



# THE VILLAGE OF PALM SPRINGS, FLORIDA



## **Comprehensive Annual Financial Report**

**Fiscal Year Ended September 30, 2009**

The CAFR cover photo of Sago Park was taken by Bill Golson, Leisure Services Director assisted by Mike Snook, Public Service Superintendent. Mike Snook helped me find the best location to obtain the photo that would capture all Sago Park has to offer. Sago was developed and expanded over the years and includes a main picnic pavilion with BBQ grills and rest room facilities, four auxiliary pavilions, a fishing pier, playground equipment and sand volleyball court.

Rebecca L. Morse,  
Chief Financial Officer

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

**THE VILLAGE OF  
PALM SPRINGS, FLORIDA**

Comprehensive Annual  
Financial Report

**Fiscal Year Ended  
September 30, 2009**

**Prepared by:  
Finance Department**

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

**VILLAGE OF PALM SPRINGS, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

SEPTEMBER 30, 2009

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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, 2009

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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 25, 2010

***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, 2009. 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, 2009. The independent auditor's report on the basic financial statements and combining fund statements and debt schedules is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A) follows the independent 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 75 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 public safety services (police, fire and advanced life support), 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, 2009, our utility system had 18,747 water customers and 16,314 sewer customers. Slightly more than 50% of total connections serve our residents and the remainder are in the unincorporated area.

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

**Economic outlook and financial planning**

The Village's taxable property value has increased from \$210.1 million in 2000 to \$864.3 million, an increase of over 311% in the last ten years. The Village has been proactively annexing property since 1997 to better define our service area, address problems in the surrounding unincorporated areas by incorporating them and improving the areas, and diversifying and expanding our tax base. Since 1997, the Village has grown 87% from 1.6 square miles to over 3 square miles and our population has increased 53.5% from 10,146 to 15,578.

The property tax reform legislation passed in 2007 now limits the Village's ability to serve this expanded community and make the planned improvements using the growth in revenues generated by the annexations. The formula used by the State is based on a ratio of taxable value and population. Since the Village's targeted annexations were primarily commercial property, our tax base and demand for services grew significantly without an equal growth in population. Despite the fact that the Village millage rate declined from 5.3114 mills in 1997 to 4.7714 mills for fiscal year 2007, or approximately 10%, the State formula required the Village to reduce the millage rate by 9% the maximum reduction under this legislation. Then Amendment One passed in January 2008 and the Village lowered the millage rate from 4.7714 in fiscal year 2007 to 4.0076 mills for fiscal year 2008 an additional rate reduction of 16%. In fiscal year 2009 the Village increased the millage rate 8% to 4.3321 mills to approximate the same ad valorem revenues generated in fiscal year 2008.

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 to the best of our ability with the resources we have. As of September 30, 2009 the General Fund had a total fund balance of \$6,041,849. The components of fund balance are detailed as follows:

Total fund balance	\$ 6,041,849
Less non-expendable assets	
Reserved for inventory	54,425
Designated for subsequent year's budget	377,472
Designated for disaster recovery	1,000,000
Designated for future capital projects	<u>1,500,000</u>
Total unreserved, undesignated fund balance	<u>\$ 3,109,952</u>

The General Fund's unreserved, undesignated fund balance represents 26.9% of the General Fund budget for fiscal year 2010. Our goal is to maintain this unreserved, undesignated 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 Village's five year capital plan will be readdressed during the fiscal year 2011 budget preparation cycle when the Village has evaluated the impact of the economy and real estate market on our revenues.

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**

In 1997 when the Village committed to annexation, our primary objectives were to increase the ratio of commercial to residential property, diversify our tax base, incorporate surrounding areas that had crime problems that could negatively impact the Village and square off our boundaries to maximize efficiency in service delivery. Twelve years later we have made significant progress towards meeting our original objectives and now we have expanded our focus to include economic redevelopment.

In addition to numerous smaller projects, this fiscal year the Village attracted Oxygen Development, (a manufacturer of cosmetics, skin care and over the counter drugs) to relocate from Broward County, Florida, to a 16.5 acre site on Congress Avenue just north of Forest Hill Boulevard. Oxygen plans to move its existing operations to Palm Springs and expand its current workforce of 400 employees to 800 employees. We expect this project to be completed in fiscal year 2010.

Also the Village is working with a large box retailer that is interested in a 16 acre site on 10<sup>th</sup> Avenue North, just east of Congress Avenue. We anticipate significant growth in the surrounding commercial areas once this retailer commits to the site.

The Village plans to continue to focus on annexations that improve and diversify our tax base and enhance our ability to spur economic growth for the benefit of our community and serve as the centrally located cornerstone of urban redevelopment in Palm Beach County.

### **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, 2008.

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-one consecutive years (fiscal years ended 1988-2008). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

## **Acknowledgements**

This fiscal year challenged the Village to do even more with even less and creatively serve our residents needs with declining resources. Vince Lombardi once said “It's not whether you get knocked down; it's whether you get up.” What I know about the Village Council, Village Manager and Village staff is that we are committed to staying in the game and diligently working through these tough times. I want to thank the Village Council and Village Manager for their commitment to prudent financial management for the betterment of Palm Springs.

Every day I realize how fortunate I am to have the opportunity to work with a dedicated staff that give the Village their best every day and never settle for mediocre. Mariana Ortega-Sanchez, Nancie Rathbun, Janeth Caban and Ann Feola have contributed their time, talents and hard work to the success of the Village and our financial operations. I sincerely thank you, you make me proud.

Respectfully submitted,

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

Rebecca L. Morse, CGFO, CPFO  
Chief Financial Officer

# VILLAGE OF PALM SPRINGS, FLORIDA

## LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2009

<u>Title</u>	<u>Name</u>
Mayor	J. "Mike" Davis
Vice-Mayor	Patti Waller
Mayor Pro-Tem	Bev Smith
Council Member	Doug Gunther
Council Member	Joni Brinkman
Village Manager	Karl E. Umberger
Public Service Director	William F. Davis
Public Safety Director	Jay C. Pickens
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, 2009**

**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  
Patti Waller - Vice Mayor  
Bev Smith - Mayor Pro-Tem  
Doug Gunther - Council Member  
Joni Brinkman - Council Member*

**BOARD & COMMITTEES**  
Code Enforcement Board  
Land Development Board  
Leisure Services Board  
Library Board  
General Employees Pension  
Hazardous Employees Pension

**VILLAGE MANAGER**  
*Karl E. Umberger*

**PUBLIC SAFETY**  
*Jay Pickens*

**LIBRARY**  
*Elena Romeo*

**LEISURE SERVICES**  
*William Golson*

**FINANCE**  
*Rebecca Morse*

**PUBLIC SERVICE**  
*William 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, 2008

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



A stylized handwritten signature in black ink.

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

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## **FINANCIAL SECTION**

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

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2009, 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, 2009, 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 January 22, 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.

The *management's discussion and analysis* and the *required supplementary information* on pages 3 through 13 and pages 57 through 64, respectively, are not a required part of the basic financial statements, but are supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

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

January 22, 2010

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

As management of the Village of Palm Springs, we are presenting this discussion and analysis (MD&A) to provide a narrative overview and analysis of the financial activities of the Village for the fiscal year ended September 30, 2009. 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, 2009 were \$47.6 million. Of this amount, \$7.7 million (unrestricted net assets) may be used to meet the Village's ongoing obligations to residents and creditors.
- Governmental net assets were \$12.8 million, an increase of approximately \$75,000.
- Water and Sewer net assets were \$34.8 million, an increase of approximately \$672,000.
- The total revenues from all sources were \$24.9 million, an increase of \$1 million.
- The total cost of all Village programs was \$24.1 million, the same level as last fiscal year.
- During the year, the Village's governmental activity revenues and transfers exceeded expenditures by approximately \$75,000.
- Total expenditures in the General Fund exceeded total revenues by approximately \$37,000 including other financing sources.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$3,109,952, or 23.9% of total General Fund expenditures.
- The Village's total debt decreased by \$1.5 million during the current fiscal year. The Village's governmental activities debt decreased by \$169,671 and the business activities debt decreased by \$1,346,627.
- The Village recorded a liability at fiscal year-end representing the implicit rate subsidiary for other post employment benefits in the amount of \$78,165 in the governmental activities and \$27,936 in the business activities for a total of \$106,101.

**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 these 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'S DISCUSSION AND ANALYSIS

(Continued)

### 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), Public Safety (police, fire and advanced life support), 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 four 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, which is considered to be a major fund. Data from the other three 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.

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

- **Proprietary funds** - The Village's only proprietary fund is the Water and Sewer Enterprise fund. The Water and Sewer Enterprise fund accounts for the operations of the water and wastewater utility and charges customers for the services it provides. Proprietary funds are reported on the full accrual basis of accounting in the same way that all activities are reported in the Statement of Net Assets and the Statement of Activities. The basic proprietary fund financial statements can be found on pages 21-24 of this report.
- **Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The Village maintains two fiduciary funds; the General Employees Pension Trust Fund and the 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 \$47.6 million, approximately \$747,000 more than fiscal year 2008.

The largest portion of the Village's net assets (81.0%) 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

**VILLAGE OF PALM SPRINGS, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
<b>Assets:</b>						
Current and other assets	\$ 6,955,394	\$ 6,801,130	\$ 7,695,771	\$ 8,163,192	\$ 14,451,165	\$ 14,964,322
Capital assets	14,072,569	14,216,174	44,630,101	44,451,487	58,702,670	58,667,661
<b>Total assets</b>	<b>\$ 21,027,963</b>	<b>\$ 21,017,304</b>	<b>\$ 52,325,872</b>	<b>\$ 52,614,679</b>	<b>\$ 73,353,835</b>	<b>\$ 73,631,983</b>
<b>Liabilities:</b>						
Long-term liabilities	\$ 7,564,856	\$ 7,734,527	\$ 15,357,190	\$ 16,703,817	\$ 22,922,046	\$ 24,438,344
Other liabilities	684,154	579,243	2,134,090	1,747,787	2,818,244	2,327,030
<b>Total liabilities</b>	<b>\$ 8,249,010</b>	<b>\$ 8,313,770</b>	<b>\$ 17,491,280</b>	<b>\$ 18,451,604</b>	<b>\$ 25,740,290</b>	<b>\$ 26,765,374</b>
<b>Net Assets:</b>						
Invested in capital assets, net of debt	\$ 7,167,569	\$ 7,151,174	\$ 31,406,094	\$ 29,837,394	\$ 38,573,663	\$ 36,988,568
Restricted for law enforcement	17,910	27,519	-	-	17,910	27,519
Restricted for debt service	16,219	15,892	1,173,221	1,217,850	1,189,440	1,233,742
Restricted for capital assets	-	-	100,000	100,000	100,000	100,000
Unrestricted	5,577,255	5,508,949	2,155,277	3,007,831	7,732,532	8,516,780
<b>Total net assets</b>	<b>\$ 12,778,953</b>	<b>\$ 12,703,534</b>	<b>\$ 34,834,592</b>	<b>\$ 34,163,075</b>	<b>\$ 47,613,545</b>	<b>\$ 46,866,609</b>

An additional portion of the Village's net assets (2.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$7.7 million or 16.2%) 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**  
**Change in Net Assets**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 2,327,843	\$ 2,429,148	\$ 12,234,482	\$ 10,973,325	\$ 14,562,325	\$ 13,402,473
Operating grants and contributions	362,561	272,460	-	-	362,561	272,460
Capital grants and contributions	313,988	50,633	549,540	909,126	863,528	959,759
<b>General revenues:</b>						
Property taxes	4,124,073	4,220,565	-	-	4,124,073	4,220,565
Utility service taxes	1,904,565	1,757,165	-	-	1,904,565	1,757,165
Franchise fees	1,011,953	964,983	-	-	1,011,953	964,983
Sales and use taxes	1,293,888	1,362,776	-	-	1,293,888	1,362,776
Business taxes	229,978	-	-	-	229,978	-
Intergovernmental, unrestricted	427,967	471,931	-	-	427,967	471,931
Investment earnings	31,990	163,416	44,096	155,086	76,086	318,502
Miscellaneous	24,005	167,886	21,063	40,431	45,068	208,317
<b>Total revenues</b>	<b>\$ 12,052,811</b>	<b>\$ 11,860,963</b>	<b>\$ 12,849,181</b>	<b>\$ 12,077,968</b>	<b>\$ 24,901,992</b>	<b>\$ 23,938,931</b>
<b>Expenses:</b>						
<b>Program expenses:</b>						
General Government	\$ 1,648,500	\$ 1,676,049	\$ -	\$ -	\$ 1,648,500	\$ 1,676,049
Public Safety	8,177,216	7,833,731	-	-	8,177,216	7,833,731
Physical Environment	709,062	1,017,487	-	-	709,062	1,017,487
Transportation	914,748	925,984	-	-	914,748	925,984
Culture/Recreation	1,679,624	1,665,319	-	-	1,679,624	1,665,319
Interest on long-term debt	363,789	369,781	-	-	363,789	369,781
Water and Sewer Utility	-	-	10,662,117	10,569,732	10,662,117	10,569,732
<b>Total Expenses</b>	<b>\$ 13,492,939</b>	<b>\$ 13,488,351</b>	<b>\$ 10,662,117</b>	<b>\$ 10,569,732</b>	<b>\$ 24,155,056</b>	<b>\$ 24,058,083</b>
Change in net assets before transfers	\$ (1,440,128)	\$ (1,627,388)	\$ 2,187,064	\$ 1,508,236	\$ 746,936	\$ (119,152)
Transfers	1,515,547	1,466,645	(1,515,547)	(1,466,645)	-	-
Increase in net assets	\$ 75,419	\$ (160,743)	\$ 671,517	\$ 41,591	\$ 746,936	\$ (119,152)
Net Assets - October 1	12,703,534	12,864,277	34,163,075	34,121,484	46,866,609	46,985,761
<b>Net Assets - September 30</b>	<b>\$ 12,778,953</b>	<b>\$ 12,703,534</b>	<b>\$ 34,834,592</b>	<b>\$ 34,163,075</b>	<b>\$ 47,613,545</b>	<b>\$ 46,866,609</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### Governmental Activities

Governmental activities increased the Village's net assets by \$75,419. Charges for services decreased by \$101,305 or 4.2% reflecting the change in Sanitation fees now included in the non-ad valorem tax roll rather than the Village billing customers directly.

Operating grants increased \$90,101 over fiscal year 2008 including \$41,185 in additional FEMA money as a result of the close out audits of the 2004 and 2005 hurricanes. Public Safety received additional EMS 911 Interlocal funds and grant funds totaling \$22,683. Also the State of Florida 175 and 185 police and firefighter pension fund contributions increased by \$26,182 over fiscal year 2008. Capital grants increased by \$263,355 comprised of \$50,997 in additional grant money for new mobile data terminals and \$212,358 in Leisure service grants for the teen center, Frost Lake Park and donated land for the new park at Poe Drive.

Property taxes decreased \$96,492 or 2.3%. The Village increased its operating millage rate from \$4.0076 to \$4.3321 (8.1%) and the Village's taxable value declined 8.6% as a result of the decline in market values.

Public Safety expenditures increased \$343,485 primarily due to increased personnel costs and related benefit costs of approximately \$424,000, offset in part by slightly lower operating costs as the departments worked to hold down operating costs during the economic downturn.

Physical environment expenditures decreased \$308,425 compared to fiscal year 2008 when the Village had the initial start-up costs to provide new garbage containers to all the residents when we privatized Sanitation services in April 2008.

Transportation decreased slightly primarily due to reduced need for street maintenance. Culture/Recreation expenditures increased slightly as compared to fiscal year 2008 due to increased expenditures for our new teen center and parks.

The Village's programs include General Government, Public Safety, Physical Environment, Transportation, and Culture/Recreation. General Government includes the legislative, executive, financial, and other general operations of the Village. Public Safety includes police, fire, advanced life support services as well as 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. 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.

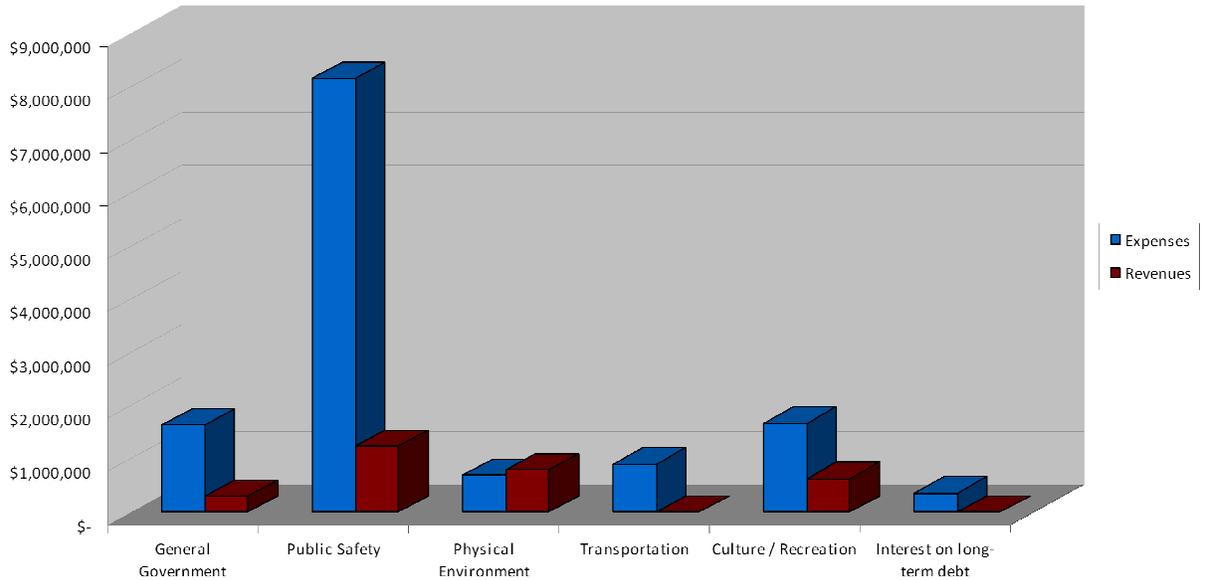
**Village of Palm Springs  
Governmental Activities  
Net Cost of Services**

	Total Cost of Services		Program Revenues		Net Cost of Services	
	2009	2008	2009	2008	2009	2008
General Government	\$ 1,648,500	\$ 1,676,049	\$ (308,922)	\$ (473,838)	\$ 1,339,578	\$ 1,202,211
Public Safety	8,177,216	7,833,731	(1,247,726)	(1,166,333)	6,929,490	6,667,398
Physical Environment	709,062	1,017,487	(798,194)	(663,039)	(89,132)	354,448
Transportation	914,748	925,984	(12,094)	(12,094)	902,654	913,890
Culture/Recreation	1,679,624	1,665,319	(637,456)	(436,937)	1,042,168	1,228,382
Interest on long-term debt	363,789	369,781	-	-	363,789	369,781
<b>Totals</b>	<b>\$ 13,492,939</b>	<b>\$ 13,488,351</b>	<b>\$ (3,004,392)</b>	<b>\$ (2,752,241)</b>	<b>\$ 10,488,547</b>	<b>\$ 10,736,110</b>

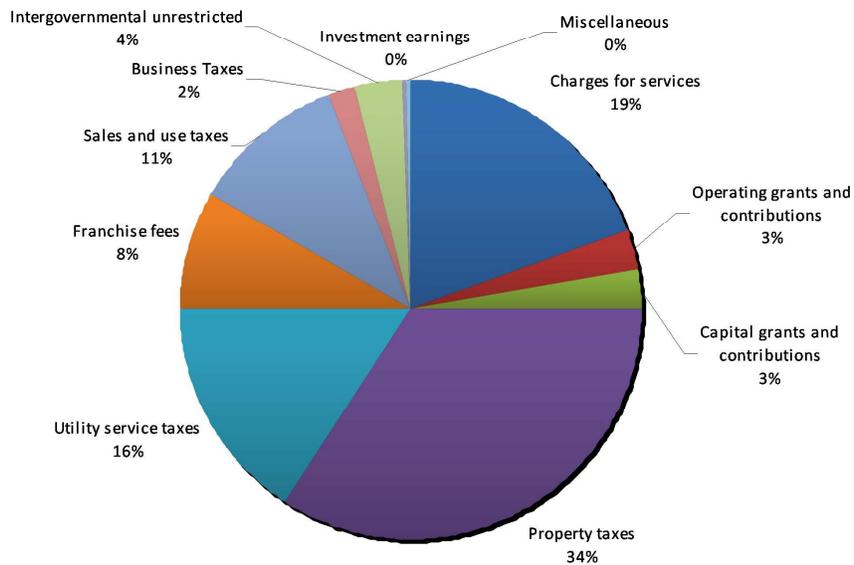
The total cost of all governmental activities this year was \$13.5 million. The schedule above shows that \$3.0 million of the cost of services was paid by those who directly benefited from the programs and \$10.5 million was financed through general revenues.

**VILLAGE OF PALM SPRINGS, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
(Continued)

**Expenses and Program Revenues for Governmental Activities**



**Governmental Activities  
Revenues by Source**



Ad valorem taxes contributed 34% of total governmental activities revenues this fiscal year as compared to 36% in fiscal year 2008. In fiscal year 2009, the Village increased the operating millage by 8.1% but the taxable value decreased 8.6% due to the declining market values. Capital grants/contributions increased to 3%

# VILLAGE OF PALM SPRINGS, FLORIDA

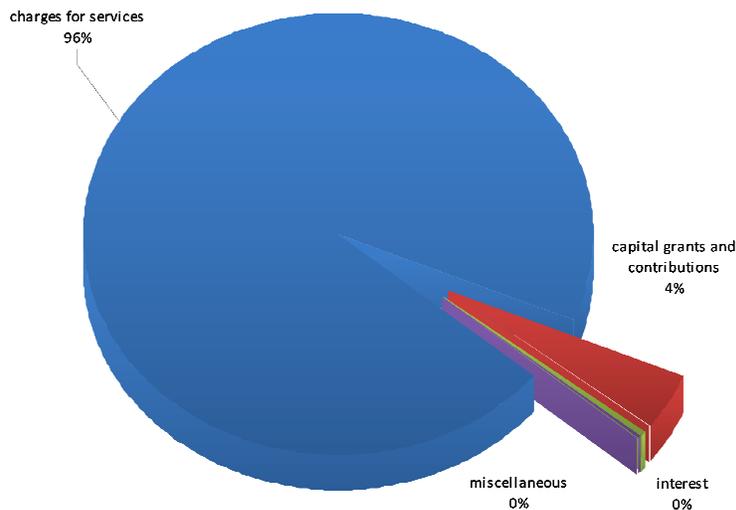
## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

of total governmental revenues, up from less than 1% in fiscal year 2008. In fiscal year 2009 the Village received \$50,997 in grant funds for police mobile data terminals, and over \$210,000 in grants and donated land for parks. Franchise fees, utility service taxes, and sales and use taxes are relatively level compared to fiscal year 2008. Interest earnings continued to decline due to market conditions.

### Business-type Activities

Net assets of the proprietary fund (Water and Sewer Enterprise) at September 30, 2009, were \$34.8 million. The cost of providing proprietary (business-type) activities this year was \$10.7 million, as shown in the Statement of Activities. Net assets increased by \$671,517. The graph below shows the source of revenues for the Water and Sewer Utility. Revenues derived from charges for services increased by approximately \$1,261,157 or 11.5% from fiscal year 2008 due to the increase in rates implemented in December for services used in November 2008. The Village completed a rate study in 2008 and adopted new rates for fiscal years 2009 through 2013.

**Business Type Activities  
Revenues by Source**



### 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 unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$6,137,836, a decrease of \$50,691, in comparison with the prior year. The decrease was generated by expenditures in excess of revenues of \$36,871 in the General Fund; \$4,538 in the Library Special Revenue fund; and \$9,609 in the Law Enforcement Special Revenue fund and excess revenues over expenditures in the of \$327 in the Debt Service fund.

The unreserved fund balance is \$6,049,282, which is available for spending at the Village's discretion. Of this amount, \$1,500,000 is designated for future capital improvements, \$1,000,000 is designated for disaster recovery, \$377,472 is designated for subsequent year's budget and \$3,171,810 is undesignated.

The remainder of the fund balance (\$88,554) is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service (\$16,219), reserved for law enforcement purposes (\$17,910) and represents inventory of goods (\$54,425).

The primary operating fund for the Village is the general fund. At the end of the current fiscal year, unreserved fund balance of the general fund was \$5,987,424, while the total fund balance was \$6,041,849. As a measure of the general fund's liquidity, it is useful to compare unreserved fund balance to total general fund expenditures. Unreserved fund balance represents 46.1% of total general fund expenditures.

### 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. The Village of Palm Springs uses an enterprise fund to account for its Water and Sewer Utility operations.

The Village's proprietary fund financial statements provide the same type of information found in the business-type activities of government-wide financial statements, but in more detail.

Unrestricted net assets for the Water and Sewer Enterprise Fund were \$2.2 million at fiscal year end. Unrestricted net assets decreased \$852,554 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 \$34.8 million at fiscal year end, an increase of \$671,517 from the prior fiscal year. Operating revenues increased by \$1.3 million or 11.5%, as compared to fiscal year 2008, for a total of \$12,234,482. The increase in operating revenues was due to the implementation of a rate increase adopted after the completion of a rate study. Operating expenses increased by \$154,892, or 1.6% over fiscal year 2008, for a total of \$9,878,804. The increase in operating expenses reflects the increased pension costs and increase in depreciation expense.

### GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were \$712,011, and can be briefly summarized as follows:

- \$ 485,000 was appropriated to pay for the 2,800 square foot expansion to the Public Safety building to accommodate the transfer of our fire rescue services to Palm Beach County Fire Rescue on October 1, 2009.
- \$43,011 increase to Public Safety machinery and equipment to purchase tasers, ballistic shields, and helmets with Federal Justice Assistance Grant funds.
- \$51,000 increase in Public Safety machinery and equipment for the purchase of 25 new mobile data terminals with funds provided through Palm Beach County grant funds.

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

- \$103,000 increase to Leisure Services capital for replacement of ball field lighting from Palm Beach County Recreation Assistance grant.
- \$30,000 in grant funds from Palm Beach County Recreation Assistance for the acquisition, relocation, installation and renovation of a former Palm Beach County School Board modular building into our new teen center.

Of this increase, \$227,011 was funded by grants, and \$485,000 was appropriated from fund balance designated for capital projects.

Actual revenues for building permits came in at less than half of the anticipated revenue as the economy weakened and developers slowed down development of projects that were expected to be in progress during the fiscal year. Intergovernmental revenues also came in lower than budgeted primarily due to reductions by the State in State Revenue Sharing and Half Cent Sales Taxes. The State reduced these revenues as the economy negatively impacted collections.

The largest variance of actual revenues compared to budgeted revenues was the disappointing collection of ALS transport fees classified as Public Safety charges for services. The revenue estimate was calculated based on the estimated number of transport calls and a collection ratio provided by the third party billing company. We anticipated receiving reimbursements from Medicare for outstanding claims. However, when the Medicare application was finally approved Medicare will only honor claims dated March 1, 2009 or later. Due to the delay in the acceptance of the Medicare application and a lower collection ratio than anticipated, the Village only collected \$297,575 of the budgeted \$450,000.

Interest revenues also fell short of the anticipated earnings as a result of declining interest rates and our invested funds in the State Board of Administration (SBA) Fund B that were segregated and frozen, and the subsequent loss of market value of the Fund B assets held by the SBA.

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 was under budget as a result of the slower demand by builders and developers due to the economic slowdown. Law enforcement delayed purchasing replacement police vehicles and Transportation did not need to expend as much money for street maintenance as anticipated.

## 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, 2009, amounts to \$58,702,670 (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 \$258,473, or 1.4% over fiscal year 2008 before depreciation. This increase reflects the donated land for a park valued at \$42,252, land purchased for a park in the amount of \$18,099, development of parks totaling \$120,900, an increase of \$459,595 representing construction in progress on the Public Safety building expansion less the disposal of Fire Rescue machinery and equipment transferred to Palm Beach County Fire Rescue in the amount of \$457,168. Business-type activities increased the investment in capital assets by \$2,617,153, or 3.4% from fiscal year 2008 before depreciation. This increase reflects the capitalization of water and wastewater capital improvement projects completed during the fiscal year. Additional detailed information regarding capital assets can be found in Note 4, beginning on page 41 of this report.

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

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

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Land	\$ 230,387	\$ 170,036	\$ 364,217	\$ 364,217	\$ 594,604	\$ 534,253
Buildings	7,833,726	7,828,186	3,043,449	3,043,449	10,877,175	10,871,635
Improvements other than buildings	1,977,054	1,856,154	64,536,319	62,748,652	66,513,373	64,604,806
Machinery & Equipment	2,913,727	3,308,593	3,264,724	3,118,240	6,178,451	6,354,227
Software & Library Materials	549,832	542,879	-	-	549,832	542,879
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	-	946,142	263,140	1,405,737	263,140
Total Assets	18,086,082	17,827,609	79,338,384	76,721,231	97,424,466	94,548,840
Less Accumulated Depreciation	(4,013,513)	(3,611,435)	(34,708,283)	(32,269,744)	(38,721,796)	(35,881,179)
Total	<b>\$ 14,072,569</b>	<b>\$ 14,216,174</b>	<b>\$ 44,630,101</b>	<b>\$ 44,451,487</b>	<b>\$ 58,702,670</b>	<b>\$ 58,667,661</b>

Major capital asset events during the current fiscal year included the following:

- Completion of water and sewer improvements totaling \$1,787,666.
- Purchase new wheel loader \$82,065.
- Purchase of 25 new mobile data terminals for police \$50,997.
- Purchase a new server for Public Safety \$4,336.
- Purchase new DNS server for Village network \$11,002.
- Purchase two replacement scanners \$11,441.
- Land acquisition for parks totaling \$60,351.
- Replacement of ball field lighting \$102,005.
- Construction in progress of \$1,405,737 which includes \$459,595 for the Public Safety building expansion and \$946,142 in water and sewer system improvement projects.

**Debt:** At fiscal year end, the Village had total debt outstanding of \$22,922,046, a decrease of \$1,516,298, or 6.2% as compared to fiscal year 2008. 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. This fiscal year the Village is recording a total liability of \$106,101 representing the implicit rate subsidy for other postemployment benefits in compliance with GASB Statement #45. For further information about other postemployment benefits and this new liability see note #10 pages 52-54 in the notes to the financial statements in this report.

### Village of Palm Springs Long-term Liabilities

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
General Obligation Bonds	\$ 6,905,000	\$ 7,065,000	\$ -	\$ -	\$ 6,905,000	\$ 7,065,000
Revenue Bonds	-	-	12,586,558	13,246,703	12,586,558	13,246,703
Note Payable	-	-	2,436,765	3,164,150	2,436,765	3,164,150
Compensated Absences	581,691	669,527	305,931	292,964	887,622	962,491
Other Postemployment Benefits	78,165	-	27,936	-	106,101	-
Total	<b>\$ 7,564,856</b>	<b>\$ 7,734,527</b>	<b>\$ 15,357,190</b>	<b>\$ 16,703,817</b>	<b>\$ 22,922,046</b>	<b>\$ 24,438,344</b>

Additional information on the Village's debt can be found in Note 5, beginning on page 42 of this report.

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

(Continued)

### 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 30% 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 \$5.2632 per \$1,000 of taxable value in 2000 to the present rate of \$4.3321 per \$1,000 of taxable value for the current fiscal year, a decrease of over 17.7%.

The Village's taxable property values have increased 311% since 2000. This increase is primarily due to annexation, development and redevelopment. Taxable property values dropped 8.5% from fiscal year 2008. The Village's taxable values dropped another 18% for the upcoming fiscal year 2010.

Effective October 1, 2009 (fiscal year 2010) the Village transferred its 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 experiencing some increased commercial developments. We expect these new ventures to increase employment and improve residential occupancy within the Village as we slowly return to growth but on a much smaller scale.

The Village maintains an unreserved, undesignated fund balance in the general fund intended to provide funding for unforeseen events. The Village Council has prudently designated \$1 million dollars of the general fund's fund balance for disaster recovery and \$1.5 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, 2009

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 5,723,738	\$ 2,121,266	\$ 7,845,004
Receivables:			
Accounts, net of allowance	104,688	1,875,051	1,979,739
Utility taxes	183,860	-	183,860
Franchise fees	333,033	-	333,033
Intergovernmental	223,838	-	223,838
Inventory	54,425	302,103	356,528
Net pension asset	280,344	-	280,344
Restricted assets:			
Cash and cash equivalents	-	2,768,185	2,768,185
Cash with fiscal agent	-	285,000	285,000
Other investment	51,468	102,130	153,598
Capital assets:			
Capital assets, not being depreciated	4,811,743	1,310,359	6,122,102
Capital assets being depreciated	13,274,339	78,028,025	91,302,364
Accumulated depreciation	(4,013,513)	(34,708,283)	(38,721,796)
Unamortized bond issue costs	-	242,036	242,036
<b>Total assets</b>	<b>\$ 21,027,963</b>	<b>\$ 52,325,872</b>	<b>\$ 73,353,835</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 221,632	\$ 936,149	\$ 1,157,781
Termination benefits payable	112,364	-	112,364
Accrued interest payable	146,940	222,684	369,624
Deposits	7,800	975,257	983,057
Revenue collected in advance	195,418	-	195,418
Compensated absences-current portion	57,658	39,189	96,847
Compensated absences-noncurrent portion	524,033	266,742	790,775
Other postemployment benefits payable	78,165	27,936	106,101
Long-term liabilities due within one year	165,000	1,557,280	1,722,280
Long-term liabilities due in more than one year	6,740,000	13,466,043	20,206,043
<b>Total liabilities</b>	<b>\$ 8,249,010</b>	<b>\$ 17,491,280</b>	<b>\$ 25,740,290</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	\$ 7,167,569	\$ 31,406,094	\$ 38,573,663
Restricted for law enforcement	17,910	-	17,910
Restricted for debt service	16,219	1,173,221	1,189,440
Restricted for capital assets	-	100,000	100,000
Unrestricted	5,577,255	2,155,277	7,732,532
<b>Total net assets</b>	<b>\$ 12,778,953</b>	<b>\$ 34,834,592</b>	<b>\$ 47,613,545</b>

See notes to financial statements.

**VILLAGE OF PALM SPRINGS, FLORIDA**

Statement of Activities

Year Ended September 30, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,648,500	\$ 217,171	\$ 79,298	\$ 12,453
Public safety	8,177,216	943,382	253,347	50,997
Physical environment	709,062	798,194	-	-
Transportation	914,748	-	12,094	-
Culture/recreation	1,679,624	369,096	17,822	250,538
Interest on long-term debt	363,789	-	-	-
<b>Total governmental activities</b>	<b>13,492,939</b>	<b>2,327,843</b>	<b>362,561</b>	<b>313,988</b>
Business-type activities:				
Utility-water and sewer	10,662,117	12,234,482	-	549,540
<b>Total business-type activities</b>	<b>10,662,117</b>	<b>12,234,482</b>	<b>-</b>	<b>549,540</b>
<b>Total</b>	<b>\$ 24,155,056</b>	<b>\$ 14,562,325</b>	<b>\$ 362,561</b>	<b>\$ 863,528</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

**Net assets, end of year**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (1,339,578)	\$ -	\$ (1,339,578)
(6,929,490)	-	(6,929,490)
89,132	-	89,132
(902,654)	-	(902,654)
(1,042,168)	-	(1,042,168)
(363,789)	-	(363,789)
<b>(10,488,547)</b>	<b>-</b>	<b>(10,488,547)</b>
-	2,121,905	2,121,905
-	<b>2,121,905</b>	<b>2,121,905</b>
<b>(10,488,547)</b>	<b>2,121,905</b>	<b>(8,366,642)</b>
4,124,073	-	4,124,073
1,904,565	-	1,904,565
1,011,953	-	1,011,953
1,293,888	-	1,293,888
229,978	-	229,978
427,967	-	427,967
31,990	44,096	76,086
24,005	21,063	45,068
1,515,547	(1,515,547)	-
<b>10,563,966</b>	<b>(1,450,388)</b>	<b>9,113,578</b>
75,419	671,517	746,936
12,703,534	34,163,075	46,866,609
<b>\$ 12,778,953</b>	<b>\$ 34,834,592</b>	<b>\$ 47,613,545</b>

See notes to financial statements.

# VILLAGE OF PALM SPRINGS, FLORIDA

## Balance Sheet

### Governmental Funds

September 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 5,627,751	\$ 95,987	\$ 5,723,738
Receivables:			
Accounts, net of allowance for uncollectibles	104,688	-	104,688
Utility taxes	183,860	-	183,860
Franchise fees	333,033	-	333,033
Intergovernmental	223,838	-	223,838
Inventory	54,425	-	54,425
Other investment	51,468	-	51,468
<b>Total assets</b>	<b>\$ 6,579,063</b>	<b>\$ 95,987</b>	<b>\$ 6,675,050</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 221,632	\$ -	\$ 221,632
Termination benefits payable	112,364	-	112,364
Deposits	7,800	-	7,800
Revenue collected in advance	195,418	-	195,418
<b>Total liabilities</b>	<b>\$ 537,214</b>	<b>\$ -</b>	<b>\$ 537,214</b>
Fund balances:			
Reserved for:			
Inventory	\$ 54,425	\$ -	\$ 54,425
Law enforcement	-	17,910	17,910
Debt service	-	16,219	16,219
Unreserved, designated for:			
Capital projects	1,500,000	-	1,500,000
Disaster recovery	1,000,000	-	1,000,000
Subsequent year's budget	377,472	-	377,472
Unreserved, undesignated	3,109,952	-	3,109,952
Unreserved, reported in nonmajor funds:			
Special revenue funds	-	61,858	61,858
<b>Total fund balances</b>	<b>\$ 6,041,849</b>	<b>\$ 95,987</b>	<b>\$ 6,137,836</b>
<b>Total liabilities and fund balances</b>	<b>\$ 6,579,063</b>	<b>\$ 95,987</b>	<b>\$ 6,675,050</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, 2009

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Total governmental fund balances (page 17) \$ 6,137,836

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	\$ 18,086,082	
Accumulated depreciation	<u>(4,013,513)</u>	
		14,072,569

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. 280,344

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	(6,905,000)	
Accrued interest payable on long-term debt	(146,940)	
Compensated absences payable	(581,691)	
Other postemployment benefits payable	<u>(78,165)</u>	
		(7,711,796)

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**Total net assets (page 14) \$ 12,778,953**

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## VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended September 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 6,743,962	\$ 526,607	\$ 7,270,569
Licenses and permits	117,276	-	117,276
Intergovernmental	2,378,024	-	2,378,024
Confiscated property	-	33,897	33,897
Charges for services	1,790,671	-	1,790,671
Fines and forfeitures	247,398	-	247,398
Contributions	12,309	1,189	13,498
Interest	31,231	759	31,990
Miscellaneous	127,021	215	127,236
<b>Total revenues</b>	<b>11,447,892</b>	<b>562,667</b>	<b>12,010,559</b>
<b>Expenditures</b>			
Current:			
General government	1,438,136		1,438,136
Public safety	7,758,954	41,756	7,800,710
Physical environment	675,256	-	675,256
Transportation	903,365	-	903,365
Culture/recreation	1,471,942	2,000	1,473,942
Capital outlay	752,657	6,275	758,932
Debt service:			
Principal	-	160,000	160,000
Interest and other fiscal charges	-	366,456	366,456
<b>Total expenditures</b>	<b>13,000,310</b>	<b>576,487</b>	<b>13,576,797</b>
Excess (deficiency) of revenues over expenditures	(1,552,418)	(13,820)	(1,566,238)
<b>Other financing sources</b>			
Transfers in	1,515,547	-	1,515,547
<b>Total other financing sources</b>	<b>1,515,547</b>	<b>-</b>	<b>1,515,547</b>
Change in fund balances	(36,871)	(13,820)	(50,691)
Fund balances, beginning of year	6,078,720	109,807	6,188,527
<b>Fund balances, end of year</b>	<b>\$ 6,041,849</b>	<b>\$ 95,987</b>	<b>\$ 6,137,836</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, 2009*

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Net change in fund balances - total governmental funds (page 19) \$ (50,691)

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	\$ 758,932	
Less current year depreciation expense	<u>(745,864)</u>	13,068

Losses on disposal of capital assets are reported in the statement of activities, but not in the governmental funds. (198,925)

Donations of capital assets are reported in the statement of activities, but not in the governmental funds. 42,252

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	87,836	
Change in net pension asset	97,377	
Change in other postemployment benefits payable	<u>(78,165)</u>	107,048

Net effect of accrued interest on long-term debt (difference between amount accrued in prior year and current year accrual) 2,667

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	160,000
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<b>Change in net assets of governmental activities (pages 15-16)</b>	<b>\$ 75,419</b>
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*See notes to financial statements.*

# VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Net Assets

Proprietary Fund

September 30, 2009

	<b>Water and Sewer Utility</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 2,121,266
Accounts receivable, net	1,875,051
Inventory	302,103
Restricted assets:	
Cash and cash equivalents	2,768,185
Cash with fiscal agent	285,000
<b>Total current assets</b>	<b>7,351,605</b>
Noncurrent assets:	
Other investment	102,130
Capital assets:	
Capital assets not being depreciated	1,310,359
Capital assets being depreciated	78,028,025
Accumulated depreciation	(34,708,283)
Unamortized bond issue costs	242,036
<b>Total noncurrent assets</b>	<b>44,974,267</b>
<b>Total assets</b>	<b>\$ 52,325,872</b>
<b>Liabilities and Net Assets</b>	
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 936,149
Current portion of compensated absences payable	39,189
Payable from restricted assets:	
Accrued interest	222,684
Current portion of note payable	757,280
Current portion of revenue bonds payable	800,000
<b>Total current liabilities</b>	<b>2,755,302</b>
Noncurrent liabilities:	
Deposits	975,257
Compensated absences payable	266,742
Other postemployment benefits payable	27,936
Note payable	1,679,485
Revenue bonds payable, net of unamortized premium	11,786,558
<b>Total noncurrent liabilities</b>	<b>14,735,978</b>
<b>Total liabilities</b>	<b>\$ 17,491,280</b>
Net assets:	
Invested in capital assets, net of related debt	\$ 31,406,094
Restricted for debt service	1,173,221
Restricted for capital assets	100,000
Unrestricted	2,155,277
<b>Total net assets</b>	<b>\$ 34,834,592</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, 2009*

	<b>Water and Sewer Utility</b>
<b>Operating revenues</b>	
Charges for services	\$ 12,234,482
<b>Total operating revenues</b>	<b>12,234,482</b>
<b>Operating expenses:</b>	
Personal services	3,423,553
Operating expenses	3,945,552
Depreciation and amortization	2,509,699
<b>Total operating expenses</b>	<b>9,878,804</b>
Operating income	2,355,678
<b>Nonoperating revenues (expenses)</b>	
Investment income	44,096
Miscellaneous revenues	21,063
Interest expense and fiscal charges	(783,313)
<b>Total nonoperating revenues (expenses)</b>	<b>(718,154)</b>
Income before contributions and transfers	<b>1,637,524</b>
Capital contributions	549,540
Transfers out	(1,515,547)
Change in net assets	671,517
Net assets, beginning of year	34,163,075
<b>Net assets, end of year</b>	<b>\$ 34,834,592</b>

*See notes to financial statements.*

## VILLAGE OF PALM SPRINGS, FLORIDA

### Statement of Cash Flows

#### Proprietary Fund

Year Ended September 30, 2009

	<b>Water and Sewer Utility</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 12,087,375
Cash paid to suppliers for goods and services	(3,628,187)
Cash paid to employees for services	(3,382,650)
<b>Net cash provided by operating activities</b>	<b>5,076,538</b>
<b>Cash flows from noncapital financing activity</b>	
Transfers out	(1,515,547)
<b>Net cash used in noncapital financing activity</b>	<b>(1,515,547)</b>
<b>Cash flows from capital and related financing activities</b>	
Principal paid on promissory note	(727,385)
Principal paid on bonds	(800,000)
Interest paid on long-term debt	(648,664)
Acquisition and construction of capital assets	(2,663,228)
Capital contributions from customers	549,540
<b>Net cash used in capital and related financing activities</b>	<b>(4,289,737)</b>
<b>Cash flows from investing activities</b>	
Sale of other investments	38,893
Interest on investments	103,174
<b>Net cash provided by investing activities</b>	<b>142,067</b>
Net decrease in cash and cash equivalents	(586,679)
Cash and cash equivalents, beginning of year	5,761,130
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,174,451</b>
<b>Cash and cash equivalents per statement of net assets</b>	
Unrestricted	\$ 2,121,266
Restricted	2,768,185
Cash with fiscal agent	285,000
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,174,451</b>

Continued

# VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Cash Flows (Continued)

Proprietary Fund

Year Ended September 30, 2009

	<b>Water and Sewer Utility</b>
<b>Cash flows from operating activities</b>	
Operating income	\$ 2,355,678
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	2,509,699
Loss on disposal of capital assets	2,254
Change in operating assets:	
Accounts receivable	(170,306)
Inventory	(53,199)
Accounts payable and accrued liabilities	368,310
Compensated absences payable	12,967
Other post employment benefits payable	27,936
Deposits	23,199
Total adjustments	2,720,860
<b>Net cash provided by operating activities</b>	<b>\$ 5,076,538</b>

## Supplemental disclosure of noncash capital and related financing activities

Accrued interest on capital appreciation bonds	\$ 154,733
Book value of assets disposed	2,254
Amortization of premium on bonds	14,878
Amortization of bond issue costs	27,339
Unrealized loss on investments	38,015

See notes to financial statements.

# VILLAGE OF PALM SPRINGS, FLORIDA

## Statement of Fiduciary Net Assets

September 30, 2009

	<b>Employee Pension Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 2,623,883
Investments	
U.S. Government securities	777,886
U.S. Government agencies	1,020,213
Mortgage and asset-backed securities	153,033
Corporate and municipal bonds	2,647,739
Domestic equity securities and mutual funds	10,797,613
Foreign equity securities and mutual funds	3,433,166
Receivables:	
Interest and dividends	61,603
State of Florida	184,769
<b>Total assets</b>	<b>\$ 21,699,905</b>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 64,152
<b>Total liabilities</b>	<b>\$ 64,152</b>
<b>Net Assets</b>	
Held in trust for pension benefits	\$ 21,635,753
<b>Total net assets</b>	<b>\$ 21,635,753</b>

See notes to financial statements.

## VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Changes in Fiduciary Net Assets

Year Ended September 30, 2009

	<b>Employee Pension Funds</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 1,927,604
Plan members	368,895
State of Florida	184,769
<b>Total contributions</b>	<b>2,481,268</b>
Investment income:	
Interest	220,669
Dividends	300,211
Net appreciation in fair value of investments	854,121
Investment expenses	(92,320)
Net investment gain	1,282,681
<b>Total additions</b>	<b>3,763,949</b>
<b>Deductions</b>	
Administration	116,146
Benefits	868,724
<b>Total deductions</b>	<b>984,870</b>
Net increase in plan net assets	2,779,079
Net assets held in trust for pension benefits, beginning of year	18,856,674
<b>Net assts held in trust for pension benefits, end of year</b>	<b>\$ 21,635,753</b>

See notes to financial statements.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

### 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, 2009

### 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, 2009

### 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.

*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 Hazardous Employees (police and fire).

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

### 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, 2009

### 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, 2009

### 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 net income.

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
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, 2009

### 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

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Usage of reserves has been limited to the following:

- ❖ Reserved for inventory - Indicates that a portion of fund balance is segregated since this item does not represent "available spendable resources."
- ❖ Reserved for law enforcement - Resources restricted to expenditures on behalf of the Village's public safety department.
- ❖ Reserved for debt service - Resources restricted to the payment of future debt service of long-term debt of the governmental funds.

##### i. On-behalf Payments

On-behalf payments of \$184,769 received from the State of Florida for pension contributions to the Village of Palm Springs Hazardous Employees Pension Fund were recognized in the government-wide and General Fund financial statements.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

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

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

##### **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 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, 2008, upon which the 2008/09 levy was based, was approximately \$864.4 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, 2009 was 4.3321 (\$4.3321 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, 2009, unpaid delinquent taxes are not material and have not been recorded by the Village.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

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

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

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

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, 2009, 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 (2007/2008) property tax revenue. The percentage reduction is calculated based on the compound annual growth rate in the per capita property taxes levied for fiscal years ended September 30, 2003 through 2008. The State law allows local governments to adopt a higher millage rate based on the following approval of the governing body: 1) a two-thirds vote to adopt a rate equal to the prior year rolled-back millage rate; 2) a unanimous vote to adopt a rate equal to the prior year millage rate; or, 3) any millage rate approved by referendum. For the fiscal year ending September 30, 2009 the Village adopted the maximum millage rate permitted by a majority vote of the Village Council under this formula, which was 4.3321. This millage rate resulted in a total tax levy of \$3,764,318 for 2009, representing an increase of approximately 8% from the property tax levy for 2008. Beginning in 2009, future property tax growth is limited to the annual growth rate of per capita personal income, which is currently 4% to 5%, plus the value of new construction.

#### **I. Recent Accounting Pronouncements**

The GASB has issued Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, which establishes accounting and financial reporting requirements for intangible assets including easements, contractual rights and computer software. The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2010. Management has not completed its analysis of the effects of this statement, if any, on the financial statements of the Village.

The GASB has issued Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, which establishes accounting and financial reporting requirements for derivative instruments entered into by state and local governments. The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2010. Management has not completed its analysis of the effects of this statement, if any, on the financial statements of the Village.

The GASB has 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 requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2011. Management has not completed its analysis of the effects of this statement, if any, on the financial statements of the Village.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

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

#### m. 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:

	Cash and Cash Equivalents	Investments	Total
Governmental activities	\$ 5,723,738	\$ 51,468	\$ 5,775,206
Business-type activities	5,174,451	102,130	5,276,581
<b>Total statement of net assets</b>	<b>10,898,189</b>	<b>153,598</b>	<b>11,051,787</b>
Fiduciary net assets	2,623,883	18,829,650	21,453,533
<b>Total deposits and investments</b>	<b>\$ 13,522,072</b>	<b>\$ 18,983,248</b>	<b>\$ 32,505,320</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, 2009

### 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 Hazardous Employees 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, 2009

### 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, 2009 are as follows:

	Fair Value		
	Unrestricted	Restricted	Pension
Cash and cash equivalents:			
Petty cash and other	\$ 2,800	\$ -	\$ -
Deposits with financial institutions	5,188,692	285,000	548,417
Investment in State Board of Administration Florida Prime	2,653,132	2,767,481	-
Florida Municipal Investment Trust Enhanced Cash	380	704	-
Money market mutual funds	-	-	2,075,466
<b>Total cash and cash equivalents</b>	<b>\$ 7,845,004</b>	<b>\$ 3,053,185</b>	<b>\$ 2,623,883</b>
Other investment – LGIP Fund B	\$ 153,598	\$ -	\$ -
Pension fund investments:			
U.S. Government securities	-	-	777,886
U.S. Government agencies	-	-	1,020,213
Mortgage and asset-backed securities	-	-	153,033
Municipal bonds	-	-	84,472
Corporate bonds	-	-	2,563,267
Domestic equity securities and mutual funds	-	-	10,797,613
Foreign equity securities and mutual funds	-	-	3,433,166
<b>Total investments</b>	<b>\$ 153,598</b>	<b>\$ -</b>	<b>\$ 18,829,650</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 in one of the top three investment grades 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, 2009 are summarized as follows:

Investment Type	NRSRO Rating	Fair Value
State Board of Administration Florida Prime	AAAm	\$ 5,420,613

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

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

#### Investments (Continued)

Investment Type	NRSRO Rating	Fair Value
Pension fund investments:		
U.S. Government securities	AAA	\$ 777,886
U.S. Government agencies	AA	1,020,213
Mortgage and asset-backed securities	AAA	1,771
Mortgage and asset-backed securities	Not Rated	151,262
Municipal bonds	AA	84,472
Corporate bonds	AAA	119,023
Corporate bonds	AA	418,475
Corporate bonds	A	1,698,914
Corporate bonds	BBB	326,855
<b>Total</b>		<b>\$ 4,598,871</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, 2009 the Fund B investments had a net asset value approximating 55% of amortized cost.

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, 2009 all investments 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, 2009

### 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, 2009.

Investment Type	Fair Value of Investment Maturities			
	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
Pension fund investments:				
U.S. Government securities	\$ -	\$ 571,313	\$ 82,271	\$ 124,302
U.S. Government agencies	-	598,169	306,426	115,618
Mortgage and asset-backed securities	16	49	27,131	125,837
Municipal bonds	-	-	-	84,472
Corporate bonds	71,814	1,655,530	761,633	74,290
<b>Total</b>	<b>\$ 71,830</b>	<b>\$ 2,825,061</b>	<b>\$ 1,177,461</b>	<b>\$ 524,519</b>

The weighted average days to maturity of the SBA Florida Prime fund was 33 days at September 30, 2009. The weighted average life of the Fund B investment was 6.7 years at September 30, 2009, 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.

**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, 2009.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

### NOTE 3. RECEIVABLES

Receivables at September 30, 2009 are summarized as follows:

	Governmental Activities	Business-type Activities	Total
<b>Receivables:</b>			
Accounts	\$ 621,581	\$ 1,935,851	\$ 2,557,432
Intergovernmental	223,838	-	223,838
	845,419	1,935,851	2,781,270
Less: allowable for uncollectibles	-	(60,800)	(60,800)
<b>Net receivables</b>	<b>\$ 845,419</b>	<b>\$ 1,875,051</b>	<b>\$ 2,720,470</b>

### NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2009 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 170,036	\$ 60,351	\$ -	\$ 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>4,291,797</b>	<b>519,946</b>	<b>-</b>	<b>4,811,743</b>
Capital assets being depreciated:				
Buildings	7,828,186	5,540	-	7,833,726
Improvements other than buildings	1,856,154	120,900	-	1,977,054
Machinery and equipment	3,308,593	118,448	(513,314)	2,913,727
Library materials and software	542,879	36,350	(29,397)	549,832
<b>Total capital assets being depreciated</b>	<b>13,535,812</b>	<b>281,238</b>	<b>(542,711)</b>	<b>13,274,339</b>
Less accumulated depreciation for:				
Buildings	(1,140,302)	(207,551)	-	(1,347,853)
Improvements other than buildings	(361,128)	(90,831)	-	(451,959)
Machinery and equipment	(1,776,094)	(383,622)	314,389	(1,845,327)
Library materials and software	(333,911)	(63,860)	29,397	(368,374)
<b>Accumulated depreciation</b>	<b>(3,611,435)</b>	<b>(745,864)</b>	<b>343,786</b>	<b>(4,013,513)</b>
<b>Governmental activities</b>				
<b>Capital assets, net</b>	<b>\$ 14,216,174</b>	<b>\$ 55,320</b>	<b>\$ (198,925)</b>	<b>\$ 14,072,569</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

### NOTE 4. CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 364,217	\$ -	\$ -	\$ 364,217
Construction in progress	263,140	749,593	(66,591)	946,142
<b>Total capital assets not being depreciated</b>	<b>627,357</b>	<b>749,593</b>	<b>(66,591)</b>	<b>1,310,359</b>
Capital assets being depreciated:				
Buildings	3,043,449	-	-	3,043,449
Improvements other than buildings	62,748,652	1,787,667	-	64,536,319
Intangible assets	7,183,533	-	-	7,183,533
Equipment and software	3,118,240	192,559	(46,075)	3,264,724
<b>Total capital assets being depreciated</b>	<b>76,093,874</b>	<b>1,980,226</b>	<b>(46,075)</b>	<b>78,028,025</b>
Less accumulated depreciation for:				
Buildings	(1,955,531)	(60,802)	-	(2,016,333)
Improvements other than buildings	(23,139,537)	(1,961,270)	-	(25,100,807)
Intangible assets	(5,168,003)	(212,344)	-	(5,380,347)
Equipment and software	(2,006,673)	(247,944)	43,821	(2,210,796)
<b>Accumulated depreciation</b>	<b>(32,269,744)</b>	<b>(2,482,360)</b>	<b>43,821</b>	<b>(34,708,283)</b>
<b>Business-type activities</b>				
<b>Capital assets, net</b>	<b>\$ 44,451,487</b>	<b>\$ 247,459</b>	<b>\$ (68,845)</b>	<b>\$ 44,630,101</b>

Depreciation expense for the year ended September 30, 2009 was charged to functions as follows:

<b>Governmental Activities:</b>	
General government	\$ 196,680
Public safety	310,359
Physical environment	33,806
Transportation	14,690
Culture and recreation	190,329
<b>Total depreciation expense- Governmental activities</b>	<b>\$ 745,864</b>
<b>Business-type activities:</b>	
<b>Water &amp; Sewer</b>	<b>\$ 2,482,360</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, 2009:

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

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

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 7,065,000	\$ -	\$ (160,000)	\$ 6,905,000	\$ 165,000
Compensated absences	669,527	604,058	(691,894)	581,691	57,658
Other postemployment benefits	-	78,165	-	78,165	-
<b>Total Governmental Activities</b>	<b>\$ 7,734,527</b>	<b>\$ 682,223</b>	<b>\$ (851,894)</b>	<b>\$ 7,564,856</b>	<b>\$ 222,658</b>
<b>Business-type activities:</b>					
Promissory note	\$ 3,164,150	\$ -	\$ (727,385)	\$ 2,436,765	\$ 757,280
Capital appreciation bonds	2,345,937	154,733	(575,000)	1,925,670	570,000
Revenue bonds, series 2003A	10,535,000	-	(225,000)	10,310,000	230,000
Compensated absences	292,964	250,404	(237,437)	305,931	39,189
Other postemployment benefits	-	27,936	-	27,936	-
<b>Total Business-type Activities</b>	<b>16,338,051</b>	<b>\$ 433,073</b>	<b>\$ (1,764,822)</b>	<b>15,006,302</b>	<b>\$ 1,596,469</b>
Unamortized premium on revenue bonds	365,766			350,888	
<b>Net Business-type Liabilities</b>	<b>\$16,703,817</b>			<b>\$15,357,190</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 September 30,	Principal	Interest	Total
2010	\$ 165,000	\$ 352,656	\$ 517,656
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
2015-2019	1,165,000	1,423,068	2,588,068
2020-2024	1,505,000	1,080,470	2,585,470
2025-2029	1,930,000	663,714	2,593,714
2030-2032	1,405,000	146,318	1,551,318
<b>Total</b>	<b>\$ 6,905,000</b>	<b>\$ 5,001,238</b>	<b>\$11,906,238</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

### 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 September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2010	\$ 757,280	\$ 84,692	\$ 841,972
2011	788,525	53,447	841,972
2012	821,026	20,946	841,972
2013	69,934	231	70,165
<b>Total</b>	<b>\$ 2,436,765</b>	<b>\$ 159,316</b>	<b>\$ 2,596,081</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, 2009

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

#### Revenue Bonds (Continued)

At September 30, 2009 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 September 30,	Total
2010	\$ 570,000
2011	570,000
2012	570,000
2013	485,000
<b>Total</b>	<b>\$ 2,195,000</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 September 30,	Principal	Interest	Total
2010	\$ 230,000	\$ 514,974	\$ 744,974
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
2015-2019	1,635,000	2,087,550	3,722,550
2020-2024	2,100,000	1,619,774	3,719,774
2025-2029	2,660,000	1,070,324	3,730,324
2030-2033	2,645,000	338,500	2,983,500
<b>Total</b>	<b>\$10,310,000</b>	<b>\$ 7,569,610</b>	<b>\$17,879,610</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

### 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 \$22,670,691. Principal and interest paid for the current year and utility net revenues were \$2,176,049 and \$5,480,075, respectively.

#### Interest Expense and Arbitrage

Total interest costs incurred and paid on all Village debt for the year ended September 30, 2009 was \$363,789 and \$359,056, respectively, for governmental activities and \$783,313 and \$648,664, 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, 2009

### 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, 2009, 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, 2009:

	Transfers in	Transfers out
<b>Governmental Activities:</b>		
Major Fund - General Fund	\$ 1,515,547	\$ -
<b>Business-type Activities:</b>		
Enterprise Fund	-	1,515,547
<b>Total interfund transfers</b>	<b>\$ 1,515,547</b>	<b>\$ 1,515,547</b>

Transfers include payments in lieu of taxes of \$1,515,547 that are not payments for services.

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

Restricted assets of the enterprise fund at September 30, 2009 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, 2009:

	Restricted Assets
Utility Debt Service	\$ 2,667,481
Renewal and Replacement	100,000
Cash with fiscal agent	285,000
Unused proceeds from 2003 bonds	704
	<b>\$ 3,053,185</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

### **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, 2009 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, 2009.

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

The Village maintains the following two separate single employer defined benefit plans: Village of Palm Springs Hazardous Employees Pension Fund, covering all police officers and firefighters, and Village of Palm Springs General Employees Pension Fund, 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 the 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 Hazardous Employees Pension Fund on casualty and fire 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. There were no nongovernmental investments that exceeded 5% of net plan assets in the Hazardous or General Employees Pension Funds.

The following schedule is derived from the respective actuarial reports and Village information for the two pension plans as of September 30, 2008 (the latest actuarial valuation date):

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

### NOTE 9. PENSION PLANS (Continued)

	General Employees	Hazardous Employees	
<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	118	56	
Retirees and Beneficiaries	30	11	
Terminated Vested	28	15	
<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	20.60%	28.72%	
State	-	2.99%	
Participants	3.00%	6.60%	
Annual Pension Cost	\$ 942,609	\$858,785	
Contribution Made	\$1,021,922	\$909,160	
<b>Actuarial Valuation:</b>			
Frequency	Annual	Annual	
Latest Valuation	10/1/08	10/1/08	
Basis for Contribution	10/1/07	10/1/07	
Cost Method	Entry age	Entry age	
<b>Amortization:</b>			
Method	Level percent	Level percent	
Period	15-25 years	1-21 years	
Open/Closed	Closed	Closed	

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

### NOTE 9. PENSION PLANS (Continued)

	General Employees	Hazardous Employees
<b>Assumptions:</b>		
Investment Earnings (including inflation)	8.0% / year	8.0% / year
Salary Increases (including inflation)	4.7%-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	1983 Group Annuity Mortality Table

Trend information for the two defined benefit pension plans is as follows:

Funded Status and Funding Progress						
Date of Actuarial Valuation October 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
<b>Hazardous Employees:</b>						
2008	\$ 9,815,698	\$ 16,570,343	\$ 6,754,645	59.2%	\$ 3,113,818	216.9%
<b>General Employees:</b>						
2008	\$ 10,707,438	\$ 14,143,490	\$ 3,436,052	75.7%	\$ 4,450,603	77.2%

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				
	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Asset
<b>Hazardous Employees:</b>				
	9/30/07	\$ 631,368	130%	\$ 132,592
	9/30/08	858,785	106%	182,967
	9/30/09	882,107	111%	280,344
<b>General Employees:</b>				
	9/30/07	\$ 851,289	100%	\$ -
	9/30/08	942,609	100%	-
	9/30/09	974,215	100%	-

The annual pension cost and net pension asset for the Hazardous Employees Pension Fund for the most recent valuation were as follows:

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

### NOTE 9. PENSION PLANS (Continued)

Annual required contribution (ARC)	\$	875,369
Interest on net pension asset		(14,637)
Adjustment to ARC		21,375
<hr/>		
Annual pension cost (APC)		882,107
Village contribution		979,484
<hr/>		
Increase in net pension asset		97,377
Net pension asset, beginning of year		182,967
<hr/>		
Net pension asset, end of year	\$	280,344

#### Pension Plan Financial Statements

The General Employees Pension Fund and the Hazardous Employees Pension Fund plans do not issue stand-alone GAAP financial reports. Accordingly, the Village is required to present separate financial statements for each plan in the notes to the financial statements.

Financial statements for the General Employees Pension Fund and the Hazardous Employees Pension Fund as of and for the year ended September 30, 2009 are as follows:

<b>Statements of Plan Net Assets</b>		
	General Employees Pension Fund	Hazardous Employees Pension Fund
<b>Assets</b>		
Cash and cash equivalents	\$ 1,377,427	\$ 1,246,456
Investments:		
U.S. Government securities	551,159	226,727
U.S. Government agencies	373,613	646,600
Mortgage and asset-backed securities	17,858	135,175
Corporate and municipal bonds	1,198,743	1,448,996
Domestic equity securities and mutual funds	5,009,919	5,787,694
Foreign equity securities and mutual funds	1,796,700	1,636,466
Receivables:		
Interest and dividends	31,350	30,253
State of Florida	-	184,769
<b>Total assets</b>	<b>10,356,769</b>	<b>11,343,136</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	14,456	49,696
<b>Total liabilities</b>	<b>14,456</b>	<b>49,696</b>
<b>Net assets held in trust for pension benefits</b>	<b>\$ 10,342,313</b>	<b>\$ 11,293,440</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

### NOTE 9. PENSION PLANS (Continued)

<b>Statements of Changes in Plan Net Assets</b>		
	General Employees Pension Fund	Hazardous Employees Pension Fund
<b>Additions</b>		
Contributions:		
Employer	\$ 996,535	\$ 931,069
Plan members	142,613	226,282
State of Florida	-	184,769
<b>Total contributions</b>	<b>1,139,148</b>	<b>1,342,120</b>
Investment income:		
Interest	90,819	129,850
Dividends	185,767	114,444
Net appreciation (depreciation) in fair value of investments	(238,397)	1,092,518
Investment expenses	(53,886)	(38,434)
Net investment gains (losses)	(15,697)	1,298,378
<b>Total additions</b>	<b>1,123,451</b>	<b>2,640,498</b>
<b>Deductions</b>		
Administration	41,378	74,768
Benefits	358,668	510,056
<b>Total deductions</b>	<b>400,046</b>	<b>584,824</b>
Net increase in plan net assets	723,405	2,055,674
Net Assets - October 1, 2008	9,618,908	9,237,766
<b>Net Assets - September 30, 2009</b>	<b>\$ 10,342,313</b>	<b>\$ 11,293,440</b>

### NOTE 10. OTHER POSTEMPLOYMENT BENEFITS

The Village adopted GASB Statement No. 45 (“Statement 45”), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, for the fiscal year ended September 30, 2009. Statement 45 establishes the financial reporting and disclosure requirements by employers for other postemployment benefits (“OPEB”). In accordance with Statement 45, 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.

#### **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.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

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

#### 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.

#### 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, 2009 (transition year) were based on an actuarial valuation as of September 30, 2007, and are summarized as follows:

Annual required contribution	\$	106,101
Interest on net pension obligation		-
Adjustment to annual required contribution		-
<hr/>		
Annual OPEB cost		106,101
Contributions made		-
<hr/>		
Increase in net OPEB obligation		106,101
Net OPEB obligation, beginning of year		-
<hr/>		
Net OPEB obligation, end of year	\$	106,101

The year ended September 30, 2009 was the year of implementation of Statement 45 and the Village has elected to implement prospectively, therefore, prior year comparative data is not available.

Year Ended	Annual OPEB Cost	Actual Employer Contribution	Percentage Contributed	Net OPEB Obligation
9-30-09	\$ 106,101	\$ 0	0.0%	\$ 106,101

#### 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 (transition year). A schedule of funding progress based on an actuarial valuation as of October 1, 2007, is presented below.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

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

#### Funded Status and Funding Progress (Continued)

Date of Actuarial Valuation October 1	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
2007	\$ 0	\$ 566,595	\$ 566,595	0.0%	\$ 8,164,640	6.94%

#### 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, 2009, 2008, and 2007.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2009

### NOTE 12. COMMITMENTS AND CONTINGENCIES

#### Contract Commitments

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

	<b>Total Project Authorization</b>	<b>Expended September 30, 2009</b>	<b>Retainage Payable September 30, 2009</b>	<b>Balance to Complete</b>
SISCA Construction	\$ 679,900	\$ 29,484	\$ 3,276	\$ 647,140
Task #100 – Rehab 4 Lift Stations	175,284	68,802	-	106,482
Task #102 – Kirk & Lakewood TO	1,299,181	416,265	-	882,916
Task #103 – Donald Road Area	182,000	116,605	-	65,395
Task #106 – Sewer Imp Miller Road	166,421	9,304	-	157,117
Task #107 – Ardel Beach Lift Station Replacement	195,020	62,154	-	132,866
Task #108 – Miller Road Drainage	14,000	6,300	-	7,700
	<b>\$ 2,711,806</b>	<b>\$ 708,914</b>	<b>\$ 3,276</b>	<b>\$ 1,999,616</b>

The Village also has an outstanding contract in the General Fund for painting maintenance that has an authorized contract amount of \$137,450; expenditures of \$14,358 through September 30, 2009, including retainage of \$1,436; and, a balance to complete of \$123,092.

#### 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 provided the Village with an independent report indicating that the Renewal and Replacement Reserve Account for the Lake Worth Regional Water Systems was underfunded in prior years and that the Village's allocable share of the underfunding was \$2,649,879. From 2007 through 2009, the City of Lake Worth billed the Village \$26,267 per month for renewal and replacement contributions. The Village, in consultation with legal counsel, believes they are not liable for the underfunding under their contract with the City of Lake Worth and that they have met all contractual obligations for renewal and replacement funding. No legal action on the claim has been taken by the City of Lake Worth to date.

#### 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, 2009

### NOTE 13. SUBSEQUENT EVENT

#### **Fire Protection and Emergency Medical Services Agreement**

On September 10, 2009 the Village approved an interlocal agreement (the "Agreement") with Palm Beach County (the "County") for the provision of fire protection and emergency medical services within the Village for a term of ten years, effective October 1, 2009. The Agreement provides that the County will hire the current full-time, fire-rescue employees of the Village effective October 1, 2009 and will be responsible for all salaries, benefits and related obligations thereafter as employees of the County. The Village's existing fire-rescue facility will be expanded by the Village and leased to the County for the term of the agreement for \$50,000 per year. The terms of the lease generally require the Village to repair and maintain the fire-rescue building and grounds and the County to pay for utilities and interior maintenance of the facility. In addition, ownership of all Village fire-rescue equipment with a net book value of approximately \$196,000 was transferred to the County on October 1, 2009.

Termination benefits of \$112,364 for accrued, non-healthcare related, employee benefits consisting primarily of compensated absences, owed to the Village's 19 fire-rescue employees at the effective date of the Agreement were recorded as termination benefits payable in the General Fund at September 30, 2009. There were no termination benefits that affected the defined benefit pension or OPEB obligations at September 30, 2009.

The Village will be included in the County municipal service taxing unit (MSTU) for fire-rescue services, which levies a separate ad valorem tax to pay for County-wide fire-rescue services. The annual millage rate established by the County for the fire-rescue MSTU (currently 3.45 mills) will be added to the annual millage rate established by the Village for purposes of determining the Village's 10 mill cap under Florida law. The Agreement also provides that the fire-rescue MSTU is entitled to invoice residents and businesses in the Village for non-emergency, fire-rescue services provided within the Village.

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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, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes:				
Ad valorem taxes	\$ 3,617,745	\$ 3,617,745	\$ 3,597,466	\$ (20,279)
Franchise fees	910,200	910,200	1,011,953	101,753
Utility service taxes	1,777,850	1,777,850	1,904,565	126,715
Occupational license tax	220,000	220,000	213,858	(6,142)
Business permits	20,000	20,000	16,120	(3,880)
<b>Total taxes</b>	<b>6,545,795</b>	<b>6,545,795</b>	<b>6,743,962</b>	<b>198,167</b>
Licenses and permits:				
Building permits	270,000	270,000	116,880	(153,120)
Other permits and licenses	230	230	396	166
<b>Total licenses and permits</b>	<b>270,230</b>	<b>270,230</b>	<b>117,276</b>	<b>(152,954)</b>
Intergovernmental:				
State revenue sharing	482,251	482,251	427,967	(54,284)
Alcoholic beverage licenses	12,000	12,000	10,275	(1,725)
Municipal fuel tax refund	5,300	5,300	7,416	2,116
Local option gas tax	335,000	335,000	314,614	(20,386)
County occupational licenses	36,174	36,174	33,657	(2,517)
Half-cent sales tax	1,130,208	1,130,208	961,583	(168,625)
Grant revenue	131,450	358,461	425,542	67,081
Other intergovernmental revenue	15,094	15,094	12,201	(2,893)
<b>Total intergovernmental</b>	<b>2,147,477</b>	<b>2,374,488</b>	<b>2,193,255</b>	<b>(181,233)</b>
Charges for services:				
General government	61,100	61,100	54,317	(6,783)
Public safety	837,791	837,791	594,755	(243,036)
Physical environment	684,888	684,888	798,194	113,306
Leisure services	344,750	344,750	331,335	(13,415)
Nonresident fees	28,000	28,000	12,070	(15,930)
<b>Total charges for services</b>	<b>1,956,529</b>	<b>1,956,529</b>	<b>1,790,671</b>	<b>(165,858)</b>
Fines and forfeitures:				
Judgements and fines	77,748	77,748	157,821	80,073
Other	105,700	105,700	89,577	(16,123)
<b>Total fines and forfeitures</b>	<b>183,448</b>	<b>183,448</b>	<b>247,398</b>	<b>63,950</b>
<b>Contributions</b>	<b>13,300</b>	<b>13,300</b>	<b>12,309</b>	<b>(991)</b>

Continued

# VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Miscellaneous:				
Interest earnings	\$ 217,500	\$ 217,500	\$ 31,231	\$ (186,269)
Miscellaneous revenue	10,000	10,000	36,269	26,269
Facility rental	87,100	87,100	90,752	3,652
<b>Total miscellaneous</b>	<b>314,600</b>	<b>314,600</b>	<b>158,252</b>	<b>(156,348)</b>
<b>Total revenues</b>	<b>11,431,379</b>	<b>11,658,390</b>	<b>11,263,123</b>	<b>(395,267)</b>
<b>Other financing sources</b>				
Appropriated fund balance	171,697	656,697	-	(656,697)
Transfer in	1,515,547	1,515,547	1,515,547	-
<b>Total revenues and other financing source</b>	<b>\$ 13,118,623</b>	<b>\$ 13,830,634</b>	<b>\$ 12,778,670</b>	<b>\$ (1,051,964)</b>
<b>Expenditures</b>				
<b>General government:</b>				
Legislative:				
Personal services	\$ 46,977	\$ 46,977	\$ 45,652	\$ 1,325
Operating	57,320	57,320	45,277	12,043
Nonoperating	122,000	52,000	2,000	50,000
Total legislative	226,297	156,297	92,929	63,368
Executive:				
Personal services	585,012	589,255	574,153	15,102
Operating	31,548	26,818	16,937	9,881
Capital outlay	8,000	8,487	8,487	-
Total executive	624,560	624,560	599,577	24,983
Financial administration:				
Personal services	398,761	398,761	395,291	3,470
Operating	21,024	21,024	17,478	3,546
Capital outlay	7,090	7,090	5,721	1,369
Total financial administration	426,875	426,875	418,490	8,385
Legal:				
Operating	125,000	125,000	99,885	25,115
Other general government:				
Personal services	7,000	18,000	17,041	959
Operating	305,050	292,750	224,422	68,328
Capital outlay	14,500	15,800	12,293	3,507
Total other general government	326,550	326,550	253,756	72,794
<b>Total general government</b>	<b>1,729,282</b>	<b>1,659,282</b>	<b>1,464,637</b>	<b>194,645</b>

Continued

# VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2009

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Public safety:</b>				
Land development:				
Personal services	\$ 434,721	\$ 429,721	\$ 406,341	\$ 23,380
Operating	144,073	154,313	151,651	2,662
Capital outlay	5,240	-	-	-
Total land development	584,034	584,034	557,992	26,042
Fire Rescue:				
Personal services	1,725,566	1,716,066	1,681,024	35,042
Operating	154,258	163,758	100,725	63,033
Capital outlay	-	485,000	459,595	25,405
Total fire rescue	1,879,824	2,364,824	2,241,344	123,480
Law enforcement:				
Personal services	4,904,397	4,864,947	4,704,591	160,356
Operating	565,179	628,535	529,853	98,682
Capital outlay	104,500	174,605	66,684	107,921
Total law enforcement	5,574,076	5,668,087	5,301,128	366,959
<b>Total public safety</b>	<b>8,037,934</b>	<b>8,616,945</b>	<b>8,100,464</b>	<b>516,481</b>
<b>Physical environment:</b>				
Sanitation services:				
Operating	612,683	682,683	675,256	7,427
Total physical environment	<b>612,683</b>	<b>682,683</b>	<b>675,256</b>	<b>7,427</b>
<b>Transportation:</b>				
Personal services	649,757	637,757	616,726	21,031
Operating	422,122	436,840	286,639	150,201
Capital outlay	12,000	9,282	-	9,282
Total transportation	<b>1,083,879</b>	<b>1,083,879</b>	<b>903,365</b>	<b>180,514</b>
<b>Culture/recreation:</b>				
Library:				
Personal services	513,615	513,648	498,846	14,802
Operating	103,598	109,193	99,991	9,202
Capital outlay	48,900	43,272	35,835	7,437
Total library	666,113	666,113	634,672	31,441
Leisure services:				
Personal services	522,698	522,698	484,676	38,022
Operating	344,034	359,234	335,249	23,985
Capital outlay	68,000	185,800	164,042	21,758
Total leisure services	934,732	1,067,732	983,967	83,765

Continued

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Budgetary Comparison Schedule*

*General Fund (Continued)*

*Year Ended September 30, 2009*

	<u>Budgeted Amounts</u>		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Special events:				
Operating	\$ 54,000	\$ 54,000	\$ 53,180	\$ 820
<b>Total culture/recreation</b>	<b>1,654,845</b>	<b>1,787,845</b>	<b>1,671,819</b>	<b>116,026</b>
<b>Total expenditures</b>	<b>\$ 13,118,623</b>	<b>\$ 13,830,634</b>	<b>12,815,541</b>	<b>\$ 1,015,093</b>
Net change in fund balance			\$ (36,871)	
Fund balance, beginning of year			6,078,720	
<b>Fund balance, end of year</b>			<b>\$ 6,041,849</b>	

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULE

SEPTEMBER 30, 2009

### 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>	\$ 11,263,123	\$ 12,815,541
State on-behalf payments for hazardous employees pension contributions	184,769	184,769
<b>GAAP Basis</b>	<b>\$ 11,447,892</b>	<b>\$ 13,000,310</b>

The reported budgetary data represents the final appropriated budget after amendments adopted by the Council. Supplemental appropriations of \$712,011 were needed for costs incurred for operating expenses and capital outlay for the year ended September 30, 2009, increasing the original general fund budget from \$13,118,623 to \$13,830,634. 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, 2009.

# VILLAGE OF PALM SPRINGS, FLORIDA

## CONDITION RATING OF THE VILLAGE'S STREET SYSTEM

SEPTEMBER 30, 2009

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>
2000	\$ 11,000	\$ 4,178	\$ 6,822
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
<b>Total</b>	<b>\$ 903,100</b>	<b>\$ 687,822</b>	<b>\$ 215,278</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. In Fiscal Year 2007, the first third of the street network was reevaluated and in fiscal year 2008 the second third of the streets were reevaluated and in Fiscal Year 2009 the last one-third of the streets were reevaluated. The ratings continue to meet or exceed Village policy. Future assessments will be completed on a cyclical basis.

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

## VILLAGE OF PALM SPRINGS, FLORIDA

Required Supplementary Information

Pension Trust Funds - Schedule of Funding Progress

Actuarial Valuation Date September 30,	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a)/(b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b-a)/c)
<b><u>Hazardous Employees</u></b>						
2003	\$ 4,819,265	\$ 6,687,739	\$ 1,868,474	72.1%	\$ 1,702,272	109.8%
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%
<b><u>General Employees</u></b>						
2003	\$ 6,203,585	\$ 7,286,863	\$ 1,083,278	85.1%	\$ 3,482,399	31.1%
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%

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

	General Employees	Hazardous Employees
Valuation date	9/30/2008	9/30/2008
Actuarial cost method	Entry age	Entry age
Asset valuation method	5-Year Smoothed Market	4-Year Smoothed Market
Actuarial assumptions:		
Investment rate of return (including inflation)	8.0% / year	8.0% / year
Salary increases (including inflation)	4.7% - 8.3% / year	5.0% - 8.0% / year
Inflation	4.5% / year	5.0% / 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 September 30,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
<b>Hazardous Employees Pension Fund</b>		
2004	\$ 417,489	118%
2005	548,908	104%
2006	626,200	100%
2007	853,902	106%
2008	875,369	100%
2009	1,009,299	100%
<b>General Employees Pension Fund</b>		
2004	\$ 428,696	100%
2005	498,271	100%
2006	745,116	100%
2007	851,289	100%
2008	942,609	100%
2009	974,215	100%

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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.

**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, 2009*

	<u>Special Revenue Funds</u>			Debt Service Fund	Total Nonmajor Governmental Funds
	Library Fund	Law Enforcement Fund			
<b>Assets:</b>					
Cash and cash equivalents	\$ 61,858	\$ 17,910	\$	16,219	\$ 95,987
<b>Total assets</b>	<b>\$ 61,858</b>	<b>\$ 17,910</b>	<b>\$</b>	<b>16,219</b>	<b>\$ 95,987</b>
<b>Liabilities and Fund Balances:</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$	-	\$ -
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$</b>	<b>-</b>	<b>\$ -</b>
Fund balances:					
Reserved for:					
Law enforcement	\$ -	\$ 17,910	\$	-	\$ 17,910
Debt service	-	-		16,219	16,219
Unreserved:					
Special revenue funds	61,858	-		-	61,858
<b>Total fund balances</b>	<b>\$ 61,858</b>	<b>\$ 17,910</b>	<b>\$</b>	<b>16,219</b>	<b>\$ 95,987</b>
<b>Total liabilities and fund balances</b>	<b>\$ 61,858</b>	<b>\$ 17,910</b>	<b>\$</b>	<b>16,219</b>	<b>\$ 95,987</b>

**VILLAGE OF PALM SPRINGS, FLORIDA**

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

*Nonmajor Governmental Funds*

*Year Ended September 30, 2009*

	<b>Special Revenue Funds</b>			<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Library Fund</b>	<b>Law Enforcement Fund</b>			
<b>Revenues</b>					
Taxes	\$ -	\$ -	\$ 526,607	\$ 526,607	
Confiscated property	-	33,897	-	33,897	
Contributions	1,189	-	-	1,189	
Interest	430	153	176	759	
Miscellaneous	215	-	-	215	
<b>Total revenues</b>	<b>1,834</b>	<b>34,050</b>	<b>526,783</b>	<b>562,667</b>	
<b>Expenditures</b>					
Current:					
Public safety	-	41,756	-	41,756	
Culture/recreation	2,000	-	-	2,000	
Capital outlay	4,372	1,903	-	6,275	
Debt service:					
Principal	-	-	160,000	160,000	
Interest and other fiscal charges	-	-	366,456	366,456	
<b>Total expenditures</b>	<b>6,372</b>	<b>43,659</b>	<b>526,456</b>	<b>576,487</b>	
Net change in fund balances	(4,538)	(9,609)	327	(13,820)	
Fund balances, beginning of year	66,396	27,519	15,892	109,807	
<b>Fund balances, end of year</b>	<b>\$ 61,858</b>	<b>\$ 17,910</b>	<b>\$ 16,219</b>	<b>\$ 95,987</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.

**Hazardous Employees Pension Fund** – The hazardous employees pension fund is used to account for the defined benefit pension plan for the police and fire employees of the Village.

## VILLAGE OF PALM SPRINGS, FLORIDA

Combining Statement of Fiduciary Net Assets

September 30, 2009

	General Employees Pension Fund	Hazardous Employees Pension Fund	Total Pension Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 1,377,427	\$ 1,246,456	\$ 2,623,883
Investments:			
U.S. Government securities	551,159	226,727	777,886
U.S. Government agencies	373,613	646,600	1,020,213
Mortgage and asset-backed securities	17,858	135,175	153,033
Corporate and municipal bonds	1,198,743	1,448,996	2,647,739
Domestic equity securities and mutual funds	5,009,919	5,787,694	10,797,613
Foreign equity securities and mutual funds	1,796,700	1,636,466	3,433,166
Receivables:			
Interest and dividends	31,350	30,253	61,603
State of Florida	-	184,769	184,769
<b>Total assets</b>	<b>\$ 10,356,769</b>	<b>\$ 11,343,136</b>	<b>\$ 21,699,905</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 14,456	49,696	\$ 64,152
<b>Total liabilities</b>	<b>\$ 14,456</b>	<b>\$ 49,696</b>	<b>\$ 64,152</b>
<b>Net Assets</b>			
Net assets held in trust for pension benefits	\$ 10,342,313	\$ 11,293,440	\$ 21,635,753
<b>Total net assets</b>	<b>\$ 10,342,313</b>	<b>\$ 11,293,440</b>	<b>\$ 21,635,753</b>

## VILLAGE OF PALM SPRINGS, FLORIDA

Combining Statement of Changes in Fiduciary Net Assets  
Year Ended September 30, 2009

	General Employees Pension Fund	Hazardous Employees Pension Fund	Total Pension Funds
<b>Additions</b>			
Contributions:			
Employer	\$ 996,535	\$ 931,069	\$ 1,927,604
Plan members	142,613	226,282	368,895
State of Florida	-	184,769	184,769
<b>Total contributions</b>	<b>1,139,148</b>	<b>1,342,120</b>	<b>2,481,268</b>
Investment income:			
Interest	90,819	129,850	220,669
Dividends	185,767	114,444	300,211
Net (depreciation) appreciation in fair value of investments	(238,397)	1,092,518	854,121
Investment expenses	(53,886)	(38,434)	(92,320)
Net investment income (loss)	(15,697)	1,298,378	1,282,681
<b>Total additions</b>	<b>1,123,451</b>	<b>2,640,498</b>	<b>3,763,949</b>
<b>Deductions</b>			
Administration	41,378	74,768	116,146
Benefits	358,668	510,056	868,724
<b>Total deductions</b>	<b>400,046</b>	<b>584,824</b>	<b>984,870</b>
Net increase in plan net assets	723,405	2,055,674	2,779,079
Net assts held in trust for pension benefits, beginning of year	9,618,908	9,237,766	18,856,674
<b>Net assets held in trust for pension benefits, end of year</b>	<b>\$ 10,342,313</b>	<b>\$ 11,293,440</b>	<b>\$ 21,635,753</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, 2009

Fiscal Year Ending September 30,	Governmental Activities		Business-type Activities		
	Bond Payable	Note Payable	Revenue Bonds Payable		Total
			Series 1988	Series 2003A	
2010	\$ 517,656	\$ 841,972	\$ 570,000	\$ 744,974	\$ 2,674,602
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>\$ 11,906,238</b>	<b>\$ 2,596,081</b>	<b>\$ 2,195,000</b>	<b>\$ 17,879,610</b>	<b>\$ 34,576,929</b>

## VILLAGE OF PALM SPRINGS, FLORIDA

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

Fiscal Year	Ending September 30,	Principal		Interest		Total	Interest Rate		
		May 1	May 1	November 1	November 1				
2010	\$	165,000	\$	176,328	\$	176,328	\$	517,656	4.000%
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>6,905,000</b>	<b>\$</b>	<b>2,500,619</b>	<b>\$</b>	<b>2,500,619</b>	<b>\$</b>	<b>11,906,238</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>
2010	\$ 757,280		\$ 84,692	\$ 841,972
2011	788,525		53,447	841,972
2012	821,026		20,946	841,972
2013	69,934		231	70,165
<b>Total</b>	<b>\$ 2,436,765</b>		<b>\$ 159,316</b>	<b>\$ 2,596,081</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>			
2010	\$	52,369	\$	49,807	\$	232,631	\$	235,193	\$	570,000
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>211,719</b>	<b>\$</b>	<b>136,777</b>	<b>\$</b>	<b>1,128,281</b>	<b>\$</b>	<b>718,223</b>	<b>\$</b>	<b>2,195,000</b>

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## VILLAGE OF PALM SPRINGS, FLORIDA

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

Fiscal Year	Ending September 30,	Principal		Interest		Total	Interest Rate		
		May 1	May 1	November 1	November 1				
2010	\$	230,000	\$	257,487	\$	257,487	\$	744,974	5.000%
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>10,310,000</b>	<b>\$</b>	<b>3,784,805</b>	<b>\$</b>	<b>3,784,805</b>	<b>\$</b>	<b>17,879,610</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>
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 Seven Fiscal Years*

*Accrual Basis of Accounting*

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	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>
<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>
<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>

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

<b>Fiscal Year</b>			
<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
\$ 7,199,449	\$ 7,472,382	\$ 7,151,174	\$ 7,167,569
-	-	43,411	34,129
5,150,443	5,391,895	5,508,949	5,577,255
<b><u>\$ 12,349,892</u></b>	<b><u>\$ 12,864,277</u></b>	<b><u>\$ 12,703,534</u></b>	<b><u>\$ 12,778,953</u></b>
\$ 27,627,368	\$ 28,748,028	\$ 29,837,394	\$ 31,406,094
118,999	1,357,698	1,317,850	1,273,221
5,253,146	4,015,758	3,007,831	2,155,277
<b><u>\$ 32,999,513</u></b>	<b><u>\$ 34,121,484</u></b>	<b><u>\$ 34,163,075</u></b>	<b><u>\$ 34,834,592</u></b>
\$ 34,826,817	\$ 36,220,410	\$ 36,988,568	\$ 38,573,663
118,999	1,357,698	1,361,261	1,307,350
10,403,589	9,407,653	8,516,780	7,732,532
<b><u>\$ 45,349,405</u></b>	<b><u>\$ 46,985,761</u></b>	<b><u>\$ 46,866,609</u></b>	<b><u>\$ 47,613,545</u></b>

# VILLAGE OF PALM SPRINGS, FLORIDA

*Changes in Net Assets*

*Last Seven 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><u>7,527,739</u></b>	<b><u>9,058,059</u></b>	<b><u>10,073,111</u></b>
Business-type activities:			
Water/Sewer Utility	7,404,500	8,006,446	7,751,695
<b>Total business-type activities expenses</b>	<b><u>7,404,500</u></b>	<b><u>8,006,446</u></b>	<b><u>7,751,695</u></b>
<b>Total primary government expenses</b>	<b><u>\$ 14,932,239</u></b>	<b><u>\$ 17,064,505</u></b>	<b><u>\$ 17,824,806</u></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
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><u>2,366,838</u></b>	<b><u>2,240,131</u></b>	<b><u>2,371,981</u></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><u>9,744,530</u></b>	<b><u>10,353,033</u></b>	<b><u>10,574,402</u></b>
<b>Total primary government program revenues</b>	<b><u>\$ 12,111,368</u></b>	<b><u>\$ 12,593,164</u></b>	<b><u>\$ 12,946,383</u></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><u>\$ (2,820,871)</u></b>	<b><u>\$ (4,471,341)</u></b>	<b><u>\$ (4,878,423)</u></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.

Fiscal Year			
2006	2007	2008	2009
\$ 1,489,124	\$ 1,652,285	\$ 1,676,049	\$ 1,648,500
6,013,883	7,436,765	7,833,731	8,177,216
1,045,789	840,332	1,017,487	709,062
941,378	1,023,051	925,984	914,748
1,573,129	1,742,484	1,665,319	1,679,624
382,721	376,367	369,781	363,789
<b>11,446,024</b>	<b>13,071,284</b>	<b>13,488,351</b>	<b>13,492,939</b>
8,498,243	10,195,468	10,569,732	10,662,117
<b>8,498,243</b>	<b>10,195,468</b>	<b>10,569,732</b>	<b>10,662,117</b>
<b>\$ 19,944,267</b>	<b>\$ 23,266,752</b>	<b>\$ 24,058,083</b>	<b>\$ 24,155,056</b>
\$ 412,527	\$ 428,057	\$ 424,182	\$ 217,171
994,345	1,163,450	952,624	943,382
532,932	582,711	663,039	798,194
393,817	356,453	389,303	369,096
718,297	55,383	34,023	79,298
242,497	213,395	203,709	253,347
8,432	11,742	12,094	12,094
28,315	24,271	22,634	17,822
194,167	36,536	15,633	12,453
10,000	6,694	10,000	50,997
-	-	-	-
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>
11,195,361	11,302,346	10,973,325	12,234,482
575,661	934,530	909,126	549,540
<b>11,771,022</b>	<b>12,236,876</b>	<b>11,882,451</b>	<b>12,784,022</b>
<b>\$ 15,442,900</b>	<b>\$ 15,279,019</b>	<b>\$ 14,634,692</b>	<b>\$ 15,788,414</b>
\$ (7,774,146)	\$ (10,029,141)	\$ (10,736,110)	\$ (10,488,547)
3,272,779	2,041,408	1,312,719	2,121,905
<b>\$ (4,501,367)</b>	<b>\$ (7,987,733)</b>	<b>\$ (9,423,391)</b>	<b>\$ (8,366,642)</b>

## VILLAGE OF PALM SPRINGS, FLORIDA

*Changes in Net Assets (Continued)*

*Last Seven 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.

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

**VILLAGE OF PALM SPRINGS, FLORIDA***Governmental Activities Tax Revenues by Source**Last Seven 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 Tax</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

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*

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	<b>Fiscal Year</b>			
	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>General fund</b>				
Reserved	\$ 17,776	\$ 10,604	\$ 6,259	\$ 9,703
Unreserved	<u>2,099,882</u>	<u>2,785,703</u>	<u>3,457,660</u>	<u>3,798,650</u>
Total General Fund	<u>\$ 2,117,658</u>	<u>\$ 2,796,307</u>	<u>\$ 3,463,919</u>	<u>\$ 3,808,353</u>
<b>All other governmental funds</b>				
Reserved	\$ 14,050	\$ 12,614	\$ 6,167,601	\$ 2,369,958
Unreserved, reported in:				
Special revenue funds	<u>115,518</u>	<u>17,786</u>	<u>19,092</u>	<u>50,076</u>
Total all other governmental funds	<u>\$ 129,568</u>	<u>\$ 30,400</u>	<u>\$ 6,186,693</u>	<u>\$ 2,420,034</u>

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 11,692	\$ 22,622	\$ 16,822	\$ 25,330	\$ 74,048	\$ 54,425
<u>4,072,476</u>	<u>4,127,817</u>	<u>5,317,561</u>	<u>5,929,454</u>	<u>6,004,672</u>	<u>5,987,424</u>
<u><u>\$ 4,084,168</u></u>	<u><u>\$ 4,150,439</u></u>	<u><u>\$ 5,334,383</u></u>	<u><u>\$ 5,954,784</u></u>	<u><u>\$ 6,078,720</u></u>	<u><u>\$ 6,041,849</u></u>
\$ 249,050	\$ 201,098	\$ 42,717	\$ 54,175	\$ 43,411	\$ 34,129
<u>70,382</u>	<u>73,249</u>	<u>71,905</u>	<u>64,906</u>	<u>66,396</u>	<u>61,858</u>
<u><u>\$ 319,432</u></u>	<u><u>\$ 274,347</u></u>	<u><u>\$ 114,622</u></u>	<u><u>\$ 119,081</u></u>	<u><u>\$ 109,807</u></u>	<u><u>\$ 95,987</u></u>

## VILLAGE OF PALM SPRINGS, FLORIDA

*Changes in Fund Balances of Governmental Funds*

*Last Ten Fiscal Years*

*Modified Accrual Basis of Accounting*

	Fiscal Year			
	2000	2001	2002	2003
<b>Revenues</b>				
Taxes	\$ 2,538,952	\$ 2,817,347	\$ 3,272,134	\$ 3,905,884
Licenses and permits	218,904	175,713	258,364	620,841
Intergovernmental	1,534,183	1,493,623	1,566,010	1,749,953
Confiscated property	-	-	-	15,515
Grants	-	-	-	591,141
Charges for services	616,163	643,125	653,923	723,730
Fines and forfeitures	149,962	162,697	179,059	170,629
Contributions	43,703	33,596	24,635	49,311
Investment earnings	148,555	144,638	164,983	133,061
Miscellaneous	136,263	188,154	51,488	93,200
<b>Total revenues</b>	<b>5,386,685</b>	<b>5,658,893</b>	<b>6,170,596</b>	<b>8,053,265</b>
<b>Expenditures</b>				
General government	794,282	819,386	906,582	988,770
Public safety	2,555,442	2,871,557	3,117,272	3,552,982
Physical environment	321,411	327,565	385,569	406,397
Transportation	487,655	552,555	584,258	699,430
Culture/Recreation	1,095,784	1,018,519	923,166	1,029,230
Capital Outlay	563,481	507,050	2,161,371	5,045,584
Debt service				
Principal	48,336	50,995	53,800	371,461
Interest and other fiscal charges	20,887	17,898	15,022	409,092
<b>Total expenditures</b>	<b>5,887,278</b>	<b>6,165,525</b>	<b>8,147,040</b>	<b>12,502,946</b>
Excess of revenues over (under) expenditures	(500,593)	(506,632)	(1,976,444)	(4,449,681)
<b>Other financing sources (uses)</b>				
Insurance recoveries	-	-	-	-
Transfers in	1,058,584	1,169,944	970,424	1,183,220
Transfers out	(89,353)	(216,292)	-	(193,048)
Bonds issued	-	-	7,829,925	-
<b>Total other financing sources (uses)</b>	<b>969,231</b>	<b>953,652</b>	<b>8,800,349</b>	<b>990,172</b>
Net change in fund balances	<u>\$ 468,638</u>	<u>\$ 447,020</u>	<u>\$ 6,823,905</u>	<u>\$(3,459,509)</u>
Debt service as a percentage of non-capital expenditures	1.47%	1.23%	1.16%	11.69%

Fiscal Year					
2004	2005	2006	2007	2008	2009
\$ 4,155,482	\$ 4,671,614	\$ 5,597,815	\$ 6,871,757	\$ 6,942,713	\$ 7,270,569
711,795	446,473	749,514	807,031	415,096	117,276
1,955,300	2,426,341	3,134,436	2,439,028	2,179,288	2,378,024
29,578	13,167	25,924	101,432	32,301	33,897
154,859	-	-	-	-	-
845,962	1,025,234	1,166,898	1,290,774	1,546,796	1,790,671
140,670	162,527	182,734	173,730	303,837	247,398
33,434	18,311	64,268	17,547	15,379	13,498
70,684	126,658	239,422	326,789	163,416	31,990
111,413	202,041	191,660	245,462	262,137	127,236
<b>8,209,177</b>	<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>
1,050,402	1,247,293	1,283,700	1,383,491	1,446,600	1,438,136
4,005,927	4,845,761	5,748,952	6,918,839	7,606,128	7,800,710
752,528	723,124	996,777	782,933	907,704	675,256
912,573	1,007,187	917,523	994,880	908,705	903,365
1,193,457	1,238,815	1,408,466	1,507,621	1,475,500	1,473,942
2,707,162	681,664	911,849	849,262	346,028	758,932
130,000	135,000	140,000	145,000	150,000	160,000
397,285	392,601	385,638	378,783	372,281	366,456
<b>11,149,334</b>	<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>
(2,940,157)	(1,179,079)	(440,234)	(687,259)	(1,351,983)	(1,566,238)
-	-	194,167	-	-	-
1,115,370	1,200,265	1,270,286	1,312,572	1,466,645	1,515,547
-	-	-	(453)	-	-
-	-	-	-	-	-
<b>1,115,370</b>	<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>\$(1,824,787)</b>	<b>\$ 21,186</b>	<b>\$ 1,024,219</b>	<b>\$ 624,860</b>	<b>\$ 114,662</b>	<b>\$ (50,691)</b>
6.66%	5.82%	5.08%	4.52%	4.23%	4.28%

## 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 Year</b>	<b>Property Tax</b>	<b>Utility Service Tax</b>	<b>Franchise Fees</b>	<b>Sales and Use Tax</b>	<b>Business Taxes (1)</b>	<b>Total</b>
<b>2000</b>	\$ 1,132,703	\$ 931,995	\$ 474,254	\$ 760,263	\$ -	\$ 3,299,215
<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	1,065,592	-	8,008,305
<b>2009</b>	4,124,073	1,904,565	1,011,953	961,583	229,978	8,232,152

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

## VILLAGE OF PALM SPRINGS, FLORIDA

*Assessed Value of Taxable Property*

*Last Ten Fiscal Years*

Fiscal Year Ending September 30,	Assessed Values		Total Taxable Assessed Value <sup>(1)</sup>	Total Direct Tax Rate	Estimated Actual Taxable Value <sup>(1)</sup>
	Real Property	Personal Property			
2000	\$ 198,824,997	\$ 11,344,980	\$ 210,169,977	21.7054	\$ 221,231,555
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

<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 Ending September 30,</b>	<b>General Fund</b>	<b>Debt Service</b>	<b>Total Village of Palm Springs</b>	<b>School District</b>	<b>Palm Beach County</b>	<b>Special Taxing Districts</b>	<b>Total All</b>
2000	5.2632	0.3262	5.5894	8.9180	4.9360	2.2620	21.7054
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

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 Assessed Valuation</b>	<b>Taxes</b>	<b>Rank</b>	<b>Percentage of Total Taxes 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.	-	-	-	-
Totals	<u>\$ 93,860,276</u>	<u>\$ 406,612</u>		<u>10.80%</u>

<b>2000</b>			
<b>Taxable Assessed Valuation</b>	<b>Taxes</b>	<b>Rank</b>	<b>Percentage of Total Taxes Levied</b>
\$ 4,500,000	\$ 25,152	6	2.26%
11,500,000	64,278	1	5.77%
8,838,103	49,400	2	4.44%
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
5,784,830	32,334	4	2.90%
-	-	-	-
-	-	-	-
5,829,512	32,583	3	2.93%
4,937,838	27,600	5	2.48%
2,442,042	13,650	9	1.23%
2,585,936	14,454	8	1.30%
2,814,917	15,734	7	1.41%
1,822,338	10,186	10	0.91%
<u>\$ 51,055,516</u>	<u>\$ 285,371</u>		<u>25.63%</u>

## VILLAGE OF PALM SPRINGS, FLORIDA

### Property Tax Levies and Collections

#### Last Ten Fiscal Years

<b>Fiscal Year Ending September 30,</b>	<b>Net Tax Levy <sup>(1)</sup></b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Property Tax Collections</b>	<b>Collections as a Percent of Current Levy</b>
2000	\$ 1,113,261	\$ 1,060,942	95.30%	\$ 2,776	\$ 1,063,718	95.55%
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%

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 Ending September 30,	Water		Number of Active Water Customer Accounts	Wastewater		Number of Active Wastewater Customer Accounts
	Gallons Consumed <sup>(1)</sup>	Base Rate <sup>(2)</sup>		Gallons Treated <sup>(1)</sup>	Base Rate <sup>(3)</sup>	
2000	1,262,578	\$ 10.60	11,486	N/A	\$ 15.25	8,106
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

<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 Seven Fiscal Years*

Fiscal Year	Governmental Activities		Business-type Activities		Total <sup>(1)</sup> 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	5.58%	\$ 2,525
2004	7,635,000	16,854,899	5,796,318	1,223,927	31,510,144	5.35%	2,358
2005	7,500,000	16,261,239	5,177,435	684,209	29,622,883	4.79%	2,217
2006	7,360,000	15,740,566	4,533,236	159,204	27,793,006	4.15%	2,001
2007	7,215,000	13,874,827	3,862,457	-	24,952,284	3.08%	1,737
2008	7,065,000	13,246,703	3,164,150	-	23,475,853	2.90%	1,605
2009	6,905,000	12,586,558	2,436,765	-	21,928,323	2.38%	1,408

**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>
2000	\$ 351,256	\$ 12,595	\$ 338,661	\$ 210,169,977	0.16%	10,220	\$ 33.14
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

**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, 2009*

	<b>Total Outstanding</b>	<b>Percentage Applicable to Village of Palm Springs<sup>(1)</sup></b>	<b>Amount Applicable to Village of Palm Springs</b>
Direct:			
Village of Palm Springs	\$ 6,905,000	100.00%	\$ 6,905,000
Overlapping:			
Palm Beach County	270,150,000	0.54%	1,458,810
Palm Beach County School District	32,835,000	0.54%	177,309
Total overlapping debt	302,985,000		1,636,119
<b>Total direct and overlapping debt payable from ad valorem taxes</b>			<b>\$ 8,541,119</b>
Estimated population			15,578
Total direct and overlapping debt per capita			\$ 548.28

<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 Ended September 30,</b>	<b>Gross Revenue*</b>	<b>Operating Expenses**</b>	<b>Revenue Available for Debt Coverage</b>	<b>Current Debt Service</b>	<b>Current Coverage</b>
<b>2000</b>	\$ 8,086,875	\$ 3,908,250	\$ 4,178,625	\$1,831,678	2.28
<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

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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>
2000	10,220	\$ 40,044	\$409,249,680	N/A	N/A	N/A	4.7%
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%

#### Data Sources:

<sup>(1)</sup> The population for 2000 and 2003 through 2009 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>			2000		
	<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. 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>2000</u>	<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>
General government	11.5	11.5	11.5	11.5	12.5	13.5	13.5	15	15	15
Public Safety										
Building official	1	1	1	1	1	1	1	1	1	1
Land development	3	3.5	3.5	4.5	6.5	8	6.5	6.5	6	4
Police officers	32	32	32	33	34	38	38	38.5	40	39
Firefighters	4	4	4	4	4	8	9	12	18	22.5
Civilian police/fire	8	9	15	16.5	16.5	18	16.5	15	12	14
Sanitation (a)	6	6	7	7	10	11	9	11	0	0
Transportation	13	15	15	17	18	19	12	9	13	12
Culture/Recreation										
Library	8.5	9	9	8.5	9	9	9	9.5	10	9.5
Leisure services	9	10	7.5	11	10.5	11.5	11.5	11.5	12	9
Water & Sewer Utility	<u>33.5</u>	<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>
<b>Total</b>	<b>129.5</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>

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

## VILLAGE OF PALM SPRINGS, FLORIDA

*Operating Indicators by Function*

*Last Nine 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 (a)	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
<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.

Information prior to fiscal year 2001 is not available.

(a) The Village entered into a mutual aid agreement with Palm Beach County Fire Rescue in 2008 resulting in increased call volume.

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

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

# VILLAGE OF PALM SPRINGS, FLORIDA

## Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year				
	2000	2001	2002	2003	2004
<b>Public Safety</b>					
<b>Police</b>					
Stations	1	1	1	1	1
Patrol Units	26	26	30	30	32
<b>Fire</b>					
Fire Stations	1	1	1	1	1
Fire trucks	3	3	3	4	3
ALS Rescue Vehicles	3	3	3	4	4
<b>Sanitation (a)</b>					
Garbage Trucks	3	3	3	3	3
Trash Trucks	2	2	2	2	3
<b>Roads and Streets</b>					
Street lights	6	6	6	13	13
Lane miles	42.90	46.90	58.10	58.10	58.99
<b>Culture/recreation</b>					
<b>Library</b>					
Books	32,440	34,924	34,614	41,795	42,324
<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	4	0	2	4
Mini-golf course	0	0	0	0	0
Parks	1	1	1	2	2
<b>Water/Sewer Utility</b>					
Water mains (miles)	N/A	N/A	N/A	N/A	126.00
Sanitary sewers (miles)	N/A	N/A	N/A	N/A	83.0
Storm sewers (miles)	N/A	N/A	N/A	N/A	3.75
Fire hydrants	N/A	N/A	N/A	N/A	863
Maximum daily water treatment capacity (thousands of gallons)	8,000	8,000	8,000	8,000	10,000

Sources: Village departments

N/A: Not available.

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

Fiscal Year				
2005	2006	2007	2008	2009
1	1	1	1	1
29	23	26	43	43
1	1	1	1	1
3	3	3	1	1
5	3	3	2	2
3	3	3	1	1
3	3	3	1	1
29	29	29	29	29
60.00	70.00	71.86	72.31	72.31
46,311	48,969	46,500	49,286	51,936
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
2	3	3	4	6
124.00	124.00	124.70	124.90	124.90
89.0	89.0	89.0	86.5	88.5
4.00	4.00	3.96	3.96	3.96
863	863	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, 2009*

<b>Company</b>	<b>Policy Number</b>	<b>Type of Coverage</b>	<b>Property Covered</b>	<b>Amount of Coverage</b>
The Travelers	Haz #103019447	Fiduciary liability	Pension trustees	\$500,000
The Travelers	Gen #103019435	Fiduciary liability	Pension trustees	\$1,000,000
Travelers Casualty & Surety Company	206024582	Public official bond	Village CFO	\$25,000
Travelers Casualty & Surety Company	206705220	Public official bond	Village Manager	\$25,000
Preferred Government Insurance Trust	0502504-05-04	Property inland marine	Village property	\$14,642,979
Preferred Government Insurance Trust	0502504-05-04	General liability	Village property	\$1,000,000 \$2,000,000
Preferred Government Insurance Trust	0502504-05-04	Automobile liability/ physical damage	Any auto Owned vehicles	\$1,000,000 actual cash value
Preferred Government Insurance Trust	0502504-05-04	Crime	Employees	\$100,000
Preferred Government Insurance Trust	0502504-05-04	Professional liability	Public officials law enforcement	\$1,000,000
AIG Life Insurance	SRG0008047915	Accidental Death and Dismemberment	Village employees	\$54,000 \$162,000
Preferred Government Insurance Trust	1000000130102	Workers Compensation	Village employees	\$50,000 \$150,000
Illinois Union Insurance Company	PPL G22084392	Pollution liability	Village property	\$1,000,000 per claim

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## **COMPLIANCE SECTION**

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Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance With *Government Auditing Standards*

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

We have audited 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, 2009, which collectively comprise the basic financial statements of the Village of Palm Springs, Florida, and have issued our report thereon dated January 22, 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.*

January 22, 2010



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

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2009, and have issued our report thereon dated January 22, 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 January 22, 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 10.551(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 did not have any such findings.
5. Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on 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, 2009.
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, 2009, 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, 2009. 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, 2009. 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.

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

January 22, 2010