                             |
| U.S. Government agencies                      | 718,077                               |
| Mortgage and asset-backed securities          | 588,289                               |
| Corporate and municipal bonds                 | 3,334,019                             |
| Domestic equity securities and mutual funds   | 11,480,083                            |
| Foreign equity securities and mutual funds    | 3,939,631                             |
| Real estate investment trusts                 | 186,017                               |
| Rights and warrants                           | 31                                    |
| Receivables:                                  |                                       |
| Interest and dividends                        | 70,084                                |
| <b>Total assets</b>                           | <b>\$ 24,632,071</b>                  |
| <b>Liabilities</b>                            |                                       |
| Accounts payable and accrued liabilities      | \$ 48,012                             |
| <b>Total liabilities</b>                      | <b>\$ 48,012</b>                      |
| <b>Net Assets</b>                             |                                       |
| Net assets held in trust for pension benefits | \$ 24,584,059                         |
| <b>Total net assets</b>                       | <b>\$ 24,584,059</b>                  |

See notes to financial statements.

## VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Changes in Fiduciary Net Assets

Year Ended September 30, 2010

|  | <b>Employee<br/>Pension<br/>Funds</b> |
|--|---------------------------------------|
| <b>Additions</b>   |                                       |
| Contributions:   |                                       |
| Employer   | \$ 2,017,540                          |
| Plan members   | 299,137                               |
| State of Florida   | 87,404                                |
| <b>Total contributions</b>                                       | <b>2,404,081</b>                      |
| Investment income:   |                                       |
| Interest   | 240,656                               |
| Dividends  | 260,276                               |
| Net appreciation in fair value of investments                    | 1,475,304                             |
| Investment expenses  | (101,724)                             |
| Net investment gain  | 1,874,512                             |
| <b>Total additions</b>   | <b>4,278,593</b>                      |
| <b>Deductions</b>  |                                       |
| Administration   | 126,050                               |
| Benefits   | 1,204,237                             |
| <b>Total deductions</b>  | <b>1,330,287</b>                      |
| Net increase in plan net assets                                  | 2,948,306                             |
| Net assets held in trust for pension benefits, beginning of year | 21,635,753                            |
| <b>Net assts held in trust for pension benefits, end of year</b> | <b>\$ 24,584,059</b>                  |

See notes to financial statements.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### 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 sewer 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.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### **Government-Wide and Fund Financial Statements (Continued)**

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

#### **Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the enterprise fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the 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 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.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

Additionally, the Village reports the following fund types:

##### Non-Major Governmental Funds

###### Special Revenue Funds

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. Special revenue funds used by the Village are:

*Library Fund* - This fund accounts for revenue received through donations and book sales. Expenditures from this fund are primarily for the purchase of books and equipment for the library. The Library Fund was closed and the net equity transferred to the General Fund at September 30, 2010 in connection with the adoption of GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

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

##### 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.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

#### **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 Ch. 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.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

##### a. Deposits and Investments (Continued)

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

##### d. Concentration of Credit Risk

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

##### e. 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.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

##### e. Capital Assets (Continued)

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 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.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

##### f. Compensated Absences (Continued)

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

Change in Accounting: The GASB issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which establishes accounting and financial reporting requirements for all governmental funds and establishes criteria for classifying fund balances. The Village early implemented Statement No. 54 for the fiscal year ended September 30, 2010.

Nature and Purpose of Fund Equity Classifications: In the fund financial statements, governmental funds report fund equity classifications that comprise a hierarchy based primarily on the extent to which the Village is legally bound to honor the specific purposes for which amounts in fund balance may be spent. The fund balance classifications are summarized as follows:

- ❖ Nonspendable - Nonspendable fund balances include amounts that cannot be spent because they are either 1) not in spendable form; or, 2) legally or contractually required to be maintained intact.
- ❖ 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.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

##### h. Fund Equity (continued)

- ❖ 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 within the General Fund.

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. On-behalf Payments

On-behalf payments of \$87,404 received from the State of Florida for pension contributions to the Village of Palm Springs Police Officers Pension Fund were recognized in the government-wide and General Fund financial statements.

##### j. 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."

##### k. 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

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

##### k. Property Taxes (continued)

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, 2009, upon which the 2009/2010 levy was based, was approximately \$650.1 million. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills.

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, 2010 was 3.50 (\$3.50 for each \$1,000 of assessed valuation). 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, 2010, 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, 2010, the maximum tax levy allowed by a majority vote of the governing body is generally based on a percentage reduction applied to the prior year (2008/2009) property tax revenue. The percentage reduction 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 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, 2010 the Village adopted a millage rate of 3.50, resulting in a total tax levy of \$2,430,687 for 2010, and a decrease of approximately 35% from the property tax levy for 2009. Future legislation could have a significant impact on the future tax revenues of the Village and the current services provided to Village residents.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### I. 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 accounts receivable, the use and recoverability of inventory, and useful lives and 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:

|                                       | <b>Cash and<br/>Cash<br/>Equivalents</b> | <b>Investments</b>   | <b>Total</b>         |
|---------------------------------------|--|----------------------|----------------------|
| Governmental activities               | \$ 5,313,410                             | \$ 53,864            | \$ 5,367,274         |
| Business-type activities              | 4,021,772                                | 99,114               | 4,120,886            |
| <b>Total statement of net assets</b>  | <b>9,335,182</b>                         | <b>152,978</b>       | <b>9,488,160</b>     |
| Fiduciary net assets                  | 3,216,896                                | 21,345,091           | 24,561,987           |
| <b>Total deposits and investments</b> | <b>\$ 12,552,078</b>                     | <b>\$ 21,498,069</b> | <b>\$ 34,050,147</b> |

#### 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 or collateralized with securities held by the entity or by its agent in the entity's name.

#### 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:

- The State Board of Administration Florida Prime Fund (formerly known as the Local Government Investment Pool (LGIP) or Local Government Surplus Funds Trust Fund);

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

#### Investments (Continued)

- 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. Time or savings accounts of a national bank, a state bank insured by the Federal Deposit Insurance Corporation, or a savings and loan association insured by the Federal Savings and Loan Insurance Corporation;
- b. Obligations of the United States or obligations guaranteed as to principal and interest by the United States;
- c. Bonds, stocks, or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, or stocks issued by corporations organized under the laws of foreign jurisdictions, provided that not more than 5% of the Plan's assets are invested in the common stock or capital stock of any one issuing company.

Investments of the Police Officers Pension Fund are limited to:

- a. Time or savings accounts of a national bank, a state bank or a savings bank insured by the Federal Deposit Insurance Corporation or other federal agency;
- b. Obligations of the United States or obligations guaranteed as to principal and interest by the United States;
- c. Bonds issued by the State of Israel;
- d. Bonds, stocks, commingled funds administered by National or State banks or other evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided that in the case of stocks, the corporation is traded on a recognized national exchange and, in the case of bonds, the security holds a rating in one of the three highest classifications by a major rating service, and if such investments are made in a pooled bond fund administered by a state or national bank, then the rating of each issue in the pooled bond fund shall hold a rating within the top three rating classifications of a major rating service.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

#### Investments (Continued)

- e. Annuity and life insurance contracts of life insurance companies in amounts sufficient to provide, in whole or in part, the benefits to which all of the participants in the fund shall be entitled under the provision of the Plan and to pay the initial and subsequent premium thereon.

The Village's cash and cash equivalents and investments at September 30, 2010 are as follows:

|  | Fair Value          |                     |                      |
|--|---------------------|---------------------|----------------------|
|  | Unrestricted        | Restricted          | Pension              |
| Cash and cash equivalents:                                     |                     |                     |                      |
| Petty cash   | \$ 3,300            | \$ -                | \$ -                 |
| Deposits with financial institutions                           | 5,297,660           | 3,045,168           | 891,315              |
| Investment in State Board of Administration Florida Prime Fund | 988,024             | -                   | -                    |
| Florida Municipal Investment Trust Enhanced Cash Fund          | -                   | 1,030               | -                    |
| Money market mutual funds                                      | -                   | -                   | 2,325,581            |
| <b>Total cash and cash equivalents</b>                         | <b>\$ 6,288,984</b> | <b>\$ 3,046,198</b> | <b>\$ 3,216,896</b>  |
| Other investment - LGIP Fund B                                 | \$ 152,978          | \$ -                | \$ -                 |
| Pension fund investments:                                      |                     |                     |                      |
| U.S. Government securities                                     | -                   | -                   | 1,098,944            |
| U.S. Government agencies                                       | -                   | -                   | 718,077              |
| Mortgage and asset-backed securities                           | -                   | -                   | 588,289              |
| Municipal bonds  | -                   | -                   | 137,875              |
| Corporate bonds  | -                   | -                   | 3,196,144            |
| Domestic equity securities and mutual funds                    | -                   | -                   | 11,480,083           |
| Foreign equity securities and mutual funds                     | -                   | -                   | 3,939,631            |
| Real estate investment trusts and other investments            | -                   | -                   | 186,048              |
| <b>Total investments</b>                                       | <b>\$ 152,978</b>   | <b>\$ -</b>         | <b>\$ 21,345,091</b> |

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 and LGIP Fund B 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, 2010 are summarized as follows:

| Investment Type                                  | NRSRO Rating | Fair Value |
|--|--------------|------------|
| State Board of Administration Florida Prime Fund | AAAm         | \$ 988,024 |

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

#### Investments (Continued)

| Investment Type                      | NRSRO Rating | Fair Value          |
|--------------------------------------|--------------|---------------------|
| Pension fund investments:            |              |                     |
| U.S. Government securities           | AAA          | \$ 1,048,987        |
| U.S. Government securities           | Not Rated    | 49,957              |
| U.S. Government agencies             | AAA          | 718,077             |
| Mortgage and asset-backed securities | AAA          | 1,430               |
| Mortgage and asset backed securities | Not Rated    | 586,859             |
| Municipal bonds                      | AAA          | 42,140              |
| Municipal bonds                      | AA           | 95,735              |
| Corporate bonds                      | AA           | 638,771             |
| Corporate bonds                      | A            | 2,073,282           |
| Corporate bonds                      | BBB          | 484,091             |
| <b>Total</b>                         |              | <b>\$ 5,739,329</b> |

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 due to substantial withdrawals from the LGIP over the two preceding weeks that severely reduced the overall liquidity of the LGIP. The restructuring divided the LGIP 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. On December 6, 2007, the LGIP re-opened to accept new deposits from participants and allow restricted withdrawals.

Fund B retained all securities from the original LGIP that had defaulted, are in default or have extended payment terms or potentially elevated credit risk. Fund B is closed to deposits and withdrawals and is generally expected to hold all assets to their ultimate maturity and to 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, 2010 the Fund B investments had a net asset value approximating 70.7% 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.

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.

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, 2010 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.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

#### Investments (Continued)

**Interest Rate Risk:** Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The Village does not have a formal policy that limits the maturities of its investments. The Village pension funds' investment in mortgage-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 investments at September 30, 2010.

| Investment Type                      | Fair Value of Investment Maturities |                      |                     |                        |
|--------------------------------------|-------------------------------------|----------------------|---------------------|------------------------|
|                                      | Less Than<br>One Year               | One to<br>Five Years | Six to<br>Ten Years | More Than<br>Ten Years |
| Pension fund investments:            |                                     |                      |                     |                        |
| U.S. Government securities           | \$ 93,744                           | \$ 706,357           | \$ 287,159          | \$ 11,684              |
| U.S. Government agencies             | 31,219                              | 428,213              | 177,790             | 80,855                 |
| Mortgage and asset-backed securities | 14                                  | 717                  | 33,345              | 554,213                |
| Municipal bonds                      | -                                   | -                    | -                   | 137,875                |
| Corporate bonds                      | 223,449                             | 1,655,752            | 1,164,493           | 152,450                |
| <b>Total</b>                         | <b>\$ 348,426</b>                   | <b>\$ 2,791,039</b>  | <b>\$ 1,662,787</b> | <b>\$ 937,077</b>      |

The weighted average days to maturity of the SBA Florida Prime fund was 52 days at September 30, 2010. The weighted average life of the Fund B investment was 7.49 years at September 30, 2010, however, because Fund B consists of restructured and defaulted securities there is considerable uncertainty regarding the weighted average life.

The value, liquidity, and related income of certain securities with contractual cash flows, such as 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 defined as 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, 2010 the foreign equity mutual fund of the Police Officers Pension Fund represented 9.3% of that 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, 2010.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 3. RECEIVABLES

Receivables at September 30, 2010 are summarized as follows:

|                                    | Governmental<br>Activities | Business-type<br>Activities | Total               |
|------------------------------------|----------------------------|-----------------------------|---------------------|
| <b>Receivables:</b>                |                            |                             |                     |
| Accounts                           | \$ 542,268                 | \$ 2,362,226                | \$ 2,904,494        |
| Intergovernmental                  | 238,233                    | -                           | 238,233             |
|                                    | 780,501                    | 2,362,226                   | 3,142,727           |
| Less: allowable for uncollectibles | -                          | (71,350)                    | (71,350)            |
| <b>Net receivables</b>             | <b>\$ 780,501</b>          | <b>\$ 2,290,876</b>         | <b>\$ 3,071,377</b> |

### NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2010 was as follows:

|   | Beginning<br>Balance | Additions         | Deletions           | Ending<br>Balance    |
|---|----------------------|-------------------|---------------------|----------------------|
| <b>Governmental Activities</b>                    |                      |                   |                     |                      |
| Capital assets not being depreciated:             |                      |                   |                     |                      |
| Land  | \$ 230,387           | \$ -              | \$ -                | \$ 230,387           |
| Infrastructure                                    | 4,121,761            | -                 | -                   | 4,121,761            |
| Construction in progress                          | 459,595              | -                 | (459,595)           | -                    |
| <b>Total capital assets not being depreciated</b> | <b>4,811,743</b>     | <b>-</b>          | <b>(459,595)</b>    | <b>4,352,148</b>     |
| Capital assets being depreciated:                 |                      |                   |                     |                      |
| Buildings   | 7,833,726            | 1,385,929         | -                   | 9,219,655            |
| Improvements other than buildings                 | 1,977,054            | -                 | -                   | 1,977,054            |
| Machinery and equipment                           | 2,913,727            | 221,890           | (124,940)           | 3,010,677            |
| Library materials and software                    | 549,832              | 52,957            | -                   | 602,789              |
| <b>Total capital assets being depreciated</b>     | <b>13,274,339</b>    | <b>1,660,776</b>  | <b>(124,940)</b>    | <b>14,810,175</b>    |
| Less accumulated depreciation for:                |                      |                   |                     |                      |
| Buildings   | (1,347,853)          | (207,989)         | -                   | (1,555,842)          |
| Improvements other than buildings                 | (451,959)            | (95,937)          | -                   | (547,896)            |
| Machinery and equipment                           | (1,845,327)          | (319,751)         | 124,016             | (2,041,062)          |
| Library materials and software                    | (368,374)            | (59,470)          | -                   | (427,844)            |
| <b>Accumulated depreciation</b>                   | <b>(4,013,513)</b>   | <b>(683,147)</b>  | <b>124,016</b>      | <b>(4,572,644)</b>   |
| <b>Governmental activities</b>                    |                      |                   |                     |                      |
| <b>Capital assets, net</b>                        | <b>\$ 14,072,569</b> | <b>\$ 977,629</b> | <b>\$ (460,519)</b> | <b>\$ 14,589,679</b> |

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 4. CAPITAL ASSETS (Continued)

|   | Beginning<br>Balance | Additions           | Deletions           | Ending<br>Balance    |
|---|----------------------|---------------------|---------------------|----------------------|
| <b>Business-Type Activities</b>                   |                      |                     |                     |                      |
| Capital assets not being depreciated:             |                      |                     |                     |                      |
| Land  | \$ 364,217           | \$ -                | \$ -                | \$ 364,217           |
| Construction in progress                          | 946,142              | 56,960              | (892,092)           | 111,010              |
| <b>Total capital assets not being depreciated</b> | <b>1,310,359</b>     | <b>56,960</b>       | <b>(892,092)</b>    | <b>475,227</b>       |
| Capital assets being depreciated:                 |                      |                     |                     |                      |
| Buildings   | 3,043,449            | -                   | -                   | 3,043,449            |
| Improvements other than buildings                 | 64,536,319           | 3,565,806           | -                   | 68,102,125           |
| Intangible assets                                 | 7,183,533            | -                   | -                   | 7,183,533            |
| Equipment and software                            | 3,264,724            | 384,118             | (28,178)            | 3,620,664            |
| <b>Total capital assets being depreciated</b>     | <b>78,028,025</b>    | <b>3,949,924</b>    | <b>(28,178)</b>     | <b>81,949,771</b>    |
| Less accumulated depreciation for:                |                      |                     |                     |                      |
| Buildings   | (2,016,333)          | (59,095)            | -                   | (2,075,428)          |
| Improvements other than buildings                 | (25,100,807)         | (1,973,313)         | -                   | (27,074,120)         |
| Intangible assets                                 | (5,380,347)          | (212,344)           | -                   | (5,592,691)          |
| Equipment and software                            | (2,210,796)          | (231,294)           | 28,178              | (2,413,912)          |
| <b>Accumulated depreciation</b>                   | <b>(34,708,283)</b>  | <b>(2,476,046)</b>  | <b>28,178</b>       | <b>(37,156,151)</b>  |
| <b>Business-type activities</b>                   |                      |                     |                     |                      |
| <b>Capital assets, net</b>                        | <b>\$ 44,630,101</b> | <b>\$ 1,530,838</b> | <b>\$ (892,092)</b> | <b>\$ 45,268,847</b> |

Depreciation expense for the year ended September 30, 2010 was charged to functions as follows:

|                                    |                     |
|------------------------------------|---------------------|
| <b>Governmental Activities:</b>    |                     |
| General government                 | \$ 191,563          |
| Public safety                      | 251,674             |
| Physical environment               | 33,706              |
| Transportation                     | 15,752              |
| Culture and recreation             | 190,452             |
| <b>Total depreciation expense-</b> |                     |
| <b>Governmental activities</b>     | <b>\$ 683,147</b>   |
| <b>Business-type activities:</b>   |                     |
| <b>Water &amp; Sewer</b>           | <b>\$ 2,476,046</b> |

### NOTE 5. LONG-TERM DEBT

#### Changes in Long-Term Liabilities

The following changes occurred in long-term liabilities during the year ended September 30, 2010:

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 5. LONG-TERM DEBT (Continued)

|   | Beginning<br>Balance | Additions         | Deletions             | Ending<br>Balance   | Due<br>Within<br>One Year |
|---|----------------------|-------------------|-----------------------|---------------------|---------------------------|
| <b>Governmental activities:</b>         |                      |                   |                       |                     |                           |
| General obligation bonds                | \$ 6,905,000         | \$ -              | \$ (165,000)          | \$ 6,740,000        | \$ 170,000                |
| Compensated absences                    | 581,691              | 572,043           | (578,972)             | 574,762             | 48,248                    |
| <b>Total Governmental Activities</b>    | <b>\$ 7,486,691</b>  | <b>\$ 572,043</b> | <b>\$ (743,972)</b>   | <b>\$ 7,314,762</b> | <b>\$ 218,248</b>         |
| <b>Business-type activities:</b>        |                      |                   |                       |                     |                           |
| Promissory note                         | \$ 2,436,765         | \$ -              | \$ (757,280)          | \$ 1,679,485        | \$ 788,525                |
| Capital appreciation bonds              | 1,925,670            | 126,140           | (570,000)             | 1,481,810           | 570,000                   |
| Revenue bonds, series 2003A             | 10,310,000           | -                 | (230,000)             | 10,080,000          | 240,000                   |
| Compensated absences                    | 305,931              | 246,593           | (240,558)             | 311,966             | 20,047                    |
| <b>Total Business-type Activities</b>   | <b>14,978,366</b>    | <b>\$ 372,733</b> | <b>\$ (1,797,838)</b> | <b>13,553,261</b>   | <b>\$ 1,618,572</b>       |
| Unamortized premium on<br>revenue bonds | 350,888              |                   |                       | 336,010             |                           |
| <b>Net Business-type Activities</b>     | <b>\$15,329,254</b>  |                   |                       | <b>\$13,889,271</b> |                           |

#### 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<br>September 30, | Principal           | Interest            | Total               |
|------------------------------|---------------------|---------------------|---------------------|
| 2011                         | \$ 170,000          | \$ 346,056          | \$ 516,056          |
| 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             |
| 2016-2020                    | 1,230,000           | 1,358,994           | 2,588,994           |
| 2021-2025                    | 1,580,000           | 1,005,220           | 2,585,220           |
| 2026-2030                    | 2,025,000           | 566,176             | 2,591,176           |
| 2031-2032                    | 960,000             | 74,312              | 1,034,312           |
| <b>Total</b>                 | <b>\$ 6,740,000</b> | <b>\$ 4,648,582</b> | <b>\$11,388,582</b> |

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### 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:

| <b>Year Ending<br/>September 30,</b> | <b>Principal</b>    | <b>Interest</b>  | <b>Total</b>        |
|--------------------------------------|---------------------|------------------|---------------------|
| 2011                                 | \$ 788,525          | \$ 53,447        | \$ 841,972          |
| 2012                                 | 821,026             | 20,946           | 841,972             |
| 2013                                 | 69,934              | 231              | 70,165              |
| <b>Total</b>                         | <b>\$ 1,679,485</b> | <b>\$ 74,624</b> | <b>\$ 1,754,109</b> |

#### 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.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 5. LONG-TERM DEBT (Continued)

#### Business-Type Activities: (Continued)

##### Revenue Bonds (Continued)

At September 30, 2010 the Village was in compliance with its bond covenants. Revenue bonds currently outstanding are as follows:

\$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<br>September 30, | Total               |
|------------------------------|---------------------|
| 2011                         | \$ 570,000          |
| 2012                         | 570,000             |
| 2013                         | 485,000             |
| <b>Total</b>                 | <b>\$ 1,625,000</b> |

##### \$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<br>September 30, | Principal           | Interest            | Total               |
|------------------------------|---------------------|---------------------|---------------------|
| 2011                         | \$ 240,000          | \$ 503,476          | \$ 743,476          |
| 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             |
| 2016-2020                    | 1,720,000           | 2,001,712           | 3,721,712           |
| 2021-2025                    | 2,205,000           | 1,518,324           | 3,723,324           |
| 2026-2030                    | 2,790,000           | 939,750             | 3,729,750           |
| 2031-2033                    | 2,030,000           | 206,250             | 2,236,250           |
| <b>Total</b>                 | <b>\$10,080,000</b> | <b>\$ 7,054,636</b> | <b>\$17,134,636</b> |

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 5. LONG-TERM DEBT (Continued)

#### 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 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 \$20,513,745. Principal and interest paid for the current year and utility net revenues available for debt service (as defined by the bond ordinances) were \$2,156,946 and \$5,861,292, respectively.

#### Interest Expense and Arbitrage

Total interest costs incurred and paid on all Village debt for the year ended September 30, 2010 was \$357,189 and \$359,939, respectively, for governmental activities and \$703,616 and \$612,134, 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 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, existing water and sewer facilities. The Village was obligated to pay the City a percentage of its pro rata share (based on water and sewer 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 sewer 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 sewer 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 facility. 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 (remaining term of contract).

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 6. OBLIGATION UNDER UTILITY AGREEMENTS AND INTANGIBLE RIGHTS

(Continued)

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 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 (remaining term of the amended contract). At September 30, 2010, the combined intangible rights had a net book value of \$2,015,530 and were recorded with capital assets. All contractual obligations were paid October 31, 2006.

### NOTE 7. INTERFUND TRANSFERS

The following is a summary of interfund transfers for the year ended September 30, 2010:

|                                  | Transfers in        | Transfers out       |
|----------------------------------|---------------------|---------------------|
| <b>Governmental Activities:</b>  |                     |                     |
| General Fund                     | \$ 1,503,586        | \$ -                |
| Library Fund                     | -                   | 54,230              |
| <b>Business-type Activities:</b> | -                   | 1,449,356           |
| Enterprise Fund                  |                     |                     |
| <b>Total interfund transfers</b> | <b>\$ 1,503,586</b> | <b>\$ 1,503,586</b> |

Transfers include payments in lieu of taxes of \$1,449,356 that are not payments for services.

### NOTE 8. ENTERPRISE FUND RESTRICTED ASSETS AND RESERVES

Restricted assets of the enterprise fund at September 30, 2010 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, 2010:

|                                 | Restricted<br>Assets |
|---------------------------------|----------------------|
| Utility Debt Service            | \$ 2,660,168         |
| Renewal and Replacement         | 100,000              |
| Cash with fiscal agent          | 285,000              |
| Unused proceeds from 2003 bonds | 1,030                |
|                                 | <b>\$ 3,046,198</b>  |

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

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

The provisions of the water and sewer 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, 2010 and the reserve requirements have been met for the water and sewer bonds.

The Village is also required to establish a reserve for renewal and replacement of water and sewer facilities. The required reserve is 5% of the preceding year's revenue up to a maximum of \$100,000. The Village has reserved \$100,000 which meets this legal requirement at September 30, 2010.

### **NOTE 9. PENSION PLANS**

#### **Village Pension Plans**

The Village sponsored two separate single employer defined benefit plans for 2010: the Village of Palm Springs Police Officers Pension Plan (formerly the Village of Palm Springs Hazardous Employees Pension Plan) covering all Village police officers, and the Village of Palm Springs General Employees Pension Plan, covering substantially all other full-time Village employees. Both Plans are reported as pension trust funds and are included as part of the Village's reporting entity.

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 of 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, which can only be distributed after the State has ascertained that the local government 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, 2010 the foreign equity mutual of the Police Officers Pension Fund represented 9.3% of that Plan's net assets. There were no nongovernmental investments that exceeded 5% of Plan net assets in the General Employees Pension Fund.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 9. PENSION PLANS (Continued)

The following schedule is derived from the respective actuarial reports and Village information for the two pension plans as of September 30, 2009 (the latest actuarial valuation date):

|   | General Employees      | Police Officers                 |                 |
|---|------------------------|---------------------------------|-----------------|
| <b>Accounting Policies and Plan Assets:</b> |                        |                                 |                 |
| 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                            |                 |
| <b>Membership and Plan Provisions:</b>      |                        |                                 |                 |
| <b>Members:</b>                             |                        |                                 |                 |
| Active Participants                         | 108                    | 36                              |                 |
| Retirees and Beneficiaries                  | 34                     | 18                              |                 |
| Terminated Vested                           | 31                     | 19                              |                 |
| <b>Normal Retirement Benefits:</b>          |                        |                                 |                 |
| Retirement Age                              | 62                     | <b>Option 1</b>                 | <b>Option 2</b> |
| Years of Service (minimum)                  | 10                     | 50                              | 55              |
| Accrual                                     | 2.5%                   | 15                              | 10              |
| Maximum                                     | 50%                    | 3.0%                            | 3.0%            |
| Years to Vest                               | 10                     | None                            | None            |
|   |                        | 10                              | 10              |
| <b>Contributions:</b>                       |                        |                                 |                 |
| Actuarial Rate                              |                        |                                 |                 |
| Village                                     | 22.8%                  | 52.8%                           |                 |
| State                                       | -                      | 2.00%                           |                 |
| Participants                                | 3.00%                  | 6.60%                           |                 |
| Annual Pension Cost                         | \$977,165              | \$1,019,621                     |                 |
| Contribution Made                           | \$996,535              | \$1,022,065                     |                 |
| <b>Actuarial Valuation:</b>                 |                        |                                 |                 |
| Frequency                                   | Annual                 | Annual                          |                 |
| Latest Valuation                            | 10/1/09                | 10/1/09                         |                 |
| Basis for Contribution                      | 10/1/08                | 10/1/08                         |                 |
| Cost Method                                 | Entry age              | Entry age                       |                 |
| <b>Amortization:</b>                        |                        |                                 |                 |
| Method                                      | Level percent          | Level percent                   |                 |
| Period                                      | 15-25 years            | 1-25 years                      |                 |
| Open/Closed                                 | Closed                 | Closed                          |                 |

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 9. PENSION PLANS (Continued)

|   | General Employees                  | Police Officers                                     |
|---|------------------------------------|---|
| <b>Assumptions:</b>                       |                                    |   |
| Investment Earnings (including inflation) | 8.0% / year                        | 8.0% / year   |
| Salary Increases (including 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 |

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

|                                       | General Employees | Police Officers   |
|---------------------------------------|-------------------|-------------------|
| Annual required contribution (ARC)    | \$ 974,215        | \$ 1,009,299      |
| Interest on net pension asset         | (6,345)           | (22,428)          |
| Adjustment to ARC                     | 9,295             | 32,750            |
| Annual pension cost (APC)             | 977,165           | 1,019,621         |
| Village contribution                  | 996,535           | 1,022,065         |
| Increase in net pension asset         | 19,370            | 2,444             |
| Net pension asset, beginning of year  | 79,313            | 280,344           |
| <b>Net pension asset, end of year</b> | <b>\$ 98,683</b>  | <b>\$ 282,788</b> |

Beginning net assets for the Water and Sewer Utility Fund and Business-type Activities and for Governmental Activities were restated and increased by \$38,294 and \$41,019, respectively, to record the General Employees net pension asset of \$79,313 at September 30, 2009. The change in net assets originally reported for 2009 would have been increased by the same amounts respectively.

#### Plan Amendments

Effective October 1, 2009 the Village contracted with Palm Beach County, Florida (the "County") to provide fire protection and emergency medical services for the Village for a term of ten years. The County hired all full-time, fire-rescue employees of the Village effective October 1, 2009 and the County was responsible for all salaries, benefits and related employment obligations for fire-rescue personnel after that date. As a result, the Village amended its existing Hazardous Employees Pension Plan on September 30, 2009 to rename the Plan the Police Officers Pension Plan and to close participation in the Plan to new Firefighter members and freeze the benefits of existing Firefighter members. The effect of this Plan amendment was a reduction of \$1,493,347 in the unfunded accrued actuarial liability of the Police Officers Pension Plan at October 1, 2009.

Effective June 30, 2010, the General Employees Pension Plan and Police Officers Pension Plan were closed to all new members. Current employees participating in the Plans were given the option to remain in their respective Plan or to join the Florida Retirement System (FRS). Nine of the 36

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 9. PENSION PLANS (Continued)

police officers participating in the Plan on October 1, 2009 elected to join the FRS effective July 1, 2010. The effect of this Plan amendment was a reduction of \$276,513 in the unfunded accrued actuarial liability of the Police Officers Pension Plan at July 1, 2010. In addition, the actuarial assumptions and methods were updated on July 1, 2010 to reflect a zero percent payroll growth assumption for the Plan. The remaining Plan provisions were unchanged. New employees of the Village after June 30, 2010 will be required to participate in the FRS.

#### Trend Information

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

| <b>Funded Status and Funding Progress</b>    |                                  |  |                            |                     |                        |  |
|--|----------------------------------|--|----------------------------|---------------------|------------------------|--|
| <b>Date of Actuarial Valuation October 1</b> | <b>Actuarial Value of Assets</b> | <b>Actuarial Accrued Liability (AAL) Entry Age</b> | <b>Unfunded AAL (UAAL)</b> | <b>Funded Ratio</b> | <b>Covered Payroll</b> | <b>UAAL as a Percentage of Covered Payroll</b> |
| <b>General Employees:</b>                    |                                  |  |                            |                     |                        |  |
| 2009   | \$ 11,855,663                    | \$ 15,382,732                                      | \$ 3,527,069               | 77.1%               | \$ 4,418,658           | 79.8%  |
| <b>Police Officers:</b>                      |                                  |  |                            |                     |                        |  |
| 2009   | \$ 11,219,056                    | \$ 17,097,780                                      | \$ 5,878,724               | 65.6%               | \$ 2,256,082           | 260.6%   |

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:

| <b>Three-Year Trend Information</b> |                   |                                  |                                      |                          |
|-------------------------------------|-------------------|----------------------------------|--------------------------------------|--------------------------|
|                                     | <b>Year Ended</b> | <b>Annual Pension Cost (APC)</b> | <b>Percentage of APC Contributed</b> | <b>Net Pension Asset</b> |
| <b>General Employees:</b>           |                   |                                  |                                      |                          |
|                                     | 9/30/08           | \$ 851,289                       | 100%                                 | \$ -                     |
|                                     | 9/30/09           | 942,609                          | 108%                                 | 79,313                   |
|                                     | 9/30/10           | 977,165                          | 102%                                 | 98,683                   |
| <b>Police Officers:</b>             |                   |                                  |                                      |                          |
|                                     | 9/30/08           | \$ 858,785                       | 106%                                 | \$ 182,967               |
|                                     | 9/30/09           | 882,107                          | 111%                                 | 280,344                  |
|                                     | 9/30/10           | 1,019,621                        | 101%                                 | 282,788                  |

#### 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.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 9. PENSION PLANS (Continued)

Financial statements for the General Employees Pension Plan and the Police Officers Pension Plan as of and for the year ended September 30, 2010 are as follows:

| <b>Statements of Plan Net Assets</b>                 |                      |                      |
|--|----------------------|----------------------|
|  | General<br>Employees | Police<br>Officers   |
| <b>Assets</b>  |                      |                      |
| Cash and cash equivalents                            | \$ 2,336,346         | \$ 880,550           |
| Investments:   |                      |                      |
| U.S. Government securities                           | 556,413              | 542,531              |
| U.S. Government agencies                             | 156,425              | 561,652              |
| Mortgage and asset-backed securities                 | 10,329               | 577,960              |
| Corporate and municipal bonds                        | 1,244,125            | 2,089,894            |
| Domestic equity securities and mutual funds          | 5,299,077            | 6,181,006            |
| Foreign equity securities and mutual funds           | 2,247,558            | 1,692,073            |
| Real estate investment trusts and other investments  | 148,241              | 37,807               |
| Interest and dividends receivable                    | 29,150               | 40,934               |
| <b>Total assets</b>                                  | <b>12,027,664</b>    | <b>12,604,407</b>    |
| <b>Liabilities</b>                                   |                      |                      |
| Accounts payable and accrued liabilities             | 26,183               | 21,829               |
| <b>Total liabilities</b>                             | <b>26,183</b>        | <b>21,829</b>        |
| <b>Net assets held in trust for pension benefits</b> | <b>\$ 12,001,481</b> | <b>\$ 12,582,578</b> |
| <b>Statements of Changes in Plan Net Assets</b>      |                      |                      |
| <b>Additions</b>                                     |                      |                      |
| Contributions:                                       |                      |                      |
| Employer   | \$ 1,109,644         | \$ 907,896           |
| Plan members   | 130,745              | 168,392              |
| State of Florida                                     | -                    | 87,404               |
| <b>Total contributions</b>                           | <b>1,240,389</b>     | <b>1,163,692</b>     |
| Investment income:                                   |                      |                      |
| Interest   | 97,872               | 142,784              |
| Dividends  | 140,315              | 119,961              |
| Net appreciation in fair value of investments        | 700,291              | 775,013              |
| Investment expenses                                  | (52,631)             | (49,093)             |
| Net investment income                                | 885,847              | 988,665              |
| <b>Total additions</b>                               | <b>2,126,236</b>     | <b>2,152,357</b>     |
| <b>Deductions</b>                                    |                      |                      |
| Administration                                       | 48,039               | 78,011               |
| Benefits   | 419,029              | 785,208              |
| <b>Total deductions</b>                              | <b>467,068</b>       | <b>863,219</b>       |
| Net increase in plan net assets                      | 1,659,168            | 1,289,138            |
| Net Assets - October 1, 2009                         | 10,342,313           | 11,293,440           |
| <b>Net Assets - September 30, 2010</b>               | <b>\$ 12,001,481</b> | <b>\$ 12,582,578</b> |

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 9. PENSION PLANS (Continued)

#### 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.

FRS issues a publicly available financial report that includes financial statements and required supplementary information for FRS. That report may be obtained by writing to Florida Department of Management Services, Division of Retirement, 1317 Winewood Boulevard, Building 8, Tallahassee, Florida 32399-1560, or by calling 1-850-488-6491.

Members are not required to contribute to FRS. The Village is required to contribute at an actuarially determined rate, which is 10.77% for regular class employees and 23.25% for special risk employees for the twelve months ending June 30, 2011. The contribution requirements for FRS members and participating governments are established by State statute. The Village’s contributions to FRS for the period from July 1, 2010 through September 30, 2010, the initial period of participation in FRS, were \$90,072 and were equal to the required contributions.

### 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 will apply 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 \$400 to a maximum of \$1,228.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

#### 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, 2010 were based on an actuarial valuation as of October 1, 2008, and are summarized as follows:

|  |           |                |
|--|-----------|----------------|
| Annual required contribution               | \$        | 110,536        |
| Interest on net OPEB obligation            |           | 5,310          |
| Adjustment to annual required contribution |           | (9,745)        |
| <hr/>                                      |           |                |
| Annual OPEB cost                           |           | 106,101        |
| Contributions made                         |           | (26,163)       |
| <hr/>                                      |           |                |
| Increase in net OPEB obligation            |           | 79,938         |
| Net OPEB obligation, beginning of year     |           | 106,101        |
| <hr/>                                      |           |                |
| <b>Net OPEB obligation, end of year</b>    | <b>\$</b> | <b>186,039</b> |

Prior year comparative data is as follows:

| Year<br>Ended | Annual<br>OPEB<br>Cost | Actual<br>Employer<br>Contribution | Percentage<br>Contributed | Net OPEB<br>Obligation |
|---------------|------------------------|------------------------------------|---------------------------|------------------------|
| 9/30/2009     | \$ 106,101             | \$ 0                               | 0.0%                      | \$ 106,101             |
| 9/30/2010     | 106,101                | 26,163                             | 24.6%                     | 186,039                |

#### 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, 2007, is presented below.

| Date of<br>Actuarial<br>Valuation<br>October 1 | Actuarial<br>Value<br>of Assets | Actuarial<br>Accrued<br>Liability (AAL) | Unfunded<br>AAL<br>(UAAL) | Funded<br>Ratio | Covered<br>Payroll | UAAL as a<br>Percentage<br>of Covered<br>Payroll |
|--|---------------------------------|---|---------------------------|-----------------|--------------------|--|
| 2008   | \$ 0                            | \$ 566,595                              | \$ 566,595                | 0.0%            | \$ 8,164,640       | 6.94%  |

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS (Continued)

#### 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 initial actuarial valuation for the Plan as of October 1, 2007, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 5.0% 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 6% after eight years. Both rates included a 3.0% inflation assumption. The actuarial value of assets will be determined using fair value. The UAAL will be 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.

### 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, 2010, 2009, and 2008.

### NOTE 12. COMMITMENTS AND CONTINGENCIES

#### Grants

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

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2010

### NOTE 12. COMMITMENTS AND CONTINGENCIES (Continued)

#### Contract Commitments

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

|                                    | Total<br>Project<br>Authorization | Expended<br>through<br>September 30,<br>2010 | Retainage<br>Payable<br>September 30,<br>2010 | Balance<br>to<br>Complete |
|------------------------------------|-----------------------------------|--|---|---------------------------|
| Task #101 – Force Main to PBC      | \$ 80,800                         | \$ 54,050                                    | \$ -  | \$ 26,750                 |
| Task #109 – SCADA System           | 82,300                            | 44,460                                       | -   | 37,840                    |
| Task #110 – Renovate RLP Plant LAB | 17,400                            | 12,500                                       | -   | 4,900                     |
| Task #111 – Scrubi Patio Court     | 128,150                           | -  | -   | 128,150                   |
|                                    | <b>\$ 308,650</b>                 | <b>\$ 111,010</b>                            | <b>\$ -</b>                                   | <b>\$ 197,640</b>         |

#### Contingencies

The Village is a defendant in lawsuits occurring in the normal course of business, the outcome of which is not presently determinable. In the opinion of legal counsel, the resolution of these matters will not have a significant impact on the financial condition of the Village.

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, believes they are not liable for the underfunded amount under the contract with the City and that they have 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 are currently trying to negotiate a settlement with the City. The ultimate outcome of this matter and any liability of the Village under the contract are not presently determinable.

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, 2010 the Village has accrued estimated charges of approximately \$730,000 for any potential liability the Village may owe to the City.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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# VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund

Year Ended September 30, 2010

|                                    | Budgeted Amounts |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|------------------------------------|------------------|------------------|------------------|---|
|                                    | Original         | Final            | Actual           |   |
| <b>Revenues</b>                    |                  |                  |                  |   |
| Taxes:                             |                  |                  |                  |   |
| Ad valorem taxes                   | \$ 2,371,068     | \$ 2,371,068     | \$ 2,392,177     | \$ 21,109   |
| Franchise fees                     | 1,011,377        | 1,011,377        | 974,408          | (36,969)  |
| Utility service taxes              | 1,849,530        | 1,849,530        | 1,955,211        | 105,681   |
| Business taxes                     | 245,000          | 245,000          | 238,928          | (6,072)   |
| <b>Total taxes</b>                 | <b>5,476,975</b> | <b>5,476,975</b> | <b>5,560,724</b> | <b>83,749</b>   |
| Licenses and permits:              |                  |                  |                  |   |
| Building permits                   | 106,900          | 106,900          | 334,495          | 227,595   |
| Other permits and licenses         | 500              | 500              | 475              | (25)  |
| <b>Total licenses and permits</b>  | <b>107,400</b>   | <b>107,400</b>   | <b>334,970</b>   | <b>227,570</b>  |
| Intergovernmental:                 |                  |                  |                  |   |
| State revenue sharing              | 411,244          | 411,244          | 427,847          | 16,603  |
| Alcoholic beverage licenses        | 11,000           | 11,000           | 18,578           | 7,578   |
| Municipal fuel tax refund          | 6,700            | 6,700            | 8,634            | 1,934   |
| Local option gas tax               | 302,950          | 302,950          | 312,718          | 9,768   |
| County occupational licenses       | -                | -                | 34,603           | 34,603  |
| Half-cent sales tax                | 922,791          | 922,791          | 956,028          | 33,237  |
| Grant revenue                      | 82,633           | 272,302          | 273,291          | 989   |
| Other intergovernmental revenue    | 55,447           | 55,447           | 73,978           | 18,531  |
| <b>Total intergovernmental</b>     | <b>1,792,765</b> | <b>1,982,434</b> | <b>2,105,677</b> | <b>123,243</b>  |
| Charges for services:              |                  |                  |                  |   |
| General government                 | 45,275           | 45,275           | 59,049           | 13,774  |
| Public safety                      | 321,700          | 321,700          | 278,974          | (42,726)  |
| Physical environment               | 794,320          | 794,320          | 827,277          | 32,957  |
| Leisure services                   | 333,950          | 363,950          | 357,899          | (6,051)   |
| Nonresident fees                   | 12,000           | 12,000           | 14,295           | 2,295   |
| <b>Total charges for services</b>  | <b>1,507,245</b> | <b>1,537,245</b> | <b>1,537,494</b> | <b>249</b>  |
| Fines and forfeitures:             |                  |                  |                  |   |
| Judgements and fines               | 194,500          | 194,500          | 184,550          | (9,950)   |
| Other                              | 372,550          | 372,550          | 113,619          | (258,931)   |
| <b>Total fines and forfeitures</b> | <b>567,050</b>   | <b>567,050</b>   | <b>298,169</b>   | <b>(268,881)</b>  |
| <b>Contributions and donations</b> | <b>12,700</b>    | <b>12,700</b>    | <b>9,000</b>     | <b>(3,700)</b>  |

Continued

# VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2010

|  | Budgeted Amounts     |                      |                      | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|--|----------------------|----------------------|----------------------|---|
|  | Original             | Final                | Actual               |   |
| Miscellaneous:                                       |                      |                      |                      |   |
| Interest earnings                                    | \$ 59,000            | \$ 59,000            | \$ 35,973            | \$ (23,027)   |
| Miscellaneous revenue                                | 5,000                | 5,000                | 69,127               | 64,127  |
| Facility rental                                      | 186,844              | 186,844              | 143,324              | (43,520)  |
| <b>Total miscellaneous</b>                           | <b>250,844</b>       | <b>250,844</b>       | <b>248,424</b>       | <b>(2,420)</b>  |
| <b>Total revenues</b>                                | <b>9,714,979</b>     | <b>9,934,648</b>     | <b>10,094,458</b>    | <b>159,810</b>  |
| <b>Other financing source</b>                        |                      |                      |                      |   |
| Transfer in  | 1,826,828            | 2,651,828            | 1,503,586            | (1,148,242)   |
| <b>Total revenues and other<br/>financing source</b> | <b>\$ 11,541,807</b> | <b>\$ 12,586,476</b> | <b>\$ 11,598,044</b> | <b>\$ (988,432)</b>                                     |
| <b>Expenditures</b>                                  |                      |                      |                      |   |
| <b>General government:</b>                           |                      |                      |                      |   |
| Legislative:   |                      |                      |                      |   |
| Personal services                                    | \$ 47,746            | \$ 47,746            | \$ 47,630            | \$ 116  |
| Operating  | 58,350               | 58,350               | 33,852               | 24,498  |
| Nonoperating   | 127,000              | 118,500              | 2,000                | 116,500   |
| Total legislative                                    | 233,096              | 224,596              | 83,482               | 141,114   |
| Executive:   |                      |                      |                      |   |
| Personal services                                    | 610,773              | 612,073              | 590,440              | 21,633  |
| Operating  | 37,795               | 36,687               | 19,234               | 17,453  |
| Capital outlay                                       | 3,000                | 2,808                | 2,323                | 485   |
| Total executive                                      | 651,568              | 651,568              | 611,997              | 39,571  |
| Financial administration:                            |                      |                      |                      |   |
| Personal services                                    | 422,650              | 422,670              | 416,172              | 6,498   |
| Operating  | 20,779               | 20,959               | 18,149               | 2,810   |
| Capital outlay                                       | 1,500                | 1,300                | 1,260                | 40  |
| Total financial administration                       | 444,929              | 444,929              | 435,581              | 9,348   |
| Legal:   |                      |                      |                      |   |
| Operating  | 130,000              | 130,000              | 89,250               | 40,750  |
| Other general government:                            |                      |                      |                      |   |
| Personal services                                    | 12,000               | 25,100               | 13,587               | 11,513  |
| Operating  | 262,352              | 249,252              | 208,421              | 40,831  |
| Capital outlay                                       | 6,500                | 6,500                | 4,591                | 1,909   |
| Total other general government                       | 280,852              | 280,852              | 226,599              | 54,253  |
| <b>Total general government</b>                      | <b>1,740,445</b>     | <b>1,731,945</b>     | <b>1,446,909</b>     | <b>285,036</b>  |

Continued

# VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2010

|                                   | <u>Budgeted Amounts</u> |                  |                  | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|-------------------------|------------------|------------------|---|
|                                   | Original                | Final            | Actual           |   |
| <b>Public safety:</b>             |                         |                  |                  |   |
| Land development:                 |                         |                  |                  |   |
| Personal services                 | \$ 435,704              | \$ 456,614       | \$ 372,504       | \$ 84,110   |
| Operating                         | 102,013                 | 79,259           | 67,674           | 11,585  |
| Capital outlay                    | -                       | 1,844            | 1,844            | -   |
| Total land development            | 537,717                 | 537,717          | 442,022          | 95,695  |
| Fire Rescue:                      |                         |                  |                  |   |
| Capital outlay                    | -                       | 8,500            | 8,406            | 94  |
| Total fire rescue                 | -                       | 8,500            | 8,406            | 94  |
| Law enforcement:                  |                         |                  |                  |   |
| Personal services                 | 5,142,961               | 5,227,896        | 5,187,009        | 40,887  |
| Operating                         | 573,818                 | 655,351          | 619,656          | 35,695  |
| Capital outlay                    | 98,000                  | 121,201          | 120,920          | 281   |
| Total law enforcement             | 5,814,779               | 6,004,448        | 5,927,585        | 76,863  |
| <b>Total public safety</b>        | <b>6,352,496</b>        | <b>6,550,665</b> | <b>6,378,013</b> | <b>172,652</b>  |
| <b>Physical environment:</b>      |                         |                  |                  |   |
| Sanitation services:              |                         |                  |                  |   |
| Operating                         | 699,000                 | 699,000          | 681,948          | 17,052  |
| <b>Total physical environment</b> | <b>699,000</b>          | <b>699,000</b>   | <b>681,948</b>   | <b>17,052</b>   |
| <b>Transportation:</b>            |                         |                  |                  |   |
| Personal services                 | 594,167                 | 594,167          | 570,079          | 24,088  |
| Operating                         | 466,560                 | 444,560          | 405,578          | 38,982  |
| Capital outlay                    | 122,000                 | 969,000          | 958,705          | 10,295  |
| <b>Total transportation</b>       | <b>1,182,727</b>        | <b>2,007,727</b> | <b>1,934,362</b> | <b>73,365</b>   |
| <b>Culture/recreation:</b>        |                         |                  |                  |   |
| Library:                          |                         |                  |                  |   |
| Personal services                 | 534,250                 | 534,345          | 516,451          | 17,894  |
| Operating                         | 102,134                 | 103,539          | 96,603           | 6,936   |
| Capital outlay                    | 46,200                  | 44,700           | 38,354           | 6,346   |
| Total library                     | 682,584                 | 682,584          | 651,408          | 31,176  |
| Leisure services:                 |                         |                  |                  |   |
| Personal services                 | 499,317                 | 480,187          | 465,485          | 14,702  |
| Operating                         | 328,738                 | 377,868          | 368,562          | 9,306   |
| Capital outlay                    | 1,500                   | 1,500            | 1,162            | 338   |
| Total leisure services            | 829,555                 | 859,555          | 835,209          | 24,346  |

Continued

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Budgetary Comparison Schedule*

*General Fund (Continued)*

*Year Ended September 30, 2010*

|                                  | <u>Budgeted Amounts</u> |                      | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------------|-------------------------|----------------------|---------------------|---|
|                                  | Original                | Final                |                     |   |
| Special events:                  |                         |                      |                     |   |
| Operating                        | \$ 55,000               | \$ 55,000            | \$ 54,137           | \$ 863  |
| <b>Total culture/recreation</b>  | <b>1,567,139</b>        | <b>1,597,139</b>     | <b>1,540,754</b>    | <b>56,385</b>   |
| <b>Total expenditures</b>        | <b>\$ 11,541,807</b>    | <b>\$ 12,586,476</b> | <b>11,981,986</b>   | <b>\$ 604,490</b>                                       |
| Net change in fund balance       |                         |                      | \$ (383,942)        |   |
| Fund balance, beginning of year  |                         |                      | 6,041,849           |   |
| <b>Fund balance, end of year</b> |                         |                      | <b>\$ 5,657,907</b> |   |

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULE

SEPTEMBER 30, 2010

### 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, except that the State of Florida on-behalf payments to the Village for the hazardous employees' pension plan are not budgeted. As a result, General Fund revenues and expenditures reported in the budgetary comparison schedule differ from the revenues and expenditures reported on the GAAP basis. The differences can be reconciled as follows:

|  | <b>Revenues</b>      | <b>Expenditures</b>  |
|--|----------------------|----------------------|
| <b>Budgetary Basis</b>   | \$ 10,094,458        | \$ 11,981,986        |
| State on-behalf payments for hazardous employees pension contributions | 87,404               | 87,404               |
| <b>GAAP Basis</b>  | <b>\$ 10,181,862</b> | <b>\$ 12,069,390</b> |

The reported budgetary data represents the final appropriated budget after amendments adopted by the Council. Supplemental appropriations of \$1,044,669 were needed for costs incurred for operating expenses and capital outlay for the year ended September 30, 2010, increasing the original general fund budget from \$11,541,807 to \$12,586,476. 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, 2010.

## VILLAGE OF PALM SPRINGS, FLORIDA

### CONDITION RATING OF THE VILLAGE'S STREET SYSTEM

SEPTEMBER 30, 2010

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:

|              | <b>Needed</b>       | <b>Actual</b>     | <b>Difference</b> |
|--------------|---------------------|-------------------|-------------------|
| 2001         | \$ 20,000           | \$ 5,740          | \$ 14,260         |
| 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             |
| <b>Total</b> | <b>\$ 1,017,000</b> | <b>\$ 803,379</b> | <b>\$ 213,621</b> |

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 is 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. In 2004 the first one-third of the streets in the network were evaluated. In 2005 the second third of the streets were evaluated. The remaining third of the streets were evaluated in 2006. The Village began condition assessments in FY 2004 evaluating 1/3 of the network annually. FY 2010 begins 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<br>Valuation<br>Date<br>September<br>30, | Actuarial<br>Value of<br>Assets<br>(a) | Actuarial<br>Accrued<br>Liability<br>(AAL)<br>Entry Age<br>(b) | Unfunded<br>AAL (UAAL)<br>(b)-(a) | Funded<br>Ratio<br>(a)/(b) | Covered<br>Payroll<br>(c) | UAAL as a<br>% of<br>Covered<br>Payroll<br>((b-a)/c) |
|--|--|--|-----------------------------------|----------------------------|---------------------------|--|
| <b>Police Officers</b>                             |  |  |                                   |                            |                           |  |
| 2004   | \$ 5,193,023                           | \$ 9,404,474   | \$ 4,211,451                      | 55.2%                      | \$ 1,789,143              | 235.4%   |
| 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%   |

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.

#### **General Employees**

|      |              |              |              |       |              |       |
|------|--------------|--------------|--------------|-------|--------------|-------|
| 2004 | \$ 6,502,614 | \$ 8,967,008 | \$ 2,464,394 | 72.5% | \$ 3,987,247 | 61.8% |
| 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% |

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the indicated dates. Additional information as of the latest actuarial valuation is as follows:

|   | Police<br>Officers        | General<br>Employees      |
|---|---------------------------|---------------------------|
| Valuation date                                  | 9/30/2009                 | 9/30/2009                 |
| Actuarial cost method                           | Entry age                 | Entry age                 |
| Asset valuation method                          | 4-Year Smoothed<br>Market | 5-Year Smoothed<br>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*

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| <b>Year Ended<br/>September 30,</b>   | <b>Annual<br/>Required<br/>Contribution</b> | <b>Percentage<br/>Contributed</b> |
|---------------------------------------|---|-----------------------------------|
| <b>Police Officers</b>                |   |                                   |
| 2005                                  | \$ 548,908                                  | 104%                              |
| 2006                                  | 626,200                                     | 100%                              |
| 2007                                  | 853,902                                     | 106%                              |
| 2008                                  | 875,369                                     | 112%                              |
| 2009                                  | 1,009,299                                   | 101%                              |
| 2010                                  | 1,225,704                                   | 100%                              |
| <b>General Employees Pension Fund</b> |   |                                   |
| 2005                                  | \$ 498,271                                  | 100%                              |
| 2006                                  | 745,116                                     | 100%                              |
| 2007                                  | 851,289                                     | 100%                              |
| 2008                                  | 942,609                                     | 108%                              |
| 2009                                  | 974,215                                     | 102%                              |
| 2010                                  | 1,018,543                                   | 109%                              |

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**COMBINING FUND FINANCIAL  
STATEMENTS AND DEBT SCHEDULES**

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## **NONMAJOR GOVERNMENTAL FUNDS**

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

**Library Fund** – Accounts for revenue received through donations and book sales. Expenditures are for purchases of books and equipment for the Village library. The Library Fund was closed at September 30, 2010.

**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, 2010*

|  | <u>Special<br/>Revenue<br/>Fund</u> |           | <u>Debt<br/>Service<br/>Fund</u> | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
|--|-------------------------------------|-----------|----------------------------------|--|
|  | <u>Law<br/>Enforcement<br/>Fund</u> |           |                                  |  |
| <b>Assets:</b>                             |                                     |           |                                  |  |
| Cash and cash equivalents                  | \$ 35,264                           | \$        | 16,290                           | \$ 51,554  |
| <b>Total assets</b>                        | <b>\$ 35,264</b>                    | <b>\$</b> | <b>16,290</b>                    | <b>\$ 51,554</b>                                     |
| <b>Liabilities and Fund Balances:</b>      |                                     |           |                                  |  |
| Liabilities:                               |                                     |           |                                  |  |
| Accounts payable and accrued liabilities   | \$ -                                | \$        | -                                | \$ -   |
| Total liabilities                          | \$ -                                | \$        | -                                | \$ -   |
| Fund balances:                             |                                     |           |                                  |  |
| Restricted for:                            |                                     |           |                                  |  |
| Law enforcement                            | \$ 35,264                           | \$        |                                  | \$ 35,264  |
| Debt service                               |                                     |           | 16,290                           | 16,290   |
| Total fund balances                        | \$ 35,264                           | \$        | 16,290                           | \$ 51,554  |
| <b>Total liabilities and fund balances</b> | <b>\$ 35,264</b>                    | <b>\$</b> | <b>16,290</b>                    | <b>\$ 51,554</b>                                     |

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Combining Statement of Revenues, Expenditures and Changes in Fund Balances*

*Nonmajor Governmental Funds*

*Year Ended September 30, 2010*

|  | <b>Special Revenue Funds</b> |                                     |                                  | <b>Total<br/>Nonmajor<br/>Governmental<br/>Funds</b> |
|--|------------------------------|-------------------------------------|----------------------------------|--|
|  | <b>Library<br/>Fund</b>      | <b>Law<br/>Enforcement<br/>Fund</b> | <b>Debt<br/>Service<br/>Fund</b> |  |
| <b>Revenues</b>                                      |                              |                                     |                                  |  |
| Taxes  | \$ -                         | \$ -                                | \$ 524,940                       | \$ 524,940   |
| Confiscated property                                 | -                            | 22,778                              | -                                | 22,778   |
| Contributions  | 1,645                        | -                                   | -                                | 1,645  |
| Interest   | 107                          | 46                                  | 70                               | 223  |
| Miscellaneous  | 136                          | -                                   | -                                | 136  |
| <b>Total revenues</b>                                | <b>1,888</b>                 | <b>22,824</b>                       | <b>525,010</b>                   | <b>549,722</b>                                       |
| <b>Expenditures</b>                                  |                              |                                     |                                  |  |
| Current:   |                              |                                     |                                  |  |
| Public safety  | -                            | 5,470                               | -                                | 5,470  |
| Culture/recreation                                   | 2,000                        | -                                   | -                                | 2,000  |
| Capital outlay                                       | 7,516                        | -                                   | -                                | 7,516  |
| Debt service:  |                              |                                     |                                  |  |
| Principal  | -                            | -                                   | 165,000                          | 165,000  |
| Interest and other fiscal charges                    | -                            | -                                   | 359,939                          | 359,939  |
| <b>Total expenditures</b>                            | <b>9,516</b>                 | <b>5,470</b>                        | <b>524,939</b>                   | <b>539,925</b>                                       |
| Excess (deficiency) of revenues<br>over expenditures | (7,628)                      | 17,354                              | 71                               | 9,797  |
| <b>Other Financing Use</b>                           |                              |                                     |                                  |  |
| Transfer out   | (54,230)                     | -                                   | -                                | (54,230)   |
| <b>Total other financing use</b>                     | <b>(54,230)</b>              | <b>-</b>                            | <b>-</b>                         | <b>(54,230)</b>                                      |
| Net change in fund balances                          | (61,858)                     | 17,354                              | 71                               | (44,433)   |
| Fund balances, beginning of year                     | 61,858                       | 17,910                              | 16,219                           | 95,987   |
| <b>Fund balances, end of year</b>                    | <b>\$ -</b>                  | <b>\$ 35,264</b>                    | <b>\$ 16,290</b>                 | <b>\$ 51,554</b>                                     |

## **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, 2010

|   | <b>General<br/>Employees<br/>Pension Fund</b> | <b>Police<br/>Officers<br/>Pension Fund</b> | <b>Total Pension<br/>Funds</b> |
|---|---|---|--------------------------------|
| <b>Assets</b>                                 |   |   |                                |
| Cash and cash equivalents                     | \$ 2,336,346                                  | \$ 880,550                                  | \$ 3,216,896                   |
| Investments:                                  |   |   |                                |
| U.S. Government securities                    | 556,413                                       | 542,531                                     | 1,098,944                      |
| U.S. Government agencies                      | 156,425                                       | 561,652                                     | 718,077                        |
| Mortgage and asset-backed securities          | 10,329  | 577,960                                     | 588,289                        |
| Corporate and municipal bonds                 | 1,244,125                                     | 2,089,894                                   | 3,334,019                      |
| Domestic equity securities and mutual funds   | 5,299,077                                     | 6,181,006                                   | 11,480,083                     |
| Foreign equity securities and mutual funds    | 2,247,558                                     | 1,692,073                                   | 3,939,631                      |
| Real estate investment trusts                 | 148,241                                       | 37,776                                      | 186,017                        |
| Rights and warrants                           | -   | 31  | 31                             |
| Receivables:                                  |   |   |                                |
| Interest and dividends                        | 29,150  | 40,934                                      | 70,084                         |
| <b>Total assets</b>                           | <b>\$ 12,027,664</b>                          | <b>\$ 12,604,407</b>                        | <b>\$ 24,632,071</b>           |
| <b>Liabilities</b>                            |   |   |                                |
| Accounts payable and accrued liabilities      | \$ 26,183                                     | \$ 21,829                                   | \$ 48,012                      |
| <b>Total liabilities</b>                      | <b>\$ 26,183</b>                              | <b>\$ 21,829</b>                            | <b>\$ 48,012</b>               |
| <b>Net Assets</b>                             |   |   |                                |
| Net assets held in trust for pension benefits | \$ 12,001,481                                 | \$ 12,582,578                               | \$ 24,584,059                  |
| <b>Total net assets</b>                       | <b>\$ 12,001,481</b>                          | <b>\$ 12,582,578</b>                        | <b>\$ 24,584,059</b>           |

## VILLAGE OF PALM SPRINGS, FLORIDA

Combining Statement of Changes in Fiduciary Net Assets  
Year Ended September 30, 2010

|   | General<br>Employees<br>Pension Fund | Police<br>Officers<br>Pension Fund | Total Pension<br>Funds |
|---|--------------------------------------|------------------------------------|------------------------|
| <b>Additions</b>  |                                      |                                    |                        |
| Contributions:  |                                      |                                    |                        |
| Employer  | \$ 1,109,644                         | \$ 907,896                         | \$ 2,017,540           |
| Plan members  | 130,745                              | 168,392                            | 299,137                |
| State of Florida  | -                                    | 87,404                             | 87,404                 |
| <b>Total contributions</b>  | <b>1,240,389</b>                     | <b>1,163,692</b>                   | <b>2,404,081</b>       |
| Investment income:  |                                      |                                    |                        |
| Interest  | 97,872                               | 142,784                            | 240,656                |
| Dividends   | 140,315                              | 119,961                            | 260,276                |
| Net appreciation in fair value<br>of investments                      | 700,291                              | 775,013                            | 1,475,304              |
| Investment expenses   | (52,631)                             | (49,093)                           | (101,724)              |
| Net investment income   | 885,847                              | 988,665                            | 1,874,512              |
| <b>Total additions</b>  | <b>2,126,236</b>                     | <b>2,152,357</b>                   | <b>4,278,593</b>       |
| <b>Deductions</b>   |                                      |                                    |                        |
| Administration  | 48,039                               | 78,011                             | 126,050                |
| Benefits  | 419,029                              | 785,208                            | 1,204,237              |
| <b>Total deductions</b>   | <b>467,068</b>                       | <b>863,219</b>                     | <b>1,330,287</b>       |
| Net increase in plan net assets                                       | 1,659,168                            | 1,289,138                          | 2,948,306              |
| Net assts held in trust for pension benefits,<br>beginning of year    | 10,342,313                           | 11,293,440                         | 21,635,753             |
| <b>Net assets held in trust for pension benefits,<br/>end of year</b> | <b>\$ 12,001,481</b>                 | <b>\$ 12,582,578</b>               | <b>\$ 24,584,059</b>   |

**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, 2010

| Fiscal Year<br>Ending<br>September 30, | Governmental<br>Activities |                     | Business-type<br>Activities |                      |                      |
|--|----------------------------|---------------------|-----------------------------|----------------------|----------------------|
|  | Bond<br>Payable            | Note<br>Payable     | Revenue Bonds Payable       |                      | Total                |
|  |                            |                     | Series<br>1988              | Series<br>2003A      |                      |
| 2011                                   | \$ 516,056                 | \$ 841,972          | \$ 570,000                  | \$ 743,476           | \$ 2,671,504         |
| 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              |
| <b>Total</b>                           | <b>\$ 11,388,582</b>       | <b>\$ 1,754,109</b> | <b>\$ 1,625,000</b>         | <b>\$ 17,134,636</b> | <b>\$ 31,902,327</b> |

**VILLAGE OF PALM SPRINGS, FLORIDA**

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

| Fiscal Year  | Ending<br>September 30, | Principal        |           | Interest         |            | Total            | Interest<br>Rate |                   |        |
|--------------|-------------------------|------------------|-----------|------------------|------------|------------------|------------------|-------------------|--------|
|              |                         | May 1            | May 1     | November 1       | November 1 |                  |                  |                   |        |
| 2011         | \$                      | 170,000          | \$        | 173,028          | \$         | 173,028          | \$               | 516,056           | 4.125% |
| 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% |
| <b>Total</b> | <b>\$</b>               | <b>6,740,000</b> | <b>\$</b> | <b>2,324,291</b> | <b>\$</b>  | <b>2,324,291</b> | <b>\$</b>        | <b>11,388,582</b> |        |

**VILLAGE OF PALM SPRINGS, FLORIDA**

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

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| <b>Fiscal Year</b>   |                     |  |                  |                     |
|----------------------|---------------------|--|------------------|---------------------|
| <b>Ending</b>        |                     |  |                  |                     |
| <b>September 30,</b> | <b>Principal</b>    |  | <b>Interest</b>  | <b>Total</b>        |
| 2011                 | \$ 788,525          |  | \$ 53,447        | \$ 841,972          |
| 2012                 | 821,026             |  | 20,946           | 841,972             |
| 2013                 | 69,934              |  | 231              | 70,165              |
| <b>Total</b>         | <b>\$ 1,679,485</b> |  | <b>\$ 74,624</b> | <b>\$ 1,754,109</b> |

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**VILLAGE OF PALM SPRINGS, FLORIDA**

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

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| <b>Fiscal Year</b> | <b>Ending</b> | <b>Principal</b>     |                  | <b>Interest</b> |                  | <b>Total</b>   |                |                |           |                  |
|--------------------|---------------|----------------------|------------------|-----------------|------------------|----------------|----------------|----------------|-----------|------------------|
|                    |               | <b>September 30,</b> | <b>October 1</b> | <b>April 1</b>  | <b>October 1</b> |                | <b>April 1</b> |                |           |                  |
| 2011               | \$            | 47,854               | \$               | 45,480          | \$               | 237,146        | \$             | 239,520        | \$        | 570,000          |
| 2012               |               | 43,688               |                  | 41,490          |                  | 241,312        |                | 243,510        |           | 570,000          |
| 2013               |               | 67,808               |                  | -               |                  | 417,192        |                | -              |           | 485,000          |
| <b>Total</b>       | <b>\$</b>     | <b>159,350</b>       | <b>\$</b>        | <b>86,970</b>   | <b>\$</b>        | <b>895,650</b> | <b>\$</b>      | <b>483,030</b> | <b>\$</b> | <b>1,625,000</b> |

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## VILLAGE OF PALM SPRINGS, FLORIDA

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

| Fiscal Year  | Ending<br>September 30, | Principal         |           | Interest         |            | Total            | Interest<br>Rate |                   |        |
|--------------|-------------------------|-------------------|-----------|------------------|------------|------------------|------------------|-------------------|--------|
|              |                         | May 1             | May 1     | November 1       | November 1 |                  |                  |                   |        |
| 2011         | \$                      | 240,000           | \$        | 251,738          | \$         | 251,738          | \$               | 743,476           | 5.000% |
| 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% |
| <b>Total</b> | <b>\$</b>               | <b>10,080,000</b> | <b>\$</b> | <b>3,527,318</b> | <b>\$</b>  | <b>3,527,318</b> | <b>\$</b>        | <b>17,134,636</b> |        |

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## **STATISTICAL SECTION**

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# 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.

| <b>Contents</b>  | <b>Page</b> |
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| 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 Eight Fiscal Years*

*Accrual Basis of Accounting*

|  | Fiscal Year          |                      |                      |
|--|----------------------|----------------------|----------------------|
|  | 2003                 | 2004                 | 2005                 |
| <b>Governmental activities</b>                   |                      |                      |                      |
| 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            |
| <b>Total governmental activities net assets</b>  | <b>\$ 10,418,490</b> | <b>\$ 10,684,978</b> | <b>\$ 10,978,792</b> |
| <br><b>Business-type activities</b>              |                      |                      |                      |
| 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            |
| <b>Total business-type activities net assets</b> | <b>\$ 27,099,735</b> | <b>\$ 28,563,638</b> | <b>\$ 30,546,001</b> |
| <br><b>Primary government</b>                    |                      |                      |                      |
| 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           |
| <b>Total primary government net assets</b>       | <b>\$ 37,518,225</b> | <b>\$ 39,248,616</b> | <b>\$ 41,524,793</b> |

| <b>Fiscal Year</b>   |                      |                      |                      |                      |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| <b>2006</b>          | <b>2007</b>          | <b>2008</b>          | <b>2009</b>          | <b>2010</b>          |
| \$ 7,199,449         | \$ 7,472,382         | \$ 7,151,174         | \$ 7,167,569         | \$ 7,849,679         |
| -                    | -                    | 43,411               | 34,129               | 51,554               |
| 5,150,443            | 5,391,895            | 5,508,949            | 5,618,274            | 5,142,613            |
| <b>\$ 12,349,892</b> | <b>\$ 12,864,277</b> | <b>\$ 12,703,534</b> | <b>\$ 12,819,972</b> | <b>\$ 13,043,846</b> |
| \$ 27,627,368        | \$ 28,748,028        | \$ 29,837,394        | \$ 31,406,094        | \$ 33,504,764        |
| 118,999              | 1,357,698            | 1,317,850            | 1,273,221            | 1,232,301            |
| 5,253,146            | 4,015,758            | 3,007,831            | 2,193,571            | 1,337,640            |
| <b>\$ 32,999,513</b> | <b>\$ 34,121,484</b> | <b>\$ 34,163,075</b> | <b>\$ 34,872,886</b> | <b>\$ 36,074,705</b> |
| \$ 34,826,817        | \$ 36,220,410        | \$ 36,988,568        | \$ 38,573,663        | \$ 41,354,443        |
| 118,999              | 1,357,698            | 1,361,261            | 1,307,350            | 1,283,855            |
| 10,403,589           | 9,407,653            | 8,516,780            | 7,811,845            | 6,480,253            |
| <b>\$ 45,349,405</b> | <b>\$ 46,985,761</b> | <b>\$ 46,866,609</b> | <b>\$ 47,692,858</b> | <b>\$ 49,118,551</b> |

## VILLAGE OF PALM SPRINGS, FLORIDA

*Changes in Net Assets*

*Last Eight Fiscal Years*

*Accrual Basis of Accounting*

|  | Fiscal Year           |                       |                       |
|--|-----------------------|-----------------------|-----------------------|
|  | 2003                  | 2004                  | 2005                  |
| <b>Expenses</b>  |                       |                       |                       |
| 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               |
| <b>Total governmental activities expenses</b>          | <b>7,527,739</b>      | <b>9,058,059</b>      | <b>10,073,111</b>     |
| Business-type activities:                              |                       |                       |                       |
| Water/Sewer Utility                                    | 7,404,500             | 8,006,446             | 7,751,695             |
| <b>Total business-type activities expenses</b>         | <b>7,404,500</b>      | <b>8,006,446</b>      | <b>7,751,695</b>      |
| <b>Total primary government expenses</b>               | <b>\$ 14,932,239</b>  | <b>\$ 17,064,505</b>  | <b>\$ 17,824,806</b>  |
| <b>Program Revenues</b>                                |                       |                       |                       |
| 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               | -                     |
| <b>Total governmental activities program revenues</b>  | <b>2,366,838</b>      | <b>2,240,131</b>      | <b>2,371,981</b>      |
| 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               |
| <b>Total business-type activities program revenues</b> | <b>9,744,530</b>      | <b>10,353,033</b>     | <b>10,574,402</b>     |
| <b>Total primary government program revenues</b>       | <b>\$ 12,111,368</b>  | <b>\$ 12,593,164</b>  | <b>\$ 12,946,383</b>  |
| <b>Net (expense)/revenue</b>                           |                       |                       |                       |
| Governmental activities                                | \$ (5,160,901)        | \$ (6,817,928)        | \$ (7,701,130)        |
| Business-type activities                               | 2,340,030             | 2,346,587             | 2,822,707             |
| <b>Total primary government net expense</b>            | <b>\$ (2,820,871)</b> | <b>\$ (4,471,341)</b> | <b>\$ (4,878,423)</b> |

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

## VILLAGE OF PALM SPRINGS, FLORIDA

*Changes in Net Assets (Continued)*

*Last Eight Fiscal Years*

*Accrual Basis of Accounting*

|   | Fiscal Year         |                     |                     |
|---|---------------------|---------------------|---------------------|
|   | 2003                | 2004                | 2005                |
| <b>General Revenues and Other Changes in Net Assets</b> |                     |                     |                     |
| 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 earnings                                     | 133,061             | 70,684              | 126,658             |
| Miscellaneous   | 86,129              | 31,340              | 144,544             |
| Transfers   | 990,172             | 1,115,370           | 1,200,265           |
| <b>Total governmental activities</b>                    | <b>6,676,598</b>    | <b>7,084,416</b>    | <b>7,994,944</b>    |
| Business-type activities                                |                     |                     |                     |
| Investment earnings                                     | 238,020             | 219,955             | 330,172             |
| Miscellaneous   | 19,657              | 12,731              | 29,749              |
| Transfers   | (990,172)           | (1,115,370)         | (1,200,265)         |
| <b>Total business-type activities</b>                   | <b>(732,495)</b>    | <b>(882,684)</b>    | <b>(840,344)</b>    |
| <b>Total primary government</b>                         | <b>\$ 5,944,103</b> | <b>\$ 6,201,732</b> | <b>\$ 7,154,600</b> |
| <b>Changes in Net Assets</b>                            |                     |                     |                     |
| Governmental activities                                 | \$ 1,515,697        | \$ 266,488          | \$ 293,814          |
| Business-type activities                                | 1,607,535           | 1,463,903           | 1,982,363           |
| <b>Total primary government</b>                         | <b>\$ 3,123,232</b> | <b>\$ 1,730,391</b> | <b>\$ 2,276,177</b> |

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.

| <b>Fiscal Year</b>  |                     |                     |                     |                     |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| <b>2006</b>         | <b>2007</b>         | <b>2008</b>         | <b>2009</b>         | <b>2010</b>         |
| \$ 3,125,706        | \$ 4,262,490        | \$ 4,220,565        | \$ 4,124,073        | \$ 2,917,117        |
| 1,661,837           | 1,720,394           | 1,757,165           | 1,904,565           | 1,955,211           |
| 810,272             | 888,873             | 964,983             | 1,011,953           | 974,408             |
| 1,453,700           | 1,412,439           | 1,362,776           | 1,293,888           | 1,295,958           |
| -                   | -                   | -                   | 229,978             | 238,928             |
| 521,390             | 508,398             | 471,931             | 427,967             | 427,847             |
| 239,422             | 326,789             | 163,416             | 31,990              | 36,196              |
| 62,633              | 112,024             | 167,886             | 24,005              | 43,715              |
| 1,270,286           | 1,312,119           | 1,466,645           | 1,515,547           | 1,449,356           |
| <b>9,145,246</b>    | <b>10,543,526</b>   | <b>10,575,367</b>   | <b>10,563,966</b>   | <b>9,338,736</b>    |
| 441,016             | 388,337             | 155,086             | 44,096              | 94,803              |
| 10,003              | 4,345               | 40,431              | 21,063              | 16,163              |
| (1,270,286)         | (1,312,119)         | (1,466,645)         | (1,515,547)         | (1,449,356)         |
| <b>(819,267)</b>    | <b>(919,437)</b>    | <b>(1,271,128)</b>  | <b>(1,450,388)</b>  | <b>(1,338,390)</b>  |
| <b>\$ 8,325,979</b> | <b>\$ 9,624,089</b> | <b>\$ 9,304,239</b> | <b>\$ 9,113,578</b> | <b>\$ 8,000,346</b> |
| \$ 1,371,100        | \$ 514,385          | \$ (160,743)        | \$ 75,419           | \$ 223,874          |
| 2,453,512           | 1,121,971           | 41,591              | 671,517             | 1,201,819           |
| <b>\$ 3,824,612</b> | <b>\$ 1,636,356</b> | <b>\$ (119,152)</b> | <b>\$ 746,936</b>   | <b>\$ 1,425,693</b> |

## VILLAGE OF PALM SPRINGS, FLORIDA

*Governmental Activities Tax Revenues by Source*

*Last Eight Fiscal Years*

*Accrual Basis of Accounting*

| <b>Fiscal Year</b> | <b>Property Tax</b> | <b>Utility Service Tax</b> | <b>Franchise Fees</b> | <b>Sales and Use Tax</b> | <b>Local Business Taxes <sup>(1)</sup></b> | <b>Total</b> |
|--------------------|---------------------|----------------------------|-----------------------|--------------------------|--|--------------|
| <b>2003</b>        | \$ 2,138,258        | \$ 1,241,306               | \$ 526,320            | \$ 1,197,671             | \$ -                                       | \$ 5,103,555 |
| <b>2004</b>        | 2,317,271           | 1,285,916                  | 552,295               | 1,290,027                | -  | 5,445,509    |
| <b>2005</b>        | 2,616,249           | 1,492,779                  | 562,586               | 1,346,148                | -  | 6,017,762    |
| <b>2006</b>        | 3,125,706           | 1,661,837                  | 810,272               | 1,453,700                | -  | 7,051,515    |
| <b>2007</b>        | 4,262,490           | 1,720,394                  | 888,873               | 1,412,439                | -  | 8,284,196    |
| <b>2008</b>        | 4,220,565           | 1,757,165                  | 964,983               | 1,362,776                | -  | 8,305,489    |
| <b>2009</b>        | 4,124,073           | 1,904,565                  | 1,011,953             | 1,293,888                | 229,978                                    | 8,564,457    |
| <b>2010</b>        | 2,917,117           | 1,955,211                  | 974,408               | 1,295,958                | 238,928                                    | 7,381,622    |

<sup>(1)</sup> 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*

|   | <b>Fiscal Year</b>  |                    |                     |                     |
|---|---------------------|--------------------|---------------------|---------------------|
|   | <b>2001</b>         | <b>2002</b>        | <b>2003</b>         | <b>2004</b>         |
| <b>General fund</b>                     |                     |                    |                     |                     |
| Reserved                                | \$ 10,604           | \$ 6,259           | \$ 9,703            | \$ 11,692           |
| Unreserved                              | 2,785,703           | 3,457,660          | 3,798,650           | 4,072,476           |
| Nonspendable:                           |                     |                    |                     |                     |
| Inventory                               | -                   | -                  | -                   | -                   |
| Assigned to:                            |                     |                    |                     |                     |
| Disaster recovery                       | -                   | -                  | -                   | -                   |
| Capital projects                        | -                   | -                  | -                   | -                   |
| Library                                 | -                   | -                  | -                   | -                   |
| Subsequent year's budget                | -                   | -                  | -                   | -                   |
| Unassigned                              | -                   | -                  | -                   | -                   |
| Total General Fund                      | <u>\$ 2,796,307</u> | <u>\$3,463,919</u> | <u>\$ 3,808,353</u> | <u>\$ 4,084,168</u> |
| <br><b>All other governmental funds</b> |                     |                    |                     |                     |
| Reserved                                | \$ 12,614           | \$6,167,601        | \$ 2,369,958        | \$ 249,050          |
| Unreserved, reported in:                |                     |                    |                     |                     |
| Special revenue funds                   | 17,786              | 19,092             | 50,076              | 70,382              |
| Restricted for:                         |                     |                    |                     |                     |
| Law enforcement                         | -                   | -                  | -                   | -                   |
| Debt service                            | -                   | -                  | -                   | -                   |
| Total all other governmental funds      | <u>\$ 30,400</u>    | <u>\$6,186,693</u> | <u>\$ 2,420,034</u> | <u>\$ 319,432</u>   |

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

| Fiscal Year         |                     |                     |                     |                     |                     |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| 2005                | 2006                | 2007                | 2008                | 2009                | 2010                |
| \$ 22,622           | \$ 16,822           | \$ 25,330           | \$ 74,048           | \$ 54,425           | \$ -                |
| 4,127,817           | 5,317,561           | 5,929,454           | 6,004,672           | 5,987,424           | -                   |
| -                   | -                   | -                   | -                   | -                   | 26,966              |
| -                   | -                   | -                   | -                   | -                   | 1,500,000           |
| -                   | -                   | -                   | -                   | -                   | 1,000,000           |
| -                   | -                   | -                   | -                   | -                   | 54,230              |
| -                   | -                   | -                   | -                   | -                   | 321,946             |
| -                   | -                   | -                   | -                   | -                   | 2,754,765           |
| <u>\$ 4,150,439</u> | <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> |
| \$ 201,098          | \$ 42,717           | \$ 54,175           | \$ 43,411           | \$ 34,129           | \$ -                |
| 73,249              | 71,905              | 64,906              | 66,396              | 61,858              | -                   |
| -                   | -                   | -                   | -                   | -                   | 35,264              |
| -                   | -                   | -                   | -                   | -                   | 16,290              |
| <u>\$ 274,347</u>   | <u>\$ 114,622</u>   | <u>\$ 119,081</u>   | <u>\$ 109,807</u>   | <u>\$ 95,987</u>    | <u>\$ 51,554</u>    |

## VILLAGE OF PALM SPRINGS, FLORIDA

*Changes in Fund Balances of Governmental Funds*

*Last Ten Fiscal Years*

*Modified Accrual Basis of Accounting*

|   | Fiscal Year       |                     |                      |                      |
|---|-------------------|---------------------|----------------------|----------------------|
|   | 2001              | 2002                | 2003                 | 2004                 |
| <b>Revenues</b>   |                   |                     |                      |                      |
| Taxes   | \$ 2,817,347      | \$ 3,272,134        | \$ 3,905,884         | \$ 4,155,482         |
| Licenses and permits  | 175,713           | 258,364             | 620,841              | 711,795              |
| Intergovernmental   | 1,493,623         | 1,566,010           | 1,749,953            | 1,955,300            |
| Confiscated property  | -                 | -                   | 15,515               | 29,578               |
| Grants  | -                 | -                   | 591,141              | 154,859              |
| Charges for services  | 643,125           | 653,923             | 723,730              | 845,962              |
| Fines and forfeitures                                       | 162,697           | 179,059             | 170,629              | 140,670              |
| Contributions and donations                                 | 33,596            | 24,635              | 49,311               | 33,434               |
| Investment earnings   | 144,638           | 164,983             | 133,061              | 70,684               |
| Miscellaneous   | 188,154           | 51,488              | 93,200               | 111,413              |
| <b>Total revenues</b>                                       | <b>5,658,893</b>  | <b>6,170,596</b>    | <b>8,053,265</b>     | <b>8,209,177</b>     |
| <b>Expenditures</b>   |                   |                     |                      |                      |
| General government  | 819,386           | 906,582             | 988,770              | 1,050,402            |
| Public safety   | 2,871,557         | 3,117,272           | 3,552,982            | 4,005,927            |
| Physical environment  | 327,565           | 385,569             | 406,397              | 752,528              |
| Transportation  | 552,555           | 584,258             | 699,430              | 912,573              |
| Culture/Recreation  | 1,018,519         | 923,166             | 1,029,230            | 1,193,457            |
| Capital Outlay  | 507,050           | 2,161,371           | 5,045,584            | 2,707,162            |
| Debt service  |                   |                     |                      |                      |
| Principal   | 50,995            | 53,800              | 371,461              | 130,000              |
| Interest and other fiscal charges                           | 17,898            | 15,022              | 409,092              | 397,285              |
| <b>Total expenditures</b>                                   | <b>6,165,525</b>  | <b>8,147,040</b>    | <b>12,502,946</b>    | <b>11,149,334</b>    |
| Excess of revenues<br>over (under) expenditures             | (506,632)         | (1,976,444)         | (4,449,681)          | (2,940,157)          |
| <b>Other financing sources (uses)</b>                       |                   |                     |                      |                      |
| Insurance recoveries  | -                 | -                   | -                    | -                    |
| Transfers in  | 1,169,944         | 970,424             | 1,183,220            | 1,115,370            |
| Transfers out   | (216,292)         | -                   | (193,048)            | -                    |
| Bonds issued  | -                 | 7,829,925           | -                    | -                    |
| <b>Total other financing<br/>sources (uses)</b>             | <b>953,652</b>    | <b>8,800,349</b>    | <b>990,172</b>       | <b>1,115,370</b>     |
| Net change in fund balances                                 | <b>\$ 447,020</b> | <b>\$ 6,823,905</b> | <b>\$(3,459,509)</b> | <b>\$(1,824,787)</b> |
| Debt service as a percentage of non-capital<br>expenditures | 1.22%             | 1.15%               | 10.47%               | 6.25%                |

| Fiscal Year       |                     |                   |                   |                    |                     |
|-------------------|---------------------|-------------------|-------------------|--------------------|---------------------|
| 2005              | 2006                | 2007              | 2008              | 2009               | 2010                |
| \$ 4,671,614      | \$ 5,597,815        | \$ 6,871,757      | \$ 6,942,713      | \$ 7,270,569       | \$ 6,085,664        |
| 446,473           | 749,514             | 807,031           | 415,096           | 117,276            | 334,970             |
| 2,426,341         | 3,134,436           | 2,439,028         | 2,179,288         | 2,378,024          | 2,193,081           |
| 13,167            | 25,924              | 101,432           | 32,301            | 33,897             | 22,778              |
| -                 | -                   | -                 | -                 | -                  | -                   |
| 1,025,234         | 1,166,898           | 1,290,774         | 1,546,796         | 1,790,671          | 1,537,494           |
| 162,527           | 182,734             | 173,730           | 303,837           | 247,398            | 298,169             |
| 18,311            | 64,268              | 17,547            | 15,379            | 13,498             | 10,645              |
| 126,658           | 239,422             | 326,789           | 163,416           | 31,990             | 36,196              |
| 202,041           | 191,660             | 245,462           | 262,137           | 127,236            | 212,587             |
| <b>9,092,366</b>  | <b>11,352,671</b>   | <b>12,273,550</b> | <b>11,860,963</b> | <b>12,010,559</b>  | <b>10,731,584</b>   |
| 1,247,293         | 1,283,700           | 1,383,491         | 1,446,600         | 1,438,136          | 1,438,735           |
| 4,845,761         | 5,748,952           | 6,918,839         | 7,606,128         | 7,800,710          | 6,339,717           |
| 723,124           | 996,777             | 782,933           | 907,704           | 675,256            | 681,948             |
| 1,007,187         | 917,523             | 994,880           | 908,705           | 903,365            | 975,657             |
| 1,238,815         | 1,408,466           | 1,507,621         | 1,475,500         | 1,473,942          | 1,503,238           |
| 681,664           | 911,849             | 849,262           | 346,028           | 758,932            | 1,145,081           |
| 135,000           | 140,000             | 145,000           | 150,000           | 160,000            | 165,000             |
| 392,601           | 385,638             | 378,783           | 372,281           | 366,456            | 359,939             |
| <b>10,271,445</b> | <b>11,792,905</b>   | <b>12,960,809</b> | <b>13,212,946</b> | <b>13,576,797</b>  | <b>12,609,315</b>   |
| (1,179,079)       | (440,234)           | (687,259)         | (1,351,983)       | (1,566,238)        | (1,877,731)         |
| -                 | 194,167             | -                 | -                 | -                  | -                   |
| 1,200,265         | 1,270,286           | 1,312,572         | 1,466,645         | 1,515,547          | 1,503,586           |
| -                 | -                   | (453)             | -                 | -                  | (54,230)            |
| -                 | -                   | -                 | -                 | -                  | -                   |
| <b>1,200,265</b>  | <b>1,464,453</b>    | <b>1,312,119</b>  | <b>1,466,645</b>  | <b>1,515,547</b>   | <b>1,449,356</b>    |
| <b>\$ 21,186</b>  | <b>\$ 1,024,219</b> | <b>\$ 624,860</b> | <b>\$ 114,662</b> | <b>\$ (50,691)</b> | <b>\$ (428,375)</b> |
| 5.50%             | 4.83%               | 4.32%             | 4.06%             | 4.11%              | 4.58%               |

**VILLAGE OF PALM SPRINGS, FLORIDA***General Governmental Tax Revenues by Source**Last Ten Fiscal Years**Modified Accrual Basis of Accounting*

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| <b>Fiscal<br/>Year</b> | <b>Property<br/>Tax</b> | <b>Utility<br/>Service<br/>Tax</b> | <b>Franchise<br/>Fees</b> | <b>Sales<br/>Tax</b> | <b>Local<br/>Business<br/>Taxes<sup>(1)</sup></b> | <b>Total</b> |
|------------------------|-------------------------|------------------------------------|---------------------------|----------------------|---|--------------|
| <b>2001</b>            | \$ 1,272,374            | \$ 952,623                         | \$ 592,350                | \$ 784,982           | \$ -  | \$ 3,602,329 |
| <b>2002</b>            | 1,489,071               | 1,262,933                          | 520,130                   | 878,129              | -   | 4,150,263    |
| <b>2003</b>            | 2,138,258               | 1,241,306                          | 526,320                   | 900,323              | -   | 4,806,207    |
| <b>2004</b>            | 2,317,271               | 1,285,916                          | 552,295                   | 979,566              | -   | 5,135,048    |
| <b>2005</b>            | 2,616,249               | 1,492,779                          | 562,586                   | 1,038,093            | -   | 5,709,707    |
| <b>2006</b>            | 3,125,706               | 1,661,837                          | 810,272                   | 1,102,442            | -   | 6,700,257    |
| <b>2007</b>            | 4,262,490               | 1,720,394                          | 888,873                   | 1,065,592            | -   | 7,937,349    |
| <b>2008</b>            | 4,220,565               | 1,757,165                          | 964,983                   | 1,021,165            | -   | 7,963,878    |
| <b>2009</b>            | 4,124,073               | 1,904,565                          | 1,011,953                 | 961,583              | 229,978   | 8,232,152    |
| <b>2010</b>            | 2,917,117               | 1,955,211                          | 974,408                   | 956,028              | 238,928   | 7,041,692    |

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<sup>(1)</sup> 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<br>Ending<br>September 30, | Assessed Values  |                      | Total<br>Taxable<br>Assessed<br>Value <sup>(1)</sup> | Total<br>Direct<br>Tax Rate | Estimated<br>Actual<br>Taxable<br>Value <sup>(1)</sup> |
|--|------------------|----------------------|--|-----------------------------|--|
|  | Real<br>Property | Personal<br>Property |  |                             |  |
| 2001                                   | \$ 225,302,844   | \$ 13,552,211        | \$ 238,855,055                                       | 21.5792                     | \$ 251,426,374   |
| 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  |

<sup>(1)</sup> 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*

| <b>Fiscal Year<br/>Ending<br/>September 30,</b> | <b>General<br/>Fund</b> | <b>Debt<br/>Service</b> | <b>Total<br/>Village<br/>of Palm<br/>Springs</b> | <b>School<br/>District</b> | <b>Palm<br/>Beach<br/>County</b> | <b>Special<br/>Taxing<br/>Districts</b> | <b>Total<br/>All</b> |
|---|-------------------------|-------------------------|--|----------------------------|----------------------------------|---|----------------------|
| 2001  | 5.1593                  | 0.3026                  | 5.4619   | 8.9179                     | 4.9363                           | 2.2631                                  | 21.5792              |
| 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                           | 5.9514                                  | 22.7694              |

|                            |  |
|----------------------------|--|
| 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*

|                                   | <b>2009</b>                               |                   |             |   |
|-----------------------------------|---|-------------------|-------------|---|
|                                   | <b>Taxable<br/>Assessed<br/>Valuation</b> | <b>Taxes</b>      | <b>Rank</b> | <b>Percentage of<br/>Total Taxes<br/>Levied</b> |
| 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.  | -   | -                 | -           | -   |
| Boville Assoc. Ltd.               | -   | -                 | -           | -   |
| Manors Apartments Ltd.            | -   | -                 | -           | -   |
| Walgreen Co.                      | -   | -                 | -           | -   |
| Forest Hill Blvd Associates Ltd.  | -   | -                 | -           | -   |
| Congress II Investors Ltd.        | -   | -                 | -           | -   |
| 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 was not available from the Palm Beach County Tax Collector. Prior year information for 2009 was the most recent year available.

| <b>2001</b>                       |                   |             |   |
|-----------------------------------|-------------------|-------------|---|
| <b>Taxable Assessed Valuation</b> | <b>Taxes</b>      | <b>Rank</b> | <b>Percentage of Total Taxes Levied</b> |
| \$ 5,144,504                      | \$ 26,542         | 5           | 2.15%                                   |
| 12,300,000                        | 63,459            | 1           | 5.13%                                   |
| 8,838,103                         | 45,598            | 2           | 3.69%                                   |
| 5,803,145                         | 29,940            | 3           | 2.42%                                   |
| 4,000,000                         | 20,637            | 8           | 1.67%                                   |
| 5,829,512                         | 30,076            | 4           | 2.43%                                   |
| 5,707,984                         | 29,449            | 6           | 2.38%                                   |
| 4,937,837                         | 25,476            | 7           | 2.06%                                   |
| 3,260,383                         | 16,821            | 9           | 1.36%                                   |
| 2,866,000                         | 14,787            | 10          | 1.20%                                   |
| <b>\$ 58,687,468</b>              | <b>\$ 302,785</b> |             | <b>24.49%</b>                           |

## VILLAGE OF PALM SPRINGS, FLORIDA

### Property Tax Levies and Collections

#### Last Ten Fiscal Years

| <b>Fiscal Year<br/>Ending<br/>September 30,</b> | <b>Net Tax<br/>Levy <sup>(1)</sup></b> | <b>Current<br/>Tax<br/>Collections</b> | <b>Percent<br/>of Levy<br/>Collected</b> | <b>Delinquent<br/>Tax<br/>Collections</b> | <b>Total<br/>Property<br/>Tax<br/>Collections</b> | <b>Collections<br/>as a Percent<br/>of Current<br/>Levy</b> |
|---|--|--|--|---|---|---|
| 2001  | \$ 1,236,451                           | \$ 1,189,979                           | 96.24%                                   | \$ 13,483                                 | \$ 1,203,462                                      | 97.33%  |
| 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%  |

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

<sup>(1)</sup> Tax levy, net of allowance for discounts.

## VILLAGE OF PALM SPRINGS, FLORIDA

Water and Sewer Revenue Base

Last Ten Fiscal Years

| Fiscal Year<br>Ending<br>September 30, | Water                              |                             | Number<br>of Active<br>Water<br>Customer<br>Accounts | Wastewater                        |                             | Number<br>of Active<br>Wastewater<br>Customer<br>Accounts |
|--|------------------------------------|-----------------------------|--|-----------------------------------|-----------------------------|---|
|  | Gallons<br>Consumed <sup>(1)</sup> | Base<br>Rate <sup>(2)</sup> |  | Gallons<br>Treated <sup>(1)</sup> | Base<br>Rate <sup>(3)</sup> |   |
| 2001                                   | 1,378,785                          | \$ 10.64                    | 11,672   | N/A                               | \$ 15.74                    | 9,018   |
| 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  |

<sup>(1)</sup> Gallons are in thousands.

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

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

N/A - Not available.

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 Eight Fiscal Years

| Fiscal Year | Governmental Activities  |                             | Business-type Activities |                            | Total <sup>(1)</sup><br>Primary Government | Percentage of Personal Income <sup>(2)</sup> | 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                               | 5.55%  | \$ 2,525   |
| 2004        | 7,635,000                | 16,854,899                  | 5,796,318                | 1,223,927                  | 31,510,144                                 | 5.10%  | 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      |

**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.

<sup>(1)</sup> The Village does not have a legal debt margin.

<sup>(2)</sup> 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*

| <b>Fiscal Year</b> | <b>General Obligation Bonds</b> | <b>Less: Amounts Available in Debt Service Fund</b> | <b>Total</b> | <b>Assessed Value of Taxable Property</b> | <b>Percentage of Assessed Value of Taxable Property</b> | <b>Population</b> | <b>Per Capita</b> |
|--------------------|---------------------------------|---|--------------|---|---|-------------------|-------------------|
| 2001               | \$ 300,261                      | \$ 12,614   | \$ 287,647   | \$ 238,855,055                            | 0.12%   | 12,351            | \$ 23.29          |
| 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            |
| 2004               | 7,635,000                       | 20,677  | 7,614,323    | 379,187,543                               | 2.01%   | 13,363            | 569.81            |
| 2005               | 7,500,000                       | 20,696  | 7,479,304    | 453,232,893                               | 1.65%   | 13,363            | 559.70            |
| 2006               | 7,360,000                       | 20,793  | 7,339,207    | 562,968,596                               | 1.30%   | 13,890            | 528.38            |
| 2007               | 7,215,000                       | 15,275  | 7,199,725    | 809,724,061                               | 0.89%   | 14,363            | 501.27            |
| 2008               | 7,065,000                       | 15,892  | 7,049,108    | 945,695,948                               | 0.75%   | 14,630            | 481.83            |
| 2009               | 6,905,000                       | 16,219  | 6,888,781    | 864,384,157                               | 0.80%   | 15,578            | 442.21            |
| 2010               | 6,740,000                       | 16,290  | 6,723,710    | 694,482,029                               | 0.97%   | 15,831            | 424.72            |

**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, 2010*

|  | <b>Total<br/>Outstanding</b> | <b>Percentage<br/>Applicable to<br/>Village of<br/>Palm Springs<sup>(1)</sup></b> | <b>Amount<br/>Applicable to<br/>Village of<br/>Palm Springs</b> |
|--|------------------------------|---|---|
| Direct:  |                              |   |   |
| Village of Palm Springs  | \$ 6,740,000                 | 100.00%   | \$ 6,740,000  |
| Overlapping:   |                              |   |   |
| Palm Beach County  | 250,470,000                  | 0.54%   | 1,352,538   |
| Palm Beach County School District                                      | 29,555,000                   | 0.54%   | 159,597   |
| Total overlapping debt   | 280,025,000                  |   | 1,512,135   |
| <b>Total direct and overlapping debt payable from ad valorem taxes</b> |                              |   | <b>\$ 8,252,135</b>   |
| Estimated population   |                              |   | 15,831  |
| Total direct and overlapping debt per capita                           |                              |   | \$ 521.26   |

<sup>(1)</sup> 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*

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| <b>Fiscal Year<br/>Ended<br/>September 30,</b> | <b>Gross<br/>Revenue*</b> | <b>Operating<br/>Expenses**</b> | <b>Revenue<br/>Available for<br/>Debt<br/>Coverage</b> | <b>Current Debt<br/>Service</b> | <b>Current<br/>Coverage</b> |
|--|---------------------------|---------------------------------|--|---------------------------------|-----------------------------|
| <b>2001</b>                                    | \$ 9,210,914              | \$ 4,124,621                    | \$ 5,086,293   | \$1,827,741                     | 2.78                        |
| <b>2002</b>                                    | 9,294,750                 | 4,350,714                       | 4,944,036  | 1,728,272                       | 2.86                        |
| <b>2003</b>                                    | 10,002,207                | 4,470,650                       | 5,531,557  | 2,071,785                       | 2.67                        |
| <b>2004</b>                                    | 10,585,719                | 4,738,093                       | 5,847,626  | 2,267,047                       | 2.58                        |
| <b>2005</b>                                    | 10,934,323                | 5,141,817                       | 5,792,506  | 2,273,972                       | 2.55                        |
| <b>2006</b>                                    | 10,934,323                | 5,141,817                       | 5,792,506  | 2,269,972                       | 2.55                        |
| <b>2007</b>                                    | 12,629,558                | 6,820,199                       | 5,809,359  | 2,246,972                       | 2.59                        |
| <b>2008</b>                                    | 12,077,968                | 7,350,126                       | 4,727,842  | 2,165,148                       | 2.18                        |
| <b>2009</b>                                    | 12,849,181                | 7,369,105                       | 5,480,076  | 2,163,698                       | 2.53                        |
| <b>2010</b>                                    | 13,961,903                | 8,091,259                       | 5,870,644  | 2,156,946                       | 2.72                        |

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\* Includes interest income and capital contributions.

\*\* Excludes depreciation and amortization expense.

## VILLAGE OF PALM SPRINGS, FLORIDA

### Demographic and Economic Statistics

Last Ten Fiscal Years

| <b>Fiscal Year</b> | <b>Population<sup>(1)</sup></b> | <b>Per Capita Personal Income<sup>(2)</sup></b> | <b>Estimated Total Personal Income<sup>(3)</sup></b> | <b>Median Age<sup>(2)</sup></b> | <b>Education Level in Years of Formal Schooling</b> | <b>School Enrollment<sup>(2)</sup></b> | <b>Unemployment Rate<sup>(2)</sup></b> |
|--------------------|---------------------------------|---|--|---------------------------------|---|--|--|
| 2001               | 12,351                          | \$ 41,907                                       | \$517,593,357  | N/A                             | N/A   | N/A                                    | 6.0%                                   |
| 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%                                  |

#### Data Sources:

<sup>(1)</sup> The population for 2003 through 2010 was obtained from the University of Florida, Bureau of Economic Business Administration. The population for 2001 and 2002 was obtained from the 2000 U.S. Census Bureau count.

<sup>(2)</sup> 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.

<sup>(3)</sup> 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*

|                                      | 2009 <sup>(1)</sup> |             |   | 2001             |             |   |
|--------------------------------------|---------------------|-------------|---|------------------|-------------|---|
|                                      | <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> |
| <b>Employer</b>                      |                     |             |   |                  |             |   |
| Palm Beach County School District    | 21,718              | 1           | N/A   | N/A              | N/A         | N/A   |
| Palm Beach County                    | 11,319              | 2           | N/A   | N/A              | N/A         | N/A   |
| Tenet Healthcare Corp.               | 4,500               | 3           | N/A   | N/A              | N/A         | N/A   |
| Florida Power & Light (Headquarters) | 3,632               | 4           | N/A   | N/A              | N/A         | N/A   |
| HCA                                  | 3,395               | 5           | N/A   | N/A              | N/A         | N/A   |
| Wackenhut Corporation                | 3,000               | 6           | N/A   | N/A              | N/A         | N/A   |
| Florida Atlantic University          | 2,838               | 7           | N/A   | N/A              | N/A         | N/A   |
| Veterans Health Administration       | 2,207               | 8           | N/A   | N/A              | N/A         | N/A   |
| Office Depot                         | 2,100               | 9           | N/A   | N/A              | N/A         | N/A   |
| Boca Raton Community Hospital        | 2,100               | 10          | N/A   | N/A              | N/A         | N/A   |
| Totals                               | <u>56,809</u>       |             | <u>N/A</u>                                    | <u>N/A</u>       |             | <u>N/A</u>                                    |

<sup>(1)</sup> Source: Business Development Board of Palm Beach County. Data is for Palm Beach County, Florida, for 2009. Data for 2010 is not available. 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>2001</u> | <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> |
|-------------------------|-------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|-------------|
| General government      | 11.5        | 11.5         | 11.5        | 12.5        | 13.5        | 13.5        | 15          | 15          | 15           | 14.5        |
| Public Safety           |             |              |             |             |             |             |             |             |              |             |
| Building official       | 1           | 1            | 1           | 1           | 1           | 1           | 1           | 1           | 1            | 1           |
| Land development        | 3.5         | 3.5          | 4.5         | 6.5         | 8           | 6.5         | 6.5         | 6           | 4            | 3           |
| Police officers         | 32          | 32           | 33          | 34          | 38          | 38          | 38.5        | 40          | 39           | 38          |
| Firefighters <b>(b)</b> | 4           | 4            | 4           | 4           | 8           | 9           | 12          | 18          | 22.5         | 0           |
| Civilian police/fire    | 9           | 15           | 16.5        | 16.5        | 18          | 16.5        | 15          | 12          | 14           | 15          |
| Sanitation <b>(a)</b>   | 6           | 7            | 7           | 10          | 11          | 9           | 11          | 0           | 0            | 0           |
| Transportation          | 15          | 15           | 17          | 18          | 19          | 12          | 9           | 13          | 12           | 11          |
| Culture/Recreation      |             |              |             |             |             |             |             |             |              |             |
| Library                 | 9           | 9            | 8.5         | 9           | 9           | 9           | 9.5         | 10          | 9.5          | 10          |
| Leisure services        | 10          | 7.5          | 11          | 10.5        | 11.5        | 11.5        | 11.5        | 12          | 9            | 7.5         |
| Water & Sewer Utility   | <u>41</u>   | <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>   |
| <b>Total</b>            | <b>142</b>  | <b>146.5</b> | <b>155</b>  | <b>167</b>  | <b>183</b>  | <b>174</b>  | <b>182</b>  | <b>183</b>  | <b>182.5</b> | <b>158</b>  |

**(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 |        |        |
|--|-------------|--------|--------|
|  | 2001        | 2002   | 2003   |
| <b>Public Safety</b>                               |             |        |        |
| <b>Police</b>                                      |             |        |        |
| Physical arrests                                   | 786         | 679    | 906    |
| Parking violations                                 | N/A         | N/A    | 375    |
| Traffic violations                                 | 9,383       | 11,280 | 9,257  |
| <b>Fire</b>  |             |        |        |
| Number of calls <b>(a)</b>                         | 1,017       | 1,300  | 1,475  |
| <b>Sanitation (b)</b>                              |             |        |        |
| Refuse collected (tons)                            | 3,887       | 4,239  | 4,491  |
| Recyclables collected (tons)                       | 656         | 626    | 602    |
| <b>Roads and Streets</b>                           |             |        |        |
| Street resurfacing (miles)                         | N/A         | N/A    | N/A    |
| Pot holes repaired                                 | 162         | 173    | 194    |
| <b>Culture/recreation</b>                          |             |        |        |
| <b>Library</b>                                     |             |        |        |
| Circulation  | 59,277      | 62,219 | 62,317 |
| Active cardholders                                 | N/A         | N/A    | N/A    |
| Reference questions                                | N/A         | N/A    | N/A    |
| Programs offered                                   | 364         | 291    | 403    |
| Program attendance                                 | 5,436       | 2,992  | 3,096  |
| Total library visitors                             | N/A         | N/A    | N/A    |
| <b>Leisure Services</b>                            |             |        |        |
| 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    | N/A    |
| Youth athletic participants                        | 974         | 950    | 900    |
| Camp program participants                          | 425         | 425    | 450    |
| Class participants                                 | 75          | 75     | 150    |
| Travel Club members                                | -           | -      | -      |
| Special event participants                         | -           | -      | -      |
| Facility rentals                                   | -           | -      | -      |
| <b>Water/Sewer Utility</b>                         |             |        |        |
| Water accounts                                     | 11,672      | 11,931 | 11,531 |
| Water customers                                    | N/A         | N/A    | N/A    |
| Water main breaks                                  | 3           | 2      | 2      |
| Sewer accounts                                     | 9,018       | 9,018  | 9,151  |
| Sewer customers                                    | N/A         | N/A    | N/A    |
| Avg daily water consumption (thousands of gallons) | 4,071       | 4,175  | 4,335  |

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 |        |        |        |        |            |            |
|-------------|--------|--------|--------|--------|------------|------------|
| 2004        | 2005   | 2006   | 2007   | 2008   | 2009       | 2010       |
| 896         | 1,049  | 1,166  | 1,316  | 1,308  | 1,129      | 1,090      |
| 349         | 534    | 682    | 540    | 636    | 214        | 160        |
| 7,077       | 6,488  | 10,284 | 12,008 | 9,242  | 7,472      | 11,438     |
| 1,966       | 2,193  | 2,237  | 2,639  | 4,066  | 3,631      | N/A        |
| 6,589       | 6,900  | 5,805  | 9,030  | 2,771  | privatized | privatized |
| 715         | 360    | 446    | 452    | 215    | privatized | privatized |
| 2           | 2      | 5.82   | 4      | 3      | 3          | 1.7        |
| 205         | 225    | 520    | 752    | 1,073  | 1,036      | 790        |
| 63,305      | 69,572 | 82,286 | 75,545 | 85,979 | 105,018    | 98,723     |
| N/A         | N/A    | 3,738  | 3,989  | 3,912  | 4,336      | 4,421      |
| N/A         | N/A    | 8,958  | 10,820 | 16,553 | 19,590     | 19,694     |
| 279         | 356    | 334    | 339    | 460    | 656        | 686        |
| 3,052       | 4,030  | 3,522  | 4,313  | 5,230  | 7,555      | 8,040      |
| N/A         | N/A    | N/A    | N/A    | 88,887 | 106,345    | 97,233     |
| N/A         | N/A    | 286    | 279    | 318    | 272        | 265        |
| N/A         | N/A    | 222    | 221    | 218    | 280        | 289        |
| N/A         | N/A    | 273    | 294    | 303    | 290        | 293        |
| N/A         | N/A    | 24     | 49     | 31     | 12         | 12         |
| 80          | 120    | 0      | 100    | 130    | 127        | 150        |
| 950         | 930    | 805    | 943    | 1,000  | 981        | 1,009      |
| 325         | 335    | 545    | 375    | 425    | 450        | 384        |
| 600         | 675    | 796    | 716    | 546    | 480        | *          |
| -           | -      | -      | -      | -      | -          | 305        |
| -           | -      | -      | -      | -      | -          | 4,162      |
| -           | -      | -      | -      | -      | -          | 1,383      |
| 11,634      | 11,924 | 11,450 | 11,537 | 11,623 | 11,307     | 12,349     |
| N/A         | N/A    | 19,732 | 19,825 | 21,937 | 18,747     | 19,752     |
| 5           | 2      | 2      | 12     | 1      | 5          | 6          |
| 9,405       | 9,593  | 9,381  | 9,417  | 9,546  | 9,344      | 10,268     |
| N/A         | N/A    | 17,172 | 17,180 | 17,228 | 16,314     | 17,297     |
| 4,076       | 4,360  | 4,379  | 4,182  | 4,033  | 3,901      | 3,732      |

\* Included in facility rentals for 2010.

# VILLAGE OF PALM SPRINGS, FLORIDA

## Capital Asset Statistics by Function

Last Ten Fiscal Years

| Function  | Fiscal Year |        |        |        |        |
|---|-------------|--------|--------|--------|--------|
|   | 2001        | 2002   | 2003   | 2004   | 2005   |
| <b>Public Safety</b>  |             |        |        |        |        |
| <b>Police</b>   |             |        |        |        |        |
| Stations  | 1           | 1      | 1      | 1      | 1      |
| Patrol Units  | 26          | 30     | 30     | 32     | 29     |
| <b>Fire (a)</b>   |             |        |        |        |        |
| Fire Stations   | 1           | 1      | 1      | 1      | 1      |
| Fire trucks   | 3           | 3      | 4      | 3      | 3      |
| ALS Rescue Vehicles   | 3           | 3      | 4      | 4      | 5      |
| <b>Sanitation (b)</b>   |             |        |        |        |        |
| Garbage Trucks  | 3           | 3      | 3      | 3      | 3      |
| Trash Trucks  | 2           | 2      | 2      | 3      | 3      |
| <b>Roads and Streets</b>                                      |             |        |        |        |        |
| Street lights   | 6           | 6      | 13     | 13     | 29     |
| Lane miles  | 46.90       | 58.10  | 58.10  | 58.99  | 60.00  |
| <b>Culture/recreation</b>                                     |             |        |        |        |        |
| <b>Library</b>  |             |        |        |        |        |
| Books   | 34,924      | 34,614 | 41,795 | 42,324 | 46,311 |
| <b>Leisure Services</b>                                       |             |        |        |        |        |
| Ballfields - lighted  | 4           | 4      | 4      | 4      | 4      |
| Basketball courts   | 2           | 2      | 2      | 2      | 2      |
| Soccer fields   | 3           | 3      | 3      | 3      | 3      |
| Tennis courts   | 4           | 0      | 2      | 4      | 4      |
| Mini-golf course  | 0           | 0      | 0      | 0      | 1      |
| Parks   | 1           | 1      | 2      | 2      | 2      |
| <b>Water/Sewer Utility</b>                                    |             |        |        |        |        |
| Water mains (miles)   | N/A         | N/A    | N/A    | 126.00 | 124.00 |
| Sanitary sewers (miles)                                       | N/A         | N/A    | N/A    | 83.00  | 89.00  |
| Storm sewers (miles)  | N/A         | N/A    | N/A    | 3.75   | 4.00   |
| Fire hydrants   | N/A         | N/A    | N/A    | 863    | 863    |
| Maximum daily water treatment capacity (thousands of gallons) | 8,000       | 8,000  | 8,000  | 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.

| <b>Fiscal Year</b> |             |             |             |             |
|--------------------|-------------|-------------|-------------|-------------|
| <b>2006</b>        | <b>2007</b> | <b>2008</b> | <b>2009</b> | <b>2010</b> |
| 1                  | 1           | 1           | 1           | 1           |
| 23                 | 26          | 43          | 43          | 59          |
| 1                  | 1           | 1           | 1           | 0           |
| 3                  | 3           | 1           | 1           | 0           |
| 3                  | 3           | 2           | 2           | 0           |
| 3                  | 3           | 1           | 1           | 1           |
| 3                  | 3           | 1           | 1           | 1           |
| 29                 | 29          | 29          | 29          | 29          |
| 70.00              | 71.86       | 72.31       | 72.31       | 72.31       |
| 48,969             | 46,500      | 49,286      | 51,936      | 54,039      |
| 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                  | 3           | 4           | 6           | 6           |
| 124.00             | 124.70      | 124.90      | 124.90      | 124.90      |
| 89.00              | 89.00       | 86.50       | 88.50       | 94.30       |
| 4.00               | 3.96        | 3.96        | 3.96        | 3.96        |
| 863                | 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, 2010*

| <b>Company</b>                          | <b>Policy Number</b>           | <b>Type of Coverage</b>                          | <b>Property Covered</b>                | <b>Amount of Coverage</b>   |
|---|--------------------------------|--|--|-----------------------------|
| US Speciality Ins.                      | U709-50274<br>General & Police | Fiduciary liability                              | Pension trustees                       | \$1,000,000                 |
| FMIT#0459                               | PROP 02 1009                   | Property inland marine                           | Village property                       | \$16,678,623                |
| FMIT#0459                               | CA 1008                        | General liability                                | Village property                       | \$1,000,000<br>\$2,000,000  |
| FMIT#0459                               | AL 1007<br>APD 1009            | Automobile liability<br>Physical damage          | Any auto<br>Owned vehicles             | \$1,000,000<br>per schedule |
| Preferred Government<br>Insurance Trust | 0502504-07-08                  | Crime  | Employee theft,<br>dishonesty, forgery | \$100,000                   |
| FMIT#0459                               | 105185397                      | Fiduciary bond                                   | Finance Officer                        | \$1,000,000                 |
| FMIT#0459                               | 105185397<br>LE 1007           | Professional liability<br>Professional liability | Public officials<br>Law enforcement    | \$1,000,000                 |
| AIG                                     | SRG9043155                     | Accidental death and<br>dismemberment            | Village employees                      | \$65000/<br>\$185,000       |
| FMIT#0459                               | WC EL 1008                     | Workers compensation                             | Village employees                      | Florida<br>statutory        |
| AIG                                     | 11943510                       | Pollution liability                              | Village property                       | \$1,000,000 per<br>claim    |

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## **COMPLIANCE SECTION**

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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, 2010, which collectively comprise the basic financial statements of the Village of Palm Springs, Florida, and have issued our report thereon dated December 27, 2010. 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 the 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.

*Caler, Danten, Levine,  
Porter & Veil, P.A.*

December 27, 2010



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  
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Management Letter

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

We have audited the financial statements of the Village of Palm Springs, Florida, as of and for the year ended September 30, 2010, and have issued our report thereon dated December 27, 2010.

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 27, 2010, should be considered in assessing the results of our audit. 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. There were no findings and recommendations made in the preceding annual financial audit report.
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 an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we noted the following matters:

2010-1 Concentration of Credit Risk

The investment policy for both the General Employees Pension Plan and the Police Officers

Pension Plan specify that not more than 5% of the Plans' assets may be invested in a single company. At September 30, 2010 the General Employees Pension Plan and the Police Officers Pension Plan had investments in one mutual fund representing 11.9% and 9.3%, respectively, of the Plan's net assets. While the mutual fund in question invests in numerous individual companies that may be below the 5% maximum investment threshold, it is not clear from the current investment policy whether the 5% limitation applies to mutual fund investments. We also noted that the General Employees Pension Plan investment policy does not specifically authorize investments in a pooled/mutual fund and does not address compliance matters with respect to types and limitations of individual securities owned by the pooled/mutual fund. We recommend that the Village and the Plan trustees review the current investment policy guidelines and consider amending them as necessary to clarify the intent with respect to the mutual fund investment.

#### 2010-2 Investment Credit Quality Ratings

The investment policy for both the General Employees Pension Plan and the Police Officers Pension Plan specify that investments in fixed income securities are limited to securities with a credit quality rating of BBB at the time of purchase; a weighted average credit quality rating of at least AA for the portfolio at all times; and, other specific credit quality criteria for specific issues as a percentage of the total portfolio. At September 30, 2010 the General Employees Pension Plan appears to have a weighted average credit quality rating below AA threshold based on ratings by the independent investment custodian. In reviewing the criteria of the investment policy and the credit quality ratings, it appears that certain securities in the portfolio likely have different credit quality ratings from different rating agencies. Since the investment policy does not specify whether the credit quality rating criteria should be determined based on the highest or lowest rating among the different rating agencies, it is possible to get different results. To ensure uniformity in the application of the investment policy, we recommend that the Village and the Plan Trustees review the current investment policy guidelines and consider amending them as necessary to clarify the intent with respect to the credit quality ratings criteria. Since it is possible to have different ratings, consideration should be given to identifying the specific rating agencies that may be used and whether the highest rating or the lowest rating should be the basis for determining investment suitability.

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 financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies 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, 2010.
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, 2010, 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, 2010. 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, 2010. It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on the 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.

*Caler, Danten, Levine,  
Porter & Veil, P.A.*

December 27, 2010



# Village of Palm Springs

Department of Finance

226 Cypress Lane,

Palm Springs, Fl. 33461-1699

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

The Honorable Mayor and Members  
Of the Village Council  
Village of Palm Springs

## **Re: Response to Auditor's Management Letter Comments and Recommendations**

The following comments and actions were provided by the Investment Monitor for the Village Pension Funds in consultation with legal counsel for the Pension Funds.

### 2010-1 Concentration of Credit Risk

The Investment Policy Statements adopted by the Village of Palm Springs General Employees Pension Plan and the Village of Palm Springs Police Officers Pension Plan (collectively the "Funds") provide that the equity investments of the Board are limited. One of the limitations is that "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." The Pension funds each are invested in a mutual fund product which invests in underlying foreign companies. Though the investment in the mutual fund is more than 5% of the plan's assets, "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." This item is monitored by the Investment Manager for the Funds (Manning and Napier), and the Investment Monitor for the Funds (Bogdahn Consulting Group). In light of the confusion regarding the application of the investment policy statements to mutual funds and other commingled accounts, the Funds will be requested to consider the inclusion of language that specifies that the 5% holding limitation does not apply to mutual funds.

### 2010-2 Investment Credit Quality Ratings

The Investment Policy Statements adopted by the Village of Palm Springs General Employees Pension Plan and the Village of Palm Springs Police Officers Pension Plan (collectively "Funds") provide that all fixed income investments are limited to securities which are rated BBB at time of purchase and a weighted average credit quality rating of at least AA for the portfolio at all times. The investment manager for the Funds and the independent investment monitor reported that the bond investments held at September 30, 2010 met the Investment Policy Statement criteria. However, since there are several rating agencies which rate bonds for credit risk and different averaging results may occur depending on which agency's rating is used, the Board will review the Investment Policy Statement and determine whether a change or clarification is required consistent with the Management Letter comments.

Respectfully submitted,

Rebecca L. Morse, CGFO, CPFO  
Chief Financial Officer