



THE VILLAGE OF PALM SPRINGS, FLORIDA



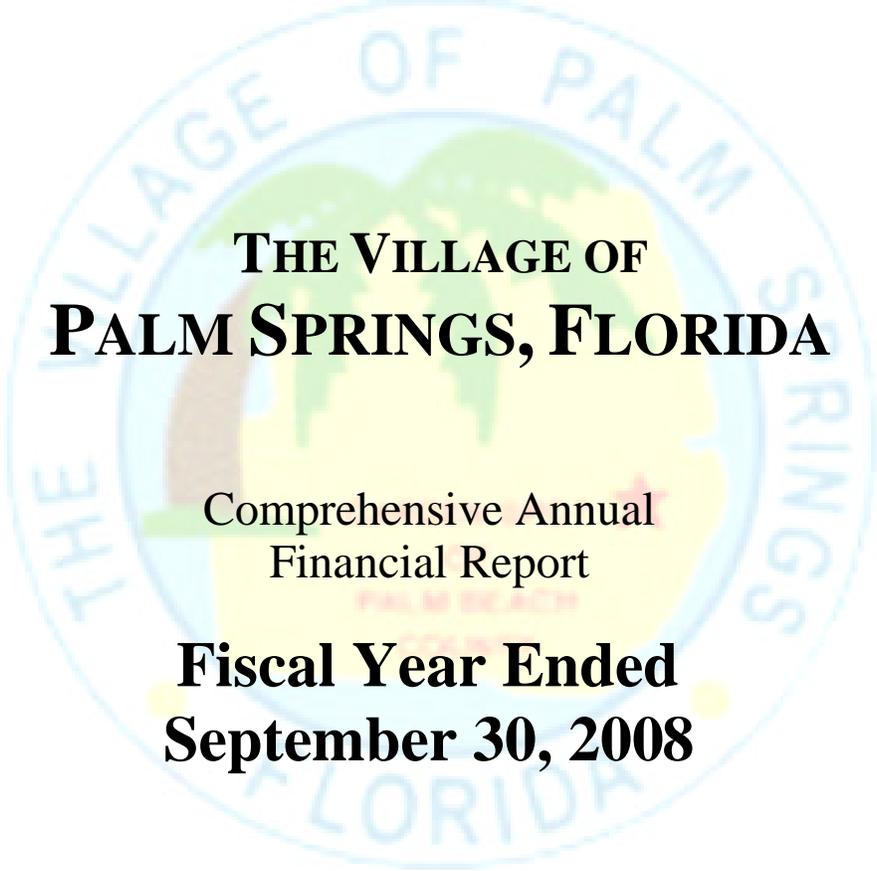
Cover Photo: Bill Golson

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2008

The CAFR cover photo was taken by Bill Golson, Leisure Services Director, with the skillful assistance of Mike Snook, Public Service Superintendent. This photograph illustrates how the Village maximized Village funds, grant funds, and donations to develop Frost Lake into a beautiful, serene park with a walking trail, exercise stations, fishing pier, and two fountains while maintaining the natural beauty of the community we know as "A Great Place to Call Home."

Rebecca L. Morse
Chief Financial Officer

The seal of The Village of Palm Springs, Florida, is a circular emblem. It features a central palm tree with a green frond and a brown trunk, set against a yellow background. The words "THE VILLAGE OF PALM SPRINGS" are written in a light blue arc across the top, and "FLORIDA" is written in a light blue arc across the bottom. The seal is faintly visible in the background of the page.

**THE VILLAGE OF
PALM SPRINGS, FLORIDA**

Comprehensive Annual
Financial Report

**Fiscal Year Ended
September 30, 2008**

**Prepared by:
Finance Department**

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

VILLAGE OF PALM SPRINGS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2008

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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, 2008

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INTRODUCTORY SECTION



Village of Palm Springs

Department of Finance

226 Cypress Lane,

Palm Springs, Fl. 33461-1699

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

January 30, 2009

***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, 2008. 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, 2008. 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 unequaled 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, 2008, our utility system had 21,937 water customers and 17,228 sewer customers. Slightly more than 50% of total connections serve our residents and the balance of our connections are in the unincorporated area.

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

Economic outlook and financial planning

The Village's taxable property value has increased from \$186.9 million in 1999 to \$945.7 million, an increase of over 405% 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 44% from 10,146 to 14,630.

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%.

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, 2008 the General Fund had a total fund balance of \$6,078,720. The components of fund balance are detailed as follows.

Total fund balance	\$ 6,078,720
Less non-expendable assets	
Reserved for inventories	74,048
Designated for subsequent year's budget	171,697
Designated for disaster recovery	1,000,000
Designated for future capital projects	<u>1,500,000</u>
Total unreserved, undesignated fund balance	<u>\$ 3,332,975</u>

The General Fund's unreserved, undesignated fund balance represents 25% of the General Fund budget for fiscal year 2009. 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 2010 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 53 – 56 of this report.

Major initiatives

This fiscal year the Village has been addressing the impact of property tax reforms, reduced intergovernmental revenues due to the economy, decreased permit and licensing revenues as new development and re-development slowed to a crawl as a result of the declining real estate values, credit availability and foreclosures. All of these issues will continue to significantly impact our operations during fiscal years 2009 and 2010. During 2008, the Village privatized the Sanitation services and added the billing for these services to the non-ad valorem tax roll to improve collections and reduce operating costs.

In fiscal year 2007 the Village entered into a partnership with Palm Beach County Fire Rescue to address the "Countywide Minimum Level of Service for Fire-Rescue", ultimately we expect to become part of the Palm Beach County Municipal Services Taxing Unit (MSTU) and no longer have a Fire Rescue department in Palm Springs. This change has been forced upon the Village by the authority given Palm Beach County as a charter county. We are in negotiations to make this transition as beneficial as possible for our residents.

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, 2007.

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 consecutive years (fiscal years ended 1988-2007). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgements

Fiscal year 2008 has been a challenging year with the economy and other issues. Martin Luther King, Jr. was quoted as saying, "The ultimate measure of a man is not where he stands in moments of comfort and convenience, but where he stands at times of challenge and controversy." Thanks to the leadership of our Village Manager, Karl E. Umberger, the Mayor and Village Council we are equipped to address these challenges.

This year the Finance staff performed above and beyond expectations. Mariana Ortega-Sanchez, Assistant Finance Director, Nancie Rathbun, Administrative Assistant, fiscal specialists Janeth Caban and Ann Feola not

only performed at a professional level of excellence and teamed up in my absence to keep the office on track they also provided support to me personally while I recovered from two surgeries. Personally and professionally - thank you – I couldn't ask for a better staff.

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, 2008

<u>Title</u>	<u>Name</u>
Mayor	J. "Mike" Davis
Vice-Mayor	Joni Brinkman
Mayor Pro-Tem	Patti Waller
Council Member	Chester D. Osborne
Council Member	Bev Smith
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, 2008**

VOTERS of PALM SPRINGS

MAYOR AND VILLAGE COUNCIL

*J. "Mike" Davis - Mayor
Joni Brinkman - Vice Mayor
Patti Waller - Mayor Pro-Tem
Chester D. Osborne - Council Member
Bev Smith - Council Member*

BOARD & COMMITTEES

Code Enforcement Board
Land Development Board
Leisure Services Board
Library Board
General Employees Pension
Hazardous Employees Pension

VILLAGE ATTORNEY

Glen J. Torcivia

AUDITOR

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

CONSULTANTS

Eckler Engineering

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, 2007

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



President

Executive Director

BASIC FINANCIAL STATEMENTS



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

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. CALER, JR., CPA
LOUIS M. COHEN, CPA
JOHN C. COURTNEY, CPA, JD
DAVID S. DONTEN, CPA
JAMES B. HUTCHISON, CPA
JOEL H. LEVINE, CPA
JAMES F. MULLEN, IV, CPA
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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, 2008, 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2008, 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 53 through 60, 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.*

December 30, 2008

VILLAGE OF PALM SPRINGS, FLORIDA
MANAGEMENT AND DISCUSSION AND ANALYSIS

As management of the Village of Palm Springs, we are presenting this discussion and analysis (MD&A) to provide a narrative overview and analysis of the financial activities of the Village for the fiscal year ended September 30, 2008. 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, 2008 were \$46.9 million. Of this amount, \$8.5 million (unrestricted net assets) may be used to meet the Village's ongoing obligations to residents and creditors.
- Governmental net assets were \$12.7 million, a decrease of approximately \$160,000.
- Water and Sewer net assets were \$34.2 million, an increase of approximately \$40,000.
- The total revenues from all sources were \$23.9 million, a decrease of \$1.0 million.
- The total cost of all Village programs was \$24.1 million, an increase of approximately \$790,000.
- During the year, the Village's governmental activity expenses exceeded revenues and transfers by approximately \$160,000.
- Total revenues in the General Fund exceeded total expenditures by approximately \$124,000 including other financing sources and uses.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$3,332,975, or 26% of total General Fund expenditures.
- The Village's total debt decreased by \$1.5 million during the current fiscal year. The Village governmental activities debt decreased by \$142,928 and the business activities debt decreased by \$1,327,529.

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 AND 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 five 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 and capital projects fund, both of which are considered to be major funds. 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 61-62 of this report. The basic governmental fund financial statements can be found on pages 17-20 of this report.
- **Proprietary funds** - The Village's only proprietary fund is the Water and Sewer Enterprise fund. The Water and Sewer Enterprise fund accounts for the operations of the water and wastewater utility and

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT AND DISCUSSION AND ANALYSIS

(Continued)

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 27-52 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 53-60.

The combining statements of the non-major governmental funds and the combining statements of the fiduciary funds are presented on pages 61-64 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 65-69 of this report.

The statistical section located on pages 70-100 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 \$46.9 million, approximately \$120,00 less than fiscal year 2007.

The largest portion of the Village's net assets (78.9%) reflects its investment in capital assets (land, buildings, machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The Village uses these capital assets to provide services to citizens; therefore these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

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

Village of Palm Springs
Net Assets Summary

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Assets:						
Current and other assets	\$ 6,801,130	\$ 6,593,418	\$ 8,163,192	\$ 9,380,382	\$ 14,964,322	\$ 15,973,800
Capital assets	14,216,174	14,687,382	44,451,487	44,695,291	58,667,661	59,382,673
Total assets	\$ 21,017,304	\$ 21,280,800	\$ 52,614,679	\$ 54,075,673	\$ 73,631,983	\$ 75,356,473
Liabilities:						
Long-term debt outstanding	\$ 7,065,000	\$ 7,215,000	\$ 16,410,853	\$ 17,737,284	\$ 23,475,853	\$ 24,952,284
Other liabilities	1,248,770	1,201,523	2,040,751	2,216,905	3,289,521	3,418,428
Total liabilities	\$ 8,313,770	\$ 8,416,523	\$ 18,451,604	\$ 19,954,189	\$ 26,765,374	\$ 28,370,712
Net Assets:						
Invested in capital assets, net of debt	\$ 7,151,174	\$ 7,472,382	\$ 29,837,394	\$ 28,748,028	\$ 36,988,568	\$ 36,220,410
Restricted for law enforcement	27,519	-	-	-	27,519	-
Restricted for debt service	15,892	-	1,217,850	1,357,698	1,233,742	1,357,698
Restricted for capital assets	-	-	100,000	100,000	100,000	100,000
Unrestricted	5,508,949	5,391,895	3,007,831	3,915,758	8,516,780	9,307,653
Total net assets	\$ 12,703,534	\$ 12,864,277	\$ 34,163,075	\$ 34,121,484	\$ 46,866,609	\$ 46,985,761

An additional portion of the Village's net assets (2.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$8.5 million or 18.3%) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the Village has positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Village of Palm Springs
Changes in Net Assets

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program revenues:						
Charges for services	\$ 2,429,148	\$ 2,530,671	\$ 10,973,325	\$ 11,302,346	\$ 13,402,473	\$ 13,833,017
Operating grants and contributions	272,460	304,791	-	-	272,460	304,791
Capital grants and contributions	50,633	206,681	909,126	934,530	959,759	1,141,211
General revenues:						
Property taxes	4,220,565	4,262,490	-	-	4,220,565	4,262,490
Utility service taxes	1,757,165	1,720,394	-	-	1,757,165	1,720,394
Franchise fees	964,983	888,873	-	-	964,983	888,873
Sales and use taxes	1,362,776	1,412,439	-	-	1,362,776	1,412,439
Intergovernmental, unrestricted	471,931	508,398	-	-	471,931	508,398
Investment earnings	163,416	326,789	155,086	388,337	318,502	715,126
Miscellaneous	167,886	112,024	40,431	4,345	208,317	116,369
Total revenues	\$ 11,860,963	\$ 12,273,550	\$ 12,077,968	\$ 12,629,558	\$ 23,938,931	\$ 24,903,108
Expenses:						
Program expenses:						
General government	\$ 1,676,049	\$ 1,652,285	\$ -	\$ -	\$ 1,676,049	\$ 1,652,285
Public Safety	7,833,731	7,436,765	-	-	7,833,731	7,436,765
Sanitation and Recycling	1,017,487	840,332	-	-	1,017,487	840,332
Transportation	925,984	1,023,051	-	-	925,984	1,023,051
Culture/Recreation	1,665,319	1,742,484	-	-	1,665,319	1,742,484
Interest on long-term debt	369,781	376,367	-	-	369,781	376,367
Water and Sewer Utility	-	-	10,569,732	10,195,468	10,569,732	10,195,468
Total Expenses	\$ 13,488,351	\$ 13,071,284	\$ 10,569,732	\$ 10,195,468	\$ 24,058,083	\$ 23,266,752
Change in net assets before transfers	\$ (1,627,388)	\$ (797,734)	\$ 1,508,236	\$ 2,434,090	\$ (119,152)	\$ 1,636,356
Transfers	1,466,645	1,312,119	(1,466,645)	(1,312,119)	-	-
Increase in net assets	\$ (160,743)	\$ 514,385	\$ 41,591	\$ 1,121,971	\$ (119,152)	\$ 1,636,356
Net Assets - October 1	12,864,277	12,349,892	34,121,484	32,999,513	46,985,761	45,349,405
Net assets - September 30	\$ 12,703,534	\$ 12,864,277	\$ 34,163,075	\$ 34,121,484	\$ 46,866,609	\$ 46,985,761

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT AND DISCUSSION AND ANALYSIS (Continued)

Governmental Activities

Governmental activities decreased the Village's net assets by \$160,743. In April 2008 the Village privatized Sanitation services and locked in a favorable rate with a private hauler for seven years. In order to make the transition, the Village needed to provide each home with a new garbage container for a total cost of approximately \$149,000. This implementation cost offset the initial savings generated during the first six months of operations, but will produce significant savings for the Village going forward.

Operating grants, and capital grants declined from fiscal year 2007 which included insurance and FEMA money from the 2004 and 2005 hurricane seasons and a capital grant for the creation of Frost Lake Park as shown on the CAFR cover photo.

Property taxes decreased \$41,925 or 1%. The Village lowered its operating millage rate from \$4.7714 to \$4.0076 (16%) and the Village's taxable value grew 16.7% as a result of our continued annexation initiative.

Public Safety expenditures increased \$396,966 of which \$279,891 is attributed to personal service costs from additional personnel added to comply with the Palm Beach County Fire Rescue level of service requirements.

Sanitation expenditures increased \$177,155 which represents start up costs from privatizing Sanitation services mid-year. The Village negotiated a very favorable rate for the residents and locked in the rates for seven years, however, the savings for the first six months was offset by the cost of purchasing and supplying each home with a new garbage container required by the private hauler.

Transportation and Culture/Recreation expenditures decreased slightly as compared to fiscal year 2007; both functions had lower capital outlay expenditures in the current fiscal year.

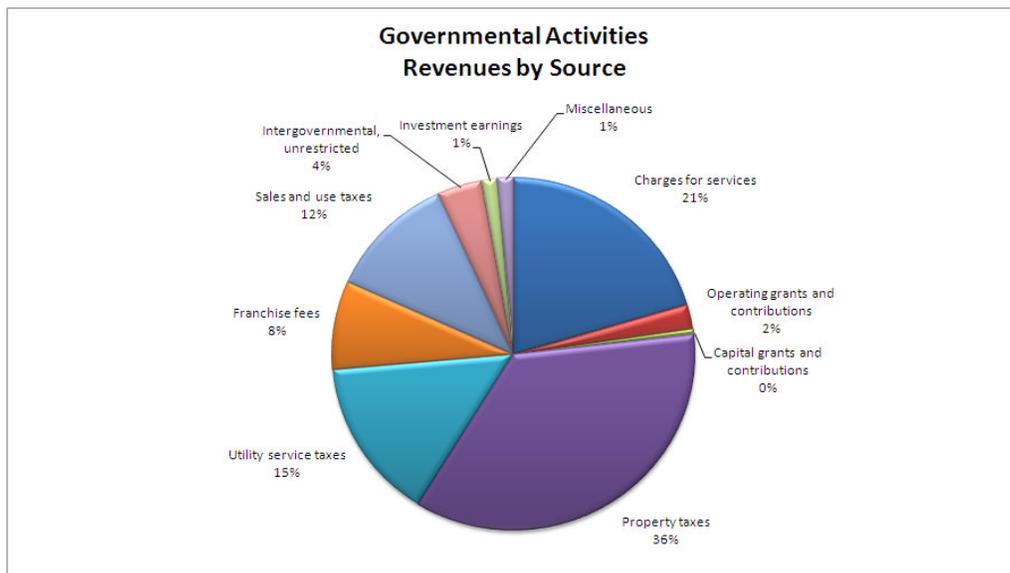
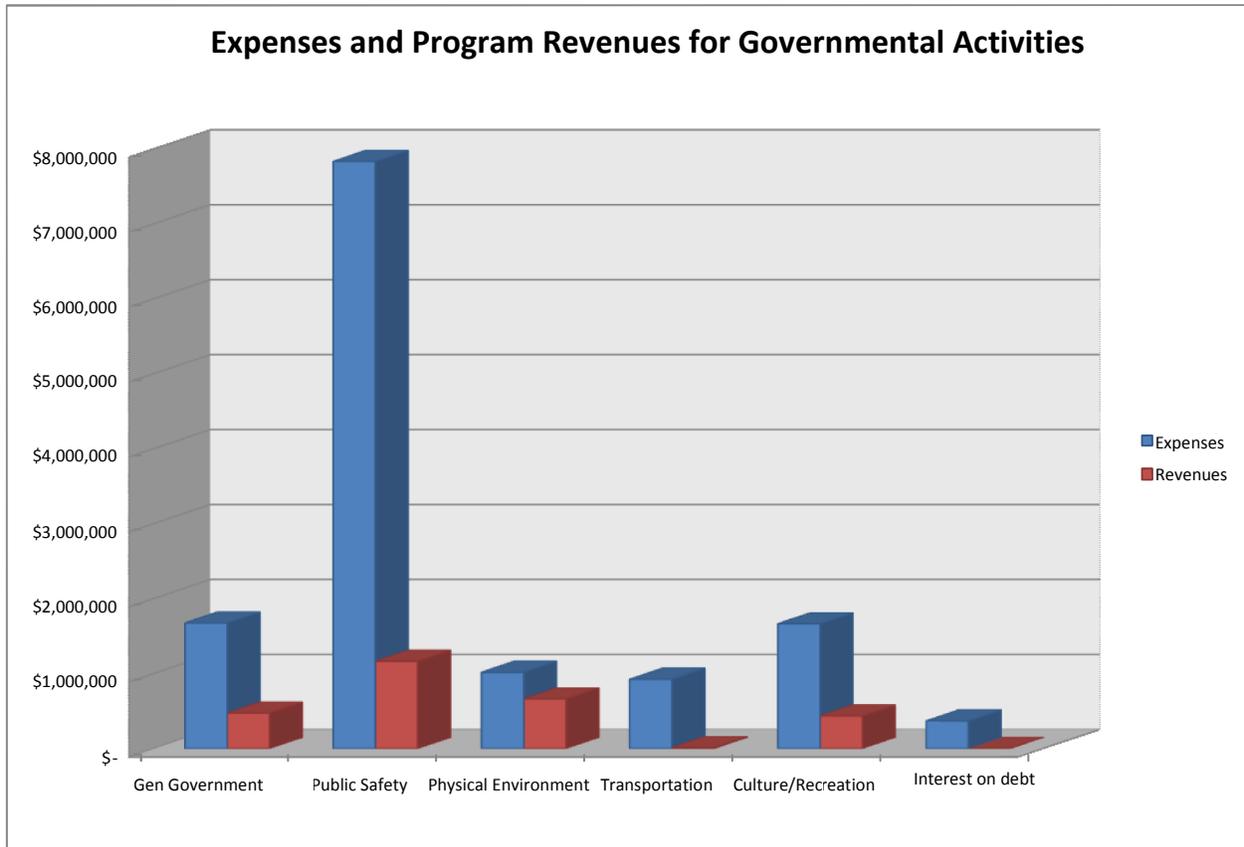
The Village's programs include General Government, Public Safety, Sanitation and Recycling, Transportation, and Culture/Recreation. General Government includes the legislative, executive, financial, and other general operations of the Village. Public Safety includes police, fire, advanced life support 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	
	2008	2007	2008	2007	2008	2007
General Government	\$ 1,676,049	\$ 1,652,285	\$ (473,838)	\$ (519,976)	\$ 1,202,211	\$ 1,132,309
Public Safety	7,833,731	7,436,765	(1,166,333)	(1,383,539)	6,667,398	6,053,226
Sanitation and Recycling	1,017,487	840,332	(663,039)	(582,711)	354,448	257,621
Transportation	925,984	1,023,051	(12,094)	(11,742)	913,890	1,011,309
Culture/Recreation	1,665,319	1,742,484	(436,937)	(544,175)	1,228,382	1,198,309
Interest on long-term debt	369,781	376,367	-	-	369,781	376,367
Totals	\$ 13,488,351	\$ 13,071,284	\$ (2,752,241)	\$ (3,042,143)	\$ 10,736,110	\$ 10,029,141

The total cost of all governmental activities this year was \$13.5 million. The schedule above shows that \$2.8 million of the cost of services was paid by those who directly benefited from the programs and \$10.7 million was financed through general revenues.

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



VILLAGE OF PALM SPRINGS, FLORIDA

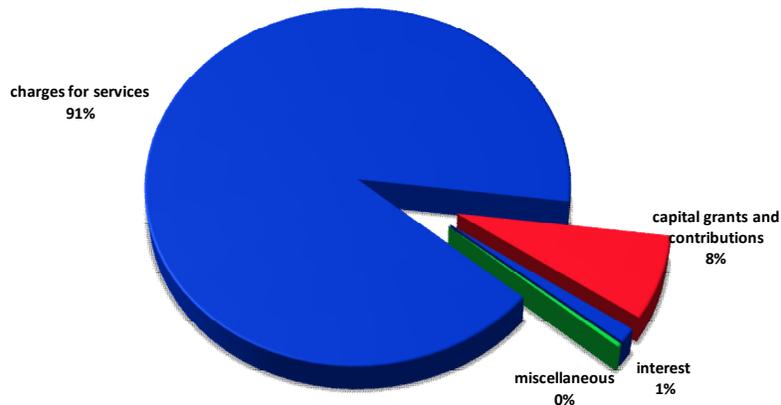
MANAGEMENT AND DISCUSSION AND ANALYSIS (Continued)

Ad valorem taxes contributed 36% of total governmental activity revenues this fiscal year as compared to 35% in fiscal year 2007. In fiscal year 2008, the Village decreased the operating millage by 19% but the taxable value increased 16% due to the continued annexation and redevelopment initiative the Village has been working on for over ten years. Capital grants/contributions declined to less than 1% of total governmental revenues, down from 2% in fiscal year 2007. In 2007 the Village had received grant funds for the development of Frost Lake Park and continued to receive reimbursements from FEMA related to the 2004 and 2005 hurricane season. Franchise fees, utility service taxes and sales and use taxes each reflect an increase of 1% as compared to 2007, this slight increase is due to the annexation and redevelopment initiative. Interest earnings decreased slightly due to market conditions.

Business-type Activities

Net assets of the proprietary fund (Water and Sewer Enterprise) at September 30, 2008, were \$34.2 million. The cost of providing proprietary (business-type) activities this year was \$11 million, as shown in the Statement of Activities. Net assets increased by \$41,591. The graph below shows the source of revenues for the Water and Sewer Utility. Revenues derived from charges for services decreased by approximately \$329,000 or 2.9% from fiscal year 2007 due to the mandatory water restrictions imposed by South Florida Water Management District to address the drought conditions in South Florida.

**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.

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT AND DISCUSSION AND ANALYSIS

(Continued)

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.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$6,188,527, an increase of \$114,662, in comparison with the prior year. The increase was generated by revenues in excess of expenditures of \$123,936 in the General Fund; \$1,490 in the Library Special Revenue fund; and, \$617 in the Debt Service fund; and, excess expenditures over revenues in the Law Enforcement Special Revenue fund of \$11,381.

The unreserved fund balance is \$6,071,068, 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, \$171,697 is designated for subsequent year's budget and \$3,399,371 is undesignated.

The remainder of the fund balance (\$117,459) is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service (\$15,892), reserved for law enforcement purposes (\$27,519) and represents inventory of goods (\$74,048).

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 \$6,004,672, while the total fund balance was \$6,078,720. 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 47.5% 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 \$3.0 million at fiscal year end. Unrestricted net assets decreased \$1.0 million compared to the prior fiscal year. This is primarily due to the decrease in net assets invested in capital assets. Total net assets for the Water and Sewer Enterprise Fund were \$34.2 million at fiscal year end, an increase of \$41,591, from the prior fiscal year. Operating revenues decreased by \$329,021 or 2.9% as compared to fiscal year 2007, for a total of \$10,973,325. The decrease in operating revenues was due to mandatory watering restrictions imposed by South Florida Water Management District to address drought conditions. Operating expenses increased by \$511,610, or 5.5% over fiscal year 2007, for a total of \$9,723,912. The increase in operating expenses reflects the increased cost of insurance, chemicals and other goods. Numerous suppliers increased their prices this year and referenced the impact of fuel costs on their operations.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original budget and the final amended budget were \$20,500, and can be briefly summarized as follows:

- \$ 10,000 increase to recognize grant funds from FDLE and appropriate those funds for new Mobile data terminals and software.
- \$ 5,000 increase to record charges for providing computer aided dispatch services to the Town of Lake Clarke Shores.
- \$ 3,500 to record increase revenues for services related to travel club events.
- \$ 2,000 donation received from Lakeside Village for improvements to Frost Lake Park.

Of this increase, \$10,000 was funded by grants, \$8,500 was paid by charges for the service, and \$2,000 was paid by donations.

Actual revenues for building permits came in at less than half of the anticipated revenue as the economy weakened and developers backed away and or 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 revisions in State revenues.

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. However due to a delay in the acceptance of the Medicare application and a lower collection ratio than anticipated, the Village only collected \$150,000 of the budgeted \$900,000.

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. In Fire Rescue the Village did not purchase capital equipment that we were able to obtain through the partnership with Palm Beach County.

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, 2008, amounts to \$58,667,661 (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 decreased the investment in capital assets by \$471,210, or 3.2% over fiscal year 2007. This decrease reflects the sale of Sanitation equipment after the privatization of those services and the disposal of fire equipment as part of our partnership with Palm Beach County Fire Rescue. Business-type activities decreased the investment in capital assets by \$243,804, or less than 1% from fiscal year 2007. This decline reflects the increase in depreciation generated by 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, on page 41 of this report.

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

Village of Palm Springs
Capital Assets Net of Depreciation

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Land	\$ 170,036	\$ 170,036	\$ 364,217	\$ 364,217	\$ 534,253	\$ 534,253
Buildings	7,828,186	7,828,186	3,043,449	3,013,999	10,871,635	10,842,185
Improvements other than buildings	1,856,154	1,813,661	62,748,652	56,689,715	64,604,806	58,503,376
Machinery & Equipment	3,308,593	4,177,905	3,045,634	3,098,376	6,354,227	7,276,281
Software & Library Materials	542,879	846,554	72,606	72,606	615,485	919,160
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	-	-	263,140	4,406,835	263,140	4,406,835
Total Assets	17,827,609	18,958,103	76,721,231	74,829,281	94,548,840	93,787,384
Less Accumulated Depreciation	(3,611,435)	(4,270,721)	(32,269,744)	(30,133,990)	(35,881,179)	(34,404,711)
Total	\$ 14,216,174	\$ 14,687,382	\$ 44,451,487	\$ 44,695,291	\$ 58,667,661	\$ 59,382,673

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

- Completion of water and sewer improvements totaling \$3,864,759.
- Development of new water wells \$1,442,370.
- Vehicle alignment equipment \$24,857.
- Purchase of four new police vehicles \$118,459.
- Development of Frost Lake Park \$42,493.
- Purchase of three new trucks for utilities \$62,098.
- Construction in progress of \$263,140 which represents water and sewer system improvement projects.

Debt: At fiscal year end, the Village had a total debt outstanding of \$24,072,578, a decrease of \$1,455,577, or 5.7% as compared to fiscal year 2007.

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 remaining balance is the liability for compensated absences as shown in the table below.

Village of Palm Springs
Outstanding Debt

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
General Obligation Bonds	\$ 7,065,000	\$ 7,215,000	\$ -	\$ -	\$ 7,065,000	\$ 7,215,000
Revenue Bonds	-	-	12,880,937	13,494,181	12,880,937	13,494,181
Note Payable	-	-	3,164,150	3,862,457	3,164,150	3,862,457
Compensated Absences	669,527	662,455	292,964	294,062	962,491	956,517
Total	\$ 7,734,527	\$ 7,877,455	\$ 16,338,051	\$ 17,650,700	\$ 24,072,578	\$ 25,528,155

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 AND 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 36% 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 approximately \$5.26 per \$1,000 of taxable value in 1999 to the present rate of \$4.01 per \$1,000 of taxable value for the current fiscal year, a decrease of over 23.8%.

The Village's taxable property values have increased 405.8% since 1999. This increase is primarily due to annexation, development and redevelopment. As a result of the current real estate market and Amendment 1, increasing the homestead exemption, that became effective January 2008, the Village expects a decline of approximately 9% in taxable property values.

In March 2004, the Palm Beach County Board of County Commissioners as a charter county adopted the "Countywide Minimum Level of Service for Fire-Rescue". In order to comply with this mandate the Village had to increase our fire rescue staff by 11 full-time staff members since fiscal year 2005, despite the fact that the Village was meeting the demands of our residents and had a better response time than Palm Beach County. This additional cost has made it impossible to afford the cost of providing this service; therefore the Village entered a partnership with Palm Beach County Fire Rescue in April 2007. The Village is now in discussions with Palm Beach County Fire Rescue to become part of the Palm Beach County Fire Rescue municipal services taxing unit. If this occurs the Village will no longer be the provider of fire rescue services for the Village residents and our existing fire rescue personnel will become employees of Palm Beach County. The current millage rate for Palm Beach County Fire Rescue is \$2.95/\$1,000 of taxable value.

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.

The Village hired Public Resources Management Group to undertake a rate study of all water and sewer rates and fees. The new rates were adopted for fiscal years 2009 through 2013. This rate study considered all costs of operations including the impact of water restrictions and future capital. Each year the Village Council will determine if the rates have been sufficient to cover the cost of utility operations and can revisit the rates if necessary.

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

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Net Assets
September 30, 2008

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 5,638,039	\$ 2,688,005	\$ 8,326,044
Receivables:			
Accounts, net of allowance	227,430	1,704,745	1,932,175
Utility taxes	93,314	-	93,314
Franchise fees	295,055	-	295,055
Intergovernmental	199,151	-	199,151
Inventory	74,048	248,904	322,952
Net pension asset	182,967	-	182,967
Restricted assets:			
Cash and cash equivalents	-	2,783,125	2,783,125
Cash with fiscal agent	-	290,000	290,000
Other investment	91,126	179,038	270,164
Capital assets:			
Capital assets, not being depreciated	4,291,797	627,357	4,919,154
Capital assets being depreciated	13,535,812	76,093,874	89,629,686
Accumulated depreciation	(3,611,435)	(32,269,744)	(35,881,179)
Unamortized bond issue costs	-	269,375	269,375
Total assets	\$ 21,017,304	\$ 52,614,679	\$ 73,631,983
Liabilities			
Accounts payable and accrued liabilities	\$ 174,064	\$ 567,839	\$ 741,903
Accrued interest payable	149,607	227,890	377,497
Deposits	82,700	952,058	1,034,758
Revenue collected in advance	172,872	-	172,872
Compensated absences-current portion	55,217	39,189	94,406
Compensated absences-noncurrent portion	614,310	253,775	868,085
Long-term liabilities due within one year	160,000	1,527,385	1,687,385
Long-term liabilities due in more than one year	6,905,000	14,883,468	21,788,468
Total liabilities	\$ 8,313,770	\$ 18,451,604	\$ 26,765,374
Net assets			
Invested in capital assets, net of related debt	\$ 7,151,174	\$ 29,837,394	\$ 36,988,568
Restricted for law enforcement	27,519	-	27,519
Restricted for debt service	15,892	1,217,850	1,233,742
Restricted for capital assets	-	100,000	100,000
Unrestricted	5,508,949	3,007,831	8,516,780
Total net assets	\$ 12,703,534	\$ 34,163,075	\$ 46,866,609

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Activities

Year Ended September 30, 2008

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,676,049	\$ 424,182	\$ 34,023	\$ 15,633
Public safety	7,833,731	952,624	203,709	10,000
Physical environment	1,017,487	663,039	-	-
Transportation	925,984	-	12,094	-
Culture/recreation	1,665,319	389,303	22,634	25,000
Interest on long-term debt	369,781	-	-	-
Total governmental activities	13,488,351	2,429,148	272,460	50,633
Business-type activities:				
Utility-water and sewer	10,569,732	10,973,325	-	909,126
Total business-type activities	10,569,732	10,973,325	-	909,126
Total	\$ 24,058,083	\$ 13,402,473	\$ 272,460	\$ 959,759

General revenues:

Taxes:

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

Governmental Activities	Business-Type Activities	Total
\$ (1,202,211)	\$ -	\$ (1,202,211)
(6,667,398)	-	(6,667,398)
(354,448)	-	(354,448)
(913,890)	-	(913,890)
(1,228,382)	-	(1,228,382)
(369,781)	-	(369,781)
(10,736,110)	-	(10,736,110)
-	1,312,719	1,312,719
-	1,312,719	1,312,719
(10,736,110)	1,312,719	(9,423,391)
4,220,565	-	4,220,565
1,757,165	-	1,757,165
964,983	-	964,983
1,362,776	-	1,362,776
471,931	-	471,931
163,416	155,086	318,502
167,886	40,431	208,317
1,466,645	(1,466,645)	-
10,575,367	(1,271,128)	9,304,239
(160,743)	41,591	(119,152)
12,864,277	34,121,484	46,985,761
\$ 12,703,534	\$ 34,163,075	\$ 46,866,609

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Balance Sheet

Governmental Funds

September 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 5,528,232	\$ 109,807	\$ 5,638,039
Receivables:			
Accounts, net of allowance for uncollectibles	227,430	-	227,430
Utility taxes	93,314	-	93,314
Franchise fees	295,055	-	295,055
Intergovernmental	199,151	-	199,151
Inventory	74,048	-	74,048
Other investment	91,126	-	91,126
Total assets	\$ 6,508,356	\$ 109,807	\$ 6,618,163
Liabilities and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	\$ 174,064	\$ -	\$ 174,064
Deposits	82,700	-	82,700
Revenue collected in advance	172,872	-	172,872
Total liabilities	\$ 429,636	\$ -	\$ 429,636
Fund balances:			
Reserved for:			
Inventory	\$ 74,048	\$ -	\$ 74,048
Law enforcement	-	27,519	27,519
Debt service	-	15,892	15,892
Unreserved, designated for:			
Capital projects	1,500,000	-	1,500,000
Disaster recovery	1,000,000	-	1,000,000
Subsequent year's budget	171,697	-	171,697
Unreserved, undesignated	3,332,975	-	3,332,975
Unreserved, reported in nonmajor funds:			
Special revenue funds	-	66,396	66,396
Total fund balances	\$ 6,078,720	\$ 109,807	\$ 6,188,527
Total liabilities and fund balances	\$ 6,508,356	\$ 109,807	\$ 6,618,163

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, 2008

Total governmental fund balances (page 17) \$ 6,188,527

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	\$ 17,827,609	
Accumulated depreciation	<u>(3,611,435)</u>	
		14,216,174

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. 182,967

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	(7,065,000)	
Accrued interest payable on long-term debt	(149,607)	
Compensated absences payable	<u>(669,527)</u>	
		(7,884,134)

Total net assets (page 14) \$ 12,703,534

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended September 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 6,420,063	\$ 522,650	\$ 6,942,713
Licenses and permits	415,096	-	415,096
Intergovernmental	2,179,288	-	2,179,288
Confiscated property	-	32,301	32,301
Charges for services	1,546,796	-	1,546,796
Fines and forfeitures	303,837	-	303,837
Contributions	13,582	1,797	15,379
Interest	160,219	3,197	163,416
Miscellaneous	261,936	201	262,137
Total revenues	11,300,817	560,146	11,860,963
Expenditures			
Current:			
General government	1,446,600	-	1,446,600
Public safety	7,587,466	18,662	7,606,128
Physical environment	907,704	-	907,704
Transportation	908,705	-	908,705
Culture/recreation	1,473,100	2,400	1,475,500
Capital outlay	319,951	26,077	346,028
Debt service:			
Principal	-	150,000	150,000
Interest and other fiscal charges	-	372,281	372,281
Total expenditures	12,643,526	569,420	13,212,946
Excess (deficiency) of revenues over expenditures	(1,342,709)	(9,274)	(1,351,983)
Other financing sources			
Transfers in	1,466,645	-	1,466,645
Total other financing sources	1,466,645	-	1,466,645
Change in fund balances	123,936	(9,274)	114,662
Fund balances, beginning of year	5,954,784	119,081	6,073,865
Fund balances, end of year	\$ 6,078,720	\$ 109,807	\$ 6,188,527

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, 2008*

Net change in fund balances - total governmental funds (page 19) \$ 114,662

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	\$ 346,028	
Less current year depreciation expense	<u>(750,182)</u>	(404,154)

Losses on disposal of capital assets are reported in the statement of activities, but not in the governmental funds. (67,054)

Some revenues, expenses, gains 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	(7,072)	
Change in net pension asset	<u>50,375</u>	43,303

Net effect of accrued interest on long-term debt (difference between amount accrued in prior year and current year accrual) 2,500

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		150,000
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Change in net assets of governmental activities (pages 15-16)	\$	(160,743)
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VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Net Assets

Proprietary Fund

September 30, 2008

	Water and Sewer Utility
Assets	
Current assets:	
Cash and cash equivalents	\$ 2,688,005
Accounts receivable, net	1,704,745
Inventory	248,904
Restricted assets:	
Cash and cash equivalents	2,783,125
Cash with fiscal agent	290,000
Total current assets	7,714,779
Noncurrent assets:	
Other investment	179,038
Capital assets:	
Capital assets not being depreciated	627,357
Capital assets being depreciated	76,093,874
Accumulated depreciation	(32,269,744)
Unamortized bond issue costs	269,375
Total noncurrent assets	44,899,900
Total assets	\$ 52,614,679
Liabilities and Net Assets	
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 567,839
Current portion of compensated absences payable	39,189
Payable from restricted assets:	
Accrued interest	227,890
Current portion of note payable	727,385
Current portion of revenue bonds payable	800,000
Total current liabilities	2,362,303
Noncurrent liabilities:	
Deposits	952,058
Compensated absences payable	253,775
Note payable	2,436,765
Revenue bonds payable, net of unamortized premium	12,446,703
Total noncurrent liabilities	16,089,301
Total liabilities	\$ 18,451,604
Net assets:	
Invested in capital assets, net of related debt	\$ 29,837,394
Restricted for debt service	1,217,850
Restricted for capital assets	100,000
Unrestricted	3,007,831
Total net assets	\$ 34,163,075

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, 2008

	Water and Sewer Utility
Operating revenues	
Charges for services	\$ 10,973,325
Total operating revenues	10,973,325
Operating expenses:	
Personal services	3,308,378
Operating expenses	4,041,748
Depreciation and amortization	2,373,786
Total operating expenses	9,723,912
Operating income	1,249,413
Nonoperating revenues (expenses)	
Investment income	155,086
Miscellaneous revenues	40,431
Interest expense and fiscal charges	(845,820)
Total nonoperating revenues (expenses)	(650,303)
Income before contributions and transfers	599,110
Capital contributions	909,126
Transfers out	(1,466,645)
Change in net assets	41,591
Net assets, beginning of year	34,121,484
Net assets, end of year	\$ 34,163,075

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Cash Flows

Proprietary Fund

Year Ended September 30, 2008

	Water and Sewer Utility
Cash flows from operating activities	
Cash received from customers	\$ 11,006,215
Cash paid to suppliers for goods and services	(4,118,823)
Cash paid to employees for services	(3,309,476)
Net cash provided by operating activities	3,577,916
Cash flows from noncapital financing activity	
Transfers out	(1,466,645)
Net cash used in noncapital financing activity	(1,466,645)
Cash flows from capital and related financing activities	
Principal paid on promissory note	(698,307)
Principal paid on bonds	(795,000)
Interest paid on long-term debt	(683,985)
Acquisition and construction of capital assets	(2,176,634)
Capital contributions from customers	909,126
Net cash used in capital and related financing activities	(3,444,800)
Cash flows from investing activities	
Purchase of other investments	(224,251)
Interest on investments	240,730
Net cash provided by investing activities	16,479
Net decrease in cash and cash equivalents	(1,317,050)
Cash and cash equivalents, beginning of year	7,078,180
Cash and cash equivalents, end of year	\$ 5,761,130
Cash and cash equivalents per statement of net assets	
Unrestricted	\$ 2,688,005
Restricted	2,783,125
Cash with fiscal agent	290,000
Cash and cash equivalents, end of year	\$ 5,761,130

Continued

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Cash Flows (Continued)

Proprietary Fund

Year Ended September 30, 2008

	Water and Sewer Utility
Cash flows from operating activities	
Operating income	\$ 1,249,413
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	2,373,786
Provision for uncollectible accounts	(8,312)
Loss on disposal of capital assets	2,101
Change in operating assets:	
Accounts receivable	70,983
Inventory	(10,832)
Accounts payable and accrued liabilities	(68,344)
Compensated absences payable	(1,098)
Deposits	(29,781)
Total adjustments	2,328,503
Net cash provided by operating activities	\$ 3,577,916

Supplemental disclosure of noncash capital and related financing activities

Accrued interest on capital appreciation bonds	\$ 181,755
Book value of assets disposed	2,101
Amortization of premium on bonds	14,879
Amortization of bond issue costs	27,339
Unrealized loss on investments	45,213

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Fiduciary Net Assets

September 30, 2008

	Employee Pension Funds
Assets	
Cash and cash equivalents	\$ 2,494,004
Investments	
U.S. Government securities	800,268
U.S. Government agencies	1,141,045
Mortgage and asset-backed securities	188,806
Corporate bonds	1,973,721
Domestic equity securities and mutual funds	8,952,441
Foreign equity securities and mutual funds	3,233,677
Receivables:	
Interest and dividends	69,152
State of Florida	35,935
Total assets	\$ 18,889,049
Liabilities	
Accounts payable and accrued liabilities	\$ 32,375
Total Liabilities	\$ 32,375
Net Assets	
Held in trust for pension benefits	\$ 18,856,674
Total net assets	\$ 18,856,674

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Changes in Fiduciary Net Assets
Year Ended September 30, 2008

	Employee Pension Funds
Additions	
Contributions:	
Employer	\$ 1,910,410
Plan members	368,182
State of Florida	158,587
Total contributions	2,437,179
Investment income:	
Interest	346,303
Dividends	186,302
Net depreciation in fair value of investments	(2,328,834)
Investment expenses	(77,471)
Net investment loss	(1,873,700)
Total additions	563,479
Deductions	
Administration	83,203
Benefits	601,614
Total deductions	684,817
Net decrease in plan net assets	(121,338)
Net assets held in trust for pension benefits, beginning of year	18,978,012
Net assts held in trust for pension benefits, end of year	\$ 18,856,674

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

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, 2008

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, licenses, 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, 2008

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, 2008

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 the Local Government Surplus Funds Trust Fund (LGIP) and LGIP Fund B 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 LGIP 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 Local Government Surplus Funds Trust Fund 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 the LGIP and Pool 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, 2008

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, 2008

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 Statements of Financial Accounting Standards No. 34 and 62. 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 57.

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, 2008

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 \$158,587 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, 2008

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, 2007, upon which the 2007/08 levy was based, was approximately \$945.7 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, 2008 was 4.0076 (\$4.0076 for each \$1,000 of assessed valuation). Taxes may be paid less a 4% discount in November or at declining discounts each month through the month of 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, 2008, 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, 2008

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, 2008, 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 (2006/2007) 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, 2002 through 2007. 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, 2008 the Village adopted the maximum millage rate permitted by a majority vote of the Village Council under this formula, which was 4.0076. This millage rate results in a total tax levy of \$3,793,610 for 2008, representing a reduction of 1.8% from the property tax levy for 2007. 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.

l. Recent Accounting Pronouncements

The GASB has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions," which provides guidance on all aspects of reporting by employers for other postemployment benefits (OPEB). The requirements of this statement will be effective for the Village for the fiscal year ending September 30, 2009. Management has not completed its analysis of the effects of this statement, if any, on the financial statements of the Village.

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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 2. DEPOSITS AND INVESTMENTS

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 with the Treasurer or another banking institution eligible collateral. 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 adopted an investment policy to establish guidelines for the efficient management of its cash reserves. Section VI of the investment policy identifies permitted instruments as follows:

- a. U.S. Government obligations and U.S. Government agency obligations;
- b. State Board of Administration Local Government Surplus Funds Trust Fund;
- 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:

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

- 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.
- 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, 2008 are as follows:

	Fair Value		
	Unrestricted	Restricted	Pension
Cash and cash equivalents:			
Petty cash and other	\$ 8,527	\$ -	\$ -
Deposits with financial institutions	5,785,655	290,000	502,744
Investment in State Board of Administration LGIP	2,531,658	2,782,686	-
Florida Municipal Investment Trust Enhanced Cash	204	439	-
Money market mutual funds	-	-	1,991,260
Total cash and cash equivalents	\$ 8,326,044	\$ 3,073,125	\$ 2,494,004
Other investment – LGIP Fund B	\$ 270,164	\$ -	\$ -
Pension fund investments:			
U.S. Government securities	-	-	800,268
U.S. Government agencies	-	-	1,141,045
Mortgage and asset-backed securities	-	-	188,806
Corporate bonds	-	-	1,973,721
Domestic equity securities and mutual funds	-	-	8,952,441
Foreign equity securities and mutual funds	-	-	3,233,677
Total investments	\$ 270,164	\$ -	\$ 16,289,958

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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	\$ 5,638,039	\$ 91,126	\$ 5,729,165
Business-type activities	5,761,130	179,038	5,940,168
Total statement of net assets	11,399,169	270,164	11,669,333
Fiduciary net assets	2,494,004	16,289,958	18,783,962
Total deposits and investments	\$ 13,893,173	\$ 16,560,122	\$ 30,453,295

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 investments at September 30, 2008 are summarized as follows:

Investment Type	NRSRO Rating	Fair Value
Local Government Investment Pool (LGIP)	AAAm	\$ 5,314,344
Pension fund investments:		
U.S. Government securities	AAA	800,268
U.S. Government agencies	AAA	1,141,045
Mortgage and asset-backed securities	AAA	2,662
Mortgage and asset-backed securities	Not Rated	186,144
Corporate bonds	AAA	239,060
Corporate bonds	AA	175,794
Corporate bonds	A	1,484,734
Corporate bonds	BBB	66,009
Corporate bonds	Not Rated	8,124
Total		\$ 9,418,184

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 withdrawals were in response to published press reports concerning the exposure of the LGIP investments to potential losses from sub-prime mortgage investments. On December 4, 2007 the Board of Trustees approved a restructuring plan for the LGIP and engaged a new investment manager for the LGIP.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

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, 2008 the Fund B investments had a net asset value approximating 64% 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 may be obtained from the State Board of Administration.

Custodial Credit Risk: Custodial credit risk is defined as the risk that the Village may not recover cash and investments held by another party in the event of a financial failure. The Village investment policy requires cash and investments to be fully insured or collateralized, or held in independent custodial safekeeping accounts in the name of the Village. At September 30, 2008 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.

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, 2008.

Fair Value of Investment Maturities					
Investment Type	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years	
Pension fund investments:					
U.S. Government securities	\$ 55,562	\$ 247,342	\$ 394,130	\$ 103,234	
U.S. Government agencies	19,994	778,737	202,712	139,602	
Mortgage and asset-backed securities	380	351	21,197	166,878	
Corporate bonds	288,806	877,670	807,245	-	
Total	\$ 364,742	\$ 1,904,100	\$ 1,425,284	\$ 409,714	

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

The weighted average days to maturity of the LGIP were 8.5 days at September 30, 2008. The weighted average life of the Fund B investment was 9.36 years at September 30, 2008.

The value, liquidity, and related income of certain securities with contractual cash flows, such as asset backed securities, collateralized by 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, 2008.

NOTE 3. RECEIVABLES

Receivables at September 30, 2008 are summarized as follows:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Accounts	\$ 615,799	\$ 1,758,249	\$ 2,374,048
Intergovernmental	199,151	-	199,151
	814,950	1,758,249	2,573,199
Less: allowable for uncollectibles	-	(53,504)	(53,504)
Net receivables	\$ 814,950	\$ 1,704,745	\$ 2,519,695

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2008, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 170,036	\$ -	\$ -	\$ 170,036
Infrastructure	4,121,761	-	-	4,121,761
Total capital assets not being depreciated	4,291,797	-	-	4,291,797
Capital assets being depreciated:				
Buildings	7,828,186	-	-	7,828,186
Improvements other than buildings	1,813,661	42,493	-	1,856,154
Machinery and equipment	4,177,905	299,354	(1,168,666)	3,308,593
Library materials and software	846,554	55,481	(359,156)	542,879
Total capital assets being depreciated	14,666,306	397,328	(1,527,822)	13,535,812
Less accumulated depreciation for:				
Buildings	(932,751)	(207,551)	-	(1,140,302)
Improvements other than buildings	(275,905)	(85,223)	-	(361,128)
Machinery and equipment	(2,434,730)	(391,676)	1,050,312	(1,776,094)
Library materials and software	(627,335)	(65,732)	359,156	(333,911)
Accumulated depreciation	(4,270,721)	(750,182)	1,409,468	(3,611,435)
Governmental activities				
Capital assets, net	\$ 14,687,382	\$ (352,854)	\$ (118,354)	\$ 14,216,174
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 364,217	\$ -	\$ -	\$ 364,217
Construction in progress	4,406,835	262,141	(4,405,836)	263,140
Total capital assets not being depreciated	4,771,052	262,141	(4,405,836)	627,357
Capital assets being depreciated:				
Buildings	3,013,999	29,450	-	3,043,449
Improvements other than buildings	56,689,715	6,058,937	-	62,748,652
Intangible assets	7,183,533	-	-	7,183,533
Equipment and software	3,170,982	160,052	(212,794)	3,118,240
Total capital assets being depreciated	70,058,229	6,248,439	(212,794)	76,093,874
Less accumulated depreciation for:				
Buildings	(1,899,194)	(56,337)	-	(1,955,531)
Improvements other than buildings	(21,326,184)	(1,813,353)	-	(23,139,537)
Intangible assets	(4,955,659)	(212,344)	-	(5,168,003)
Equipment and software	(1,952,953)	(264,413)	210,693	(2,006,673)
Accumulated depreciation	(30,133,990)	(2,346,447)	210,693	(32,269,744)
Business-type activities				
Capital assets, net	\$ 44,695,291	\$ 4,164,133	\$ (4,407,937)	\$ 44,451,487

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 4. CAPITAL ASSETS (Continued)

Depreciation expense for the year ended September 30, 2008, was charged to functions as follows:

Governmental Activities:	
General government	\$ 209,246
Public safety	286,435
Physical environment	53,463
Transportation	16,361
Culture and recreation	184,677
<hr/>	
Total depreciation expense- Governmental activities	\$ 750,182
<hr/>	
Business-type activities: Water & Sewer	\$ 2,346,447

NOTE 5. LONG-TERM DEBT

Changes in Long-Term Liabilities

The following changes occurred in long-term liabilities during the year ended September 30, 2008:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 7,215,000	\$ -	\$ 150,000	\$ 7,065,000	\$ 160,000
Compensated absences	662,455	669,671	662,599	669,527	55,217
<hr/>					
Total Governmental Activities	\$ 7,877,455	\$ 669,671	\$ 812,599	\$ 7,734,527	\$ 215,217
<hr/>					
Business-type activities:					
Promissory note	\$ 3,862,457	\$ -	\$ 698,307	\$ 3,164,150	\$ 727,385
Capital appreciation bonds	2,744,181	181,756	580,000	2,345,937	575,000
Revenue bonds, series 2003A	10,750,000	-	215,000	10,535,000	225,000
Compensated absences	294,062	251,158	252,256	292,964	39,189
<hr/>					
Total Business-type Activities	17,650,700	\$ 432,914	\$ 1,745,563	16,338,051	\$ 1,566,574
<hr/>					
Unamortized premium on revenue bonds	380,646			365,766	
<hr/>					
Net Business-type Liabilities	\$ 18,031,346			\$ 16,703,817	

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 5. LONG-TERM DEBT (Continued)

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 note. Annual debt service requirements to maturity are as follows:

Year Ending September 30,	Principal	Interest	Total
2009	\$ 160,000	\$ 359,056	\$ 519,056
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
2014-2018	1,105,000	1,483,842	2,588,842
2019-2023	1,435,000	1,153,520	2,588,520
2024-2028	1,835,000	755,970	2,590,970
2029-2032	1,830,000	240,106	2,070,106
Total	\$ 7,065,000	\$ 5,360,294	\$12,425,294

Business-Type Activities:

\$7,244,700 Promissory Note

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

Year Ending September 30,	Principal	Interest	Total
2009	\$ 727,385	\$ 114,587	\$ 841,972
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
Total	\$ 3,164,150	\$ 273,903	\$ 3,438,053

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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 5. LONG-TERM DEBT (Continued)

Revenue Bonds (Continued)

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

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

At September 30, 2008 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
2009	\$ 575,000
2010	570,000
2011	570,000
2012	570,000
2013	485,000
Total	\$ 2,770,000

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

These bonds represent the Village's portion of the Florida Municipal Loan Council Revenue Bonds, Series 2003A. Interest at rates ranging from 3.00% to 5.25% is payable semi-annually on May 1 and November 1. Principal will be repaid in thirty installments with final maturity on May 1, 2033. Principal and interest are payable from and secured solely by a pledge of and lien upon the net revenues of the water and sewer utility system of the Village. The bonds were issued to provide funds for water and wastewater system improvements.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 5. LONG-TERM DEBT (Continued)

Revenue Bonds (Continued)

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

Year Ending September 30,	Principal	Interest	Total
2009	\$ 225,000	\$ 521,726	\$ 746,726
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
2014-2018	1,555,000	2,169,188	3,724,188
2019-2023	2,000,000	1,719,422	3,719,422
2024-2028	2,535,000	1,192,350	3,727,350
2029-2033	3,230,000	500,000	3,730,000
Total	\$10,535,000	\$ 8,091,336	\$18,626,336

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 \$24,834,389. Principal and interest paid for the current year and utility net revenues were \$2,165,148 and \$4,727,842, respectively.

Interest Expense and Arbitrage

Total interest costs incurred and paid on all Village debt for the year ended September 30, 2008, was \$369,781 and \$365,056, respectively, for governmental activities and \$818,797 and \$671,839, 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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 6. OBLIGATION UNDER UTILITY AGREEMENTS AND INTANGIBLE RIGHTS

(Continued)

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

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).

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. The additional intangible rights are being amortized over 22 years (remaining term of the amended contract). At September 30, 2008, the combined intangible rights had a net book value of \$2,015,530 and were recorded with capital assets. All loan obligations were paid October 31, 2006.

NOTE 7. INTERFUND TRANSFERS

The following is a summary of interfund transfers for the year ended September 30, 2008:

	Transfers in	Transfers out
Governmental Activities:		
Major Fund - General Fund	\$ 1,466,645	\$
Business-type Activities:		
Enterprise Fund		1,466,645
Total interfund transfers	\$ 1,466,645	\$ 1,466,645

Transfers include payments in lieu of taxes of \$1,466,645 that are not payments for services.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 8. ENTERPRISE FUND RESTRICTED ASSETS AND RESERVES

Restricted assets of the enterprise fund at September 30, 2008, 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, 2008:

	Restricted Assets
Utility Debt Service	\$ 2,682,686
Renewal and Replacement	100,000
Cash with fiscal agent	290,000
Unused proceeds from 2003 bonds	439
	<hr/> \$ 3,073,125 <hr/>

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, 2008, 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, 2008.

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.

Contribution requirements are determined by the actuary. 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

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 9. PENSION PLANS (Continued)

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. The Village's independent custodians and individual money managers price 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, 2007 (the latest actuarial valuation date):

	General Employees	Hazardous Employees	
Accounting Policies and Plan Assets:			
Authority	Village Ordinance	Village Ordinance/State Statute	
Basis of Accounting	Accrual	Accrual	
Asset Valuation			
Reporting	Fair Value	Fair Value	
Actuarial Valuation	5-year smoothed market	4-year smoothed market	
Legal Reserves	None	None	
Long-Term Receivable	None	None	
Internal/Participant Loans	None	None	
Membership and Plan Provisions:			
Members:			
Active Participants	118	56	
Retirees and Beneficiaries	30	11	
Terminated Vested	28	15	
Normal Retirement Benefits:			
Retirement Age	62	Option 1	Option 2
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
Contributions:			
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	

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 9. PENSION PLANS (Continued)

	General Employees	Hazardous Employees
Actuarial Valuation:		
Frequency	Annual	Annual
Latest Valuation	9/30/07	9/30/07
Basis for Contribution	9/30/06	9/30/06
Cost Method	Entry age	Entry age
Amortization:		
Method	Level percent	Level percent
Period	15-25 years	1-21 years
Open/Closed	Closed	Closed
Assumptions:		
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

Three-Year Trend Information					
	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed		Net Pension Asset
Hazardous Employees:	9/30/06	\$ 553,371	104%	\$	140,316
	9/30/07	631,368	130%		132,592
	9/30/08	858,785	106%		182,967
General Employees:	9/30/06	\$ 745,116	100%	\$	-
	9/30/07	851,289	100%		-
	9/30/08	942,609	100%		-

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 9. PENSION PLANS (Continued)

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

Annual required contribution (ARC)	\$	853,902
Interest on net pension asset		(10,607)
Adjustment to ARC		15,490
<hr/>		
Annual pension cost (APC)		858,785
Village contribution		909,160
<hr/>		
Increase in net pension asset		50,375
Net pension asset, beginning of year		132,592
<hr/>		
Net pension asset, end of year	\$	182,967

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, 2008, are as follows:

Statements of Plan Net Assets		
	General Employees Pension Fund	Hazardous Employees Pension Fund
Assets		
Cash and cash equivalents	\$ 1,401,298	\$ 1,092,706
Investments:		
U.S. Government securities	594,560	205,708
U.S. Government agencies	468,815	672,230
Mortgage and asset-backed securities	23,370	165,436
Corporate bonds	743,814	1,229,907
Domestic equity securities and mutual funds	4,644,184	4,308,257
Foreign equity securities and mutual funds	1,715,812	1,517,865
Receivables:		
Interest and dividends	30,503	38,649
Other	-	35,935
<hr/>		
Total assets	9,622,356	9,266,693
<hr/>		
Liabilities		
Accounts payable and accrued liabilities	3,448	28,927
<hr/>		
Total liabilities	3,448	28,927
<hr/>		
Net assets held in trust for pension benefits	\$ 9,618,908	\$ 9,237,766

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 9. PENSION PLANS (Continued)

Statements of Changes in Plan Net Assets		
	General Employees Pension Fund	Hazardous Employees Pension Fund
Additions		
Contributions:		
Employer	\$ 1,021,922	\$ 888,488
Plan members	141,424	226,758
State of Florida	-	158,587
Total contributions	1,163,346	1,273,833
Investment income:		
Interest	158,820	187,483
Dividends	110,443	75,859
Net depreciation in fair value of investments	(1,105,624)	(1,223,210)
Investment expenses	(39,492)	(37,979)
Net investment losses	(875,853)	(997,847)
Total additions	287,493	275,986
Deductions		
Administration	41,352	41,851
Benefits	302,088	299,526
Total deductions	343,440	341,377
Net decrease in plan net assets	(55,947)	(65,391)
Net Assets - October 1, 2007	9,674,855	9,303,157
Net Assets - September 30, 2008	\$ 9,618,908	\$ 9,237,766

NOTE 10. COMMITMENTS AND CONTINGENCIES

Commitments

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

	Total Project Authorization	Expended September 30, 2008	Retainage Payable September 30, 2008	Balance to Complete
Task #97 - Clemens WW	\$ 62,700	\$ 37,791	\$ -	\$ 24,909
Task #98 - Force main LWDD 9 to 11	112,000	28,800	-	83,200
	\$ 174,700	\$ 66,591	\$ -	\$ 108,109

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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2008

NOTE 10. COMMITMENTS AND CONTINGENCIES (Continued)

Contingencies

During the fiscal year ended September 30, 2006, the City of Lake Worth provided the Village with an independent report on the funding of the Renewal and Replacement Reserve Account for the Lake Worth Regional Water Systems. The report indicated that the Renewal and Replacement Reserve Account was underfunded in prior years and that the Village's allocable share of the underfunding was \$2,649,879. In 2007 and 2008, the City of Lake Worth billed the Village \$26,267 per month for renewal and replacement contributions. The Village does not believe they are liable for any underfunding under their contract with the City of Lake Worth and believes 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.

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 have been 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, 2008, 2007, and 2006.

REQUIRED SUPPLEMENTARY INFORMATION

VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund

Year Ended September 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes:				
Ad valorem taxes	\$ 3,645,865	\$ 3,645,865	\$ 3,697,915	\$ 52,050
Franchise fees	819,890	819,890	964,983	145,093
Utility service taxes	1,772,460	1,772,460	1,757,165	(15,295)
Total taxes	6,238,215	6,238,215	6,420,063	181,848
Licenses and permits:				
Occupational licenses	210,000	210,000	210,149	149
Building permits	450,000	450,000	195,018	(254,982)
Other permits and licenses	14,250	14,250	9,929	(4,321)
Total licenses and permits	674,250	674,250	415,096	(259,154)
Intergovernmental:				
State revenue sharing	551,077	551,077	471,931	(79,146)
Alcoholic beverage licenses	12,800	12,800	11,054	(1,746)
Municipal fuel tax refund	4,300	4,300	6,382	2,082
Local option gas tax	352,637	352,637	324,175	(28,462)
County occupational licenses	36,000	36,000	37,092	1,092
Half-cent sales tax	1,108,774	1,108,774	1,021,165	(87,609)
Grant revenue	62,100	72,100	135,654	63,554
Other intergovernmental revenue	14,742	14,742	13,248	(1,494)
Total intergovernmental	2,142,430	2,152,430	2,020,701	(131,729)
Charges for services:				
General government	58,800	58,800	54,668	(4,132)
Public safety	1,289,780	1,294,780	459,135	(835,645)
Sanitation	579,348	579,348	663,039	83,691
Leisure services	331,750	335,250	357,055	21,805
Nonresident fees	10,000	10,000	12,899	2,899
Total charges for services	2,269,678	2,278,178	1,546,796	(731,382)
Fines and forfeitures:				
Judgements and fines	79,200	79,200	221,424	142,224
Other	114,500	114,500	82,413	(32,087)
Total fines and forfeitures	193,700	193,700	303,837	110,137
Contributions	9,000	11,000	13,582	2,582

Continued

VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Miscellaneous:				
Interest earnings	\$ 314,500	\$ 314,500	\$ 160,219	\$ (154,281)
Miscellaneous revenue	29,500	29,500	185,957	156,457
Facility rental	88,100	88,100	75,979	(12,121)
Total miscellaneous	432,100	432,100	422,155	(9,945)
Total revenues	11,959,373	11,979,873	11,142,230	(837,643)
Other financing source				
Transfer in	1,466,645	1,466,645	1,466,645	-
Total revenues and other financing source	\$ 13,426,018	\$ 13,446,518	\$ 12,608,875	\$ (837,643)
Expenditures				
General government:				
Legislative:				
Personal services	\$ 46,371	\$ 46,371	\$ 46,249	\$ 122
Operating	54,528	54,528	33,893	20,635
Nonoperating	122,000	49,000	7,000	42,000
Total legislative	222,899	149,899	87,142	62,757
Executive:				
Personal services	555,564	555,564	543,536	12,028
Operating	26,488	28,238	16,849	11,389
Capital outlay	14,000	12,250	8,100	4,150
Total executive	596,052	596,052	568,485	27,567
Financial administration:				
Personal services	370,640	370,640	352,022	18,618
Operating	21,820	22,870	19,845	3,025
Capital outlay	4,000	2,950	2,824	126
Total financial administration	396,460	396,460	374,691	21,769
Legal:				
Operating	100,000	146,500	127,183	19,317
Other general government:				
Personal services	1,500	17,800	12,722	5,078
Operating	345,447	329,147	287,301	41,846
Capital outlay	16,086	16,086	11,555	4,531
Total other general government	363,033	363,033	311,578	51,455
Total general government	1,678,444	1,651,944	1,469,079	182,865

Continued

VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Public safety:				
Land development:				
Personal services	\$ 475,415	\$ 474,485	\$ 411,896	\$ 62,589
Operating	188,123	189,303	112,641	76,662
Capital outlay	5,600	5,350	-	5,350
Total land development	669,138	669,138	524,537	144,601
Fire Rescue:				
Personal services	1,644,007	1,582,207	1,522,929	59,278
Operating	111,462	173,262	146,545	26,717
Capital outlay	66,500	66,500	-	66,500
Total fire rescue	1,821,969	1,821,969	1,669,474	152,495
Law enforcement:				
Personal services	4,906,183	4,758,133	4,648,893	109,240
Operating	478,068	626,118	585,975	40,143
Capital outlay	177,000	192,000	166,234	25,766
Total law enforcement	5,561,251	5,576,251	5,401,102	175,149
Total public safety	8,052,358	8,067,358	7,595,113	472,245
Physical environment:				
Sanitation services:				
Personal services	527,862	270,762	269,714	1,048
Operating	401,820	658,920	637,990	20,930
Total physical environment	929,682	929,682	907,704	21,978
Transportation:				
Personal services	644,509	634,409	554,574	79,835
Operating	420,440	438,540	354,131	84,409
Capital outlay	80,000	72,000	24,857	47,143
Total transportation	1,144,949	1,144,949	933,562	211,387
Culture/recreation:				
Library:				
Personal services	497,151	497,205	468,300	28,905
Operating	119,839	122,935	116,288	6,647
Capital outlay	54,100	50,950	45,689	5,261
Total library	671,090	671,090	630,277	40,813
Leisure services:				
Personal services	512,452	488,852	471,738	17,114
Operating	334,543	370,443	355,616	14,827
Capital outlay	41,000	60,700	60,692	8
Total leisure services	887,995	919,995	888,046	31,949

Continued

VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2008

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Special events:				
Operating	\$ 61,500	\$ 61,500	\$ 61,158	\$ 342
Total culture/recreation	1,620,585	1,652,585	1,579,481	73,104
Total expenditures	\$ 13,426,018	\$ 13,446,518	12,484,939	\$ 961,579
Net change in fund balance			\$ 123,936	
Fund balance, beginning of year			5,954,784	
Fund balance, end of year			\$ 6,078,720	

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

SEPTEMBER 30, 2008

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:

	Revenues	Expenditures
Budgetary Basis	\$ 11,142,230	\$ 12,484,939
State on-behalf payments for hazardous employees pension contributions	158,587	158,587
GAAP Basis	\$ 11,300,817	\$ 12,643,526

The reported budgetary data represents the final appropriated budget after amendments adopted by the Council. Supplemental appropriations of \$20,500 were needed for costs incurred for personnel and related operating expenses for the year ended September 30, 2008, increasing the original general fund budget from \$13,426,018 to \$13,446,518. 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, 2008.

VILLAGE OF PALM SPRINGS, FLORIDA

CONDITION RATING OF THE VILLAGE'S STREET SYSTEM

SEPTEMBER 30, 2008

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

Percentage of lane miles in substandard condition: 0%

Comparison of needed-to-actual maintenance/preservation:

	Needed	Actual	Difference
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
Total	\$ 786,600	\$ 666,664	\$ 119,936

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), 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. 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)
---	--	--	--	-------------------------------------	------------------------------------	---

Hazardous Employees

2002	\$ 4,384,766	\$ 5,934,435	\$ 1,549,669	73.9%	\$ 1,572,230	98.6%
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%

General Employees

2002	\$ 5,428,384	\$ 6,357,619	\$ 929,235	85.4%	\$ 3,056,401	30.4%
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%

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	9/30/2007	9/30/2007
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

Year Ended September 30,	Annual Required Contribution	Percentage Contributed
Hazardous Employees Pension Fund		
2003	\$ 397,241	106%
2004	417,489	118%
2005	548,908	104%
2006	626,200	100%
2007	853,902	106%
2008	875,369	100%
General Employees Pension Fund		
2003	399,459	100%
2004	428,696	100%
2005	498,271	100%
2006	745,116	100%
2007	851,289	100%
2008	942,609	100%

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**

NONMAJOR GOVERNMENTAL FUNDS

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

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.

Capital Projects Fund – The capital projects fund is used to account for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

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, 2008

	Special Revenue Funds				Total
	Library	Law	Debt	Service	Nonmajor
	Fund	Enforcement	Service	Fund	Governmental
	Fund	Fund	Fund	Fund	Funds
Assets:					
Cash and cash equivalents	\$ 66,396	\$ 27,519	\$ 15,892	\$ 109,807	
Total assets	\$ 66,396	\$ 27,519	\$ 15,892	\$ 109,807	
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Total liabilities	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balances:					
Reserved for:					
Law enforcement	\$ -	\$ 27,519	\$ -	\$ 27,519	
Debt service	-	-	15,892	15,892	
Unreserved:					
Special revenue funds	66,396	-	-	66,396	
Total fund balances	\$ 66,396	\$ 27,519	\$ 15,892	\$ 109,807	
Total liabilities and fund balances	\$ 66,396	\$ 27,519	\$ 15,892	\$ 109,807	

VILLAGE OF PALM SPRINGS, FLORIDA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended September 30, 2008

	Special Revenue Funds		Debt Service Fund	Total Nonmajor Governmental Funds
	Library Fund	Law Enforcement Fund		
Revenues				
Taxes	\$ -	\$ -	\$ 522,650	\$ 522,650
Confiscated property	-	32,301	-	32,301
Contributions	1,797	-	-	1,797
Interest	1,892	1,057	248	3,197
Miscellaneous	201	-	-	201
Total revenues	3,890	33,358	522,898	560,146
Expenditures				
Current:				
Public safety	-	18,662	-	18,662
Culture/recreation	2,400	-	-	2,400
Capital outlay	-	26,077	-	26,077
Debt service:				
Principal	-	-	150,000	150,000
Interest and other fiscal charges	-	-	372,281	372,281
Total expenditures	2,400	44,739	522,281	569,420
Net change in fund balances	1,490	(11,381)	617	(9,274)
Fund balances, beginning of year	64,906	38,900	15,275	119,081
Fund balances, end of year	\$ 66,396	\$ 27,519	\$ 15,892	\$ 109,807

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, 2008

	General Employees Pension Fund	Hazardous Employees Pension Fund	Total Pension Funds
Assets			
Cash and cash equivalents	\$ 1,401,298	\$ 1,092,706	\$ 2,494,004
Investments:			
U.S. Government securities	594,560	205,708	800,268
U.S. Government agencies	468,815	672,230	1,141,045
Mortgage and asset-backed securities	23,370	165,436	188,806
Corporate bonds	743,814	1,229,907	1,973,721
Domestic equity securities and mutual funds	4,644,184	4,308,257	8,952,441
Foreign equity securities and mutual funds	1,715,812	1,517,865	3,233,677
Receivables:			
Interest and dividends	30,503	38,649	69,152
State of Florida	-	35,935	35,935
Total assets	\$ 9,622,356	\$ 9,266,693	\$ 18,889,049
Liabilities			
Accounts payable and accrued liabilities	\$ 3,448	28,927	\$ 32,375
Total liabilities	\$ 3,448	\$ 28,927	\$ 32,375
Net Assets			
Net assets held in trust for pension benefits	\$ 9,618,908	\$ 9,237,766	\$ 18,856,674
Total net assets	\$ 9,618,908	\$ 9,237,766	\$ 18,856,674

VILLAGE OF PALM SPRINGS, FLORIDA

Combining Statement of Changes in Fiduciary Net Assets
Year Ended September 30, 2008

	General Employees Pension Fund	Hazardous Employees Pension Fund	Total Pension Funds
Additions			
Contributions:			
Employer	\$ 1,021,922	\$ 888,488	\$ 1,910,410
Plan members	141,424	226,758	368,182
State of Florida	-	158,587	158,587
Total contributions	1,163,346	1,273,833	2,437,179
Investment income:			
Interest	158,820	187,483	346,303
Dividends	110,443	75,859	186,302
Net depreciation in fair value of investments	(1,105,624)	(1,223,210)	(2,328,834)
Investment expenses	(39,492)	(37,979)	(77,471)
Net investment loss	(875,853)	(997,847)	(1,873,700)
Total additions	287,493	275,986	563,479
Deductions			
Administration	41,352	41,851	83,203
Benefits	302,088	299,526	601,614
Total deductions	343,440	341,377	684,817
Net decrease in plan net assets	(55,947)	(65,391)	(121,338)
Net assts held in trust for pension benefits, beginning of year	9,674,855	9,303,157	18,978,012
Net assets held in trust for pension benefits, end of year	\$ 9,618,908	\$ 9,237,766	\$ 18,856,674

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, 2008

Fiscal Year Ending September 30,	Governmental Activities		Business-type Activities		
	Bond Payable	Note Payable	Revenue Bonds Payable		Total
			Series 1988	Series 2003A	
2009	\$ 519,056	\$ 841,972	\$ 575,000	\$ 746,726	\$ 2,682,754
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
Total	\$ 12,425,294	\$ 3,438,053	\$ 2,770,000	\$ 18,626,336	\$ 37,259,683

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					
2009	\$	160,000	\$	179,528	\$	179,528	\$	519,056	4.000%
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%
Total	\$	7,065,000	\$	2,680,147	\$	2,680,147	\$	12,425,294	

VILLAGE OF PALM SPRINGS, FLORIDA

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

Fiscal Year				
Ending				
September 30,	Principal		Interest	Total
2009	\$ 727,385		\$ 114,587	\$ 841,972
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
Total	\$ 3,164,150		\$ 273,903	\$ 3,438,053

VILLAGE OF PALM SPRINGS, FLORIDA

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

Fiscal Year Ending September 30,	Principal		Interest		Total
	October 1	April 1	October 1	April 1	
	2009	\$ 58,258	\$ 54,489	\$ 231,742	
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
Total	\$ 269,977	\$ 191,266	\$ 1,360,023	\$ 948,734	\$ 2,770,000

VILLAGE OF PALM SPRINGS, FLORIDA

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

Fiscal Year	Ending September 30,	Principal		Interest		Total	Interest Rate		
		May 1	May 1	November 1	November 1				
2009	\$	225,000	\$	260,863	\$	260,863	\$	746,726	3.000%
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%
Total	\$	10,535,000	\$	4,045,668	\$	4,045,668	\$	18,626,336	

STATISTICAL SECTION

STATISTICAL SECTION

This part of the Village of Palm Springs’ comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the Village of Palm Springs’ overall financial health.

Contents	Page
Financial Trends.....	71
<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	83
<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.....	89
<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	93
<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.....	95
<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 Six Fiscal Years

Accrual Basis of Accounting

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

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

Fiscal Year		
2006	2007	2008
\$ 7,199,449	\$ 7,472,382	\$ 7,151,174
-	-	43,411
5,150,443	5,391,895	5,508,949
<u>\$ 12,349,892</u>	<u>\$ 12,864,277</u>	<u>\$ 12,703,534</u>
\$ 27,627,368	\$ 28,748,028	\$ 29,837,394
118,999	1,357,698	1,317,850
5,253,146	4,015,758	3,007,831
<u>\$ 32,999,513</u>	<u>\$ 34,121,484</u>	<u>\$ 34,163,075</u>
\$ 34,826,817	\$ 36,220,410	\$ 36,988,568
118,999	1,357,698	1,361,261
10,403,589	9,407,653	8,516,780
<u>\$ 45,349,405</u>	<u>\$ 46,985,761</u>	<u>\$ 46,866,609</u>

VILLAGE OF PALM SPRINGS, FLORIDA

Changes in Net Assets

Last Six Fiscal Years

Accrual Basis of Accounting

	Fiscal Year		
	2003	2004	2005
Expenses			
Governmental activities:			
General government	\$ 1,758,726	\$ 1,246,098	\$ 1,460,229
Public safety	3,655,456	4,306,625	5,047,665
Physical environment	440,529	809,087	770,321
Transportation	720,492	938,374	1,018,045
Culture/recreation	469,983	1,331,518	1,387,063
Interest on long-term debt	482,553	426,357	389,788
Total governmental activities expenses	<u>7,527,739</u>	<u>9,058,059</u>	<u>10,073,111</u>
Business-type activities:			
Water/Sewer Utility	7,404,500	8,006,446	7,751,695
Total business-type activities expenses	<u>7,404,500</u>	<u>8,006,446</u>	<u>7,751,695</u>
Total primary government expenses	<u>\$ 14,932,239</u>	<u>\$ 17,064,505</u>	<u>\$ 17,824,806</u>
Program Revenues			
Governmental activities:			
Charges for services:			
General government	\$ 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	-
Total governmental activities program revenues	<u>2,366,838</u>	<u>2,240,131</u>	<u>2,371,981</u>
Business-type activities:			
Charges for services:			
Water/Sewer	8,618,975	9,637,956	10,172,417
Capital grants and contributions	1,125,555	715,077	401,985
Total business-type activities program revenues	<u>9,744,530</u>	<u>10,353,033</u>	<u>10,574,402</u>
Total primary government program revenues	<u>\$ 12,111,368</u>	<u>\$ 12,593,164</u>	<u>\$ 12,946,383</u>
Net (expense)/revenue			
Governmental activities	\$ (5,160,901)	\$ (6,817,928)	\$ (7,701,130)
Business-type activities	2,340,030	2,346,587	2,822,707
Total primary government net expense	<u>\$ (2,820,871)</u>	<u>\$ (4,471,341)</u>	<u>\$ (4,878,423)</u>

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

Fiscal Year		
2006	2007	2008
\$ 1,489,124	\$ 1,652,285	\$ 1,676,049
6,013,883	7,436,765	7,833,731
1,045,789	840,332	1,017,487
941,378	1,023,051	925,984
1,573,129	1,742,484	1,665,319
382,721	376,367	369,781
11,446,024	13,071,284	13,488,351
8,498,243	10,195,468	10,569,732
8,498,243	10,195,468	10,569,732
\$ 19,944,267	\$ 23,266,752	\$ 24,058,083
\$ 412,527	\$ 428,057	\$ 424,182
994,345	1,163,450	952,624
532,932	582,711	663,039
393,817	356,453	389,303
718,297	55,383	34,023
242,497	213,395	203,709
8,432	11,742	12,094
28,315	24,271	22,634
194,167	36,536	15,633
10,000	6,694	10,000
-	-	-
136,549	163,451	25,000
3,671,878	3,042,143	2,752,241
11,195,361	11,302,346	10,973,325
575,661	934,530	909,126
11,771,022	12,236,876	11,882,451
\$ 15,442,900	\$ 15,279,019	\$ 14,634,692
\$ (7,774,146)	\$ (10,029,141)	\$ (10,736,110)
3,272,779	2,041,408	1,312,719
\$ (4,501,367)	\$ (7,987,733)	\$ (9,423,391)

VILLAGE OF PALM SPRINGS, FLORIDA

Changes in Net Assets (Continued)

Last Six Fiscal Years

Accrual Basis of Accounting

	Fiscal Year		
	2003	2004	2005
General Revenues and Other Changes in Net Assets			
Governmental activities:			
Taxes:			
Property taxes	\$ 2,138,258	\$ 2,317,271	\$ 2,616,249
Utility service taxes	1,241,306	1,285,916	1,492,779
Franchise fees	526,320	552,295	562,586
Sales and use taxes	1,197,671	1,290,027	1,346,148
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
Total governmental activities	6,676,598	7,084,416	7,994,944
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)
Total business-type activities	(732,495)	(882,684)	(840,344)
Total primary government	\$ 5,944,103	\$ 6,201,732	\$ 7,154,600
Changes in Net Assets			
Governmental activities	\$ 1,515,697	\$ 266,488	\$ 293,814
Business-type activities	1,607,535	1,463,903	1,982,363
Total primary government	\$ 3,123,232	\$ 1,730,391	\$ 2,276,177

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

Fiscal Year		
2006	2007	2008
\$ 3,125,706	\$ 4,262,490	\$ 4,220,565
1,661,837	1,720,394	1,757,165
810,272	888,873	964,983
1,453,700	1,412,439	1,362,776
521,390	508,398	471,931
239,422	326,789	163,416
62,633	112,024	167,886
1,270,286	1,312,119	1,466,645
9,145,246	10,543,526	10,575,367
441,016	388,337	155,086
10,003	4,345	40,431
(1,270,286)	(1,312,119)	(1,466,645)
(819,267)	(919,437)	(1,271,128)
\$ 8,325,979	\$ 9,624,089	\$ 9,304,239
\$ 1,371,100	\$ 514,385	\$ (160,743)
2,453,512	1,121,971	41,591
\$ 3,824,612	\$ 1,636,356	\$ (119,152)

VILLAGE OF PALM SPRINGS, FLORIDA*Governmental Activities Tax Revenues by Source**Last Six Fiscal Years**Accrual Basis of Accounting*

Fiscal Year	Property Tax	Utility Service Tax	Franchise Fees	Sales and Use Tax	Total
2003	\$ 2,138,258	\$ 1,241,306	\$ 526,320	\$ 1,197,671	\$ 5,103,555
2004	2,317,271	1,285,916	552,295	1,290,027	5,445,509
2005	2,616,249	1,492,779	562,586	1,346,148	6,017,762
2006	3,125,706	1,661,837	810,272	1,453,700	7,051,515
2007	4,262,490	1,720,394	888,873	1,412,439	8,284,196
2008	4,220,565	1,757,165	964,983	1,362,776	8,305,489

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

VILLAGE OF PALM SPRINGS, FLORIDA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year			
	1999	2000	2001	2002
General fund				
Reserved	\$ 16,319	\$ 17,776	\$ 10,604	\$ 6,259
Unreserved	<u>1,596,734</u>	<u>2,099,882</u>	<u>2,785,703</u>	<u>3,457,660</u>
Total General Fund	<u>\$ 1,613,053</u>	<u>\$ 2,117,658</u>	<u>\$ 2,796,307</u>	<u>\$ 3,463,919</u>
All other governmental funds				
Reserved	\$ 14,499	\$ 14,050	\$ 12,614	\$ 6,167,601
Unreserved, reported in:				
Special revenue funds	<u>151,037</u>	<u>115,518</u>	<u>17,786</u>	<u>19,092</u>
Total all other governmental funds	<u>\$ 165,536</u>	<u>\$ 129,568</u>	<u>\$ 30,400</u>	<u>\$ 6,186,693</u>

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 9,703	\$ 11,692	\$ 22,622	\$ 16,822	\$ 25,330	\$ 74,048
<u>3,798,650</u>	<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><u>\$ 3,808,353</u></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>
\$ 2,369,958	\$ 249,050	\$ 201,098	\$ 42,717	\$ 54,175	\$ 43,411
<u>50,076</u>	<u>70,382</u>	<u>73,249</u>	<u>71,905</u>	<u>64,906</u>	<u>66,396</u>
<u><u>\$ 2,420,034</u></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>

VILLAGE OF PALM SPRINGS, FLORIDA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year			
	1999	2000	2001	2002
Revenues				
Taxes	\$ 2,266,955	\$ 2,538,952	\$ 2,817,347	\$ 3,272,134
Licenses and permits	231,549	218,904	175,713	258,364
Intergovernmental	1,356,469	1,534,183	1,493,623	1,566,010
Confiscated property	-	-	-	-
Grants	-	-	-	-
Charges for services	569,928	616,163	643,125	653,923
Fines and forfeitures	165,491	149,962	162,697	179,059
Contributions	34,261	43,703	33,596	24,635
Investment earnings	106,772	148,555	144,638	164,983
Miscellaneous	185,394	136,263	188,154	51,488
Total revenues	4,916,819	5,386,685	5,658,893	6,170,596
Expenditures				
General government	800,880	794,282	819,386	906,582
Public safety	2,470,929	2,555,442	2,871,557	3,117,272
Physical environment	323,778	321,411	327,565	385,569
Transportation	514,062	487,655	552,555	584,258
Culture/Recreation	1,070,289	1,095,784	1,018,519	923,166
Capital Outlay	178,681	563,481	507,050	2,161,371
Debt service				
Principal	45,816	48,336	50,995	53,800
Interest and other fiscal charges	23,200	20,887	17,898	15,022
Total expenditures	5,427,635	5,887,278	6,165,525	8,147,040
Excess of revenues over (under) expenditures	(510,816)	(500,593)	(506,632)	(1,976,444)
Other financing sources (uses)				
Insurance recoveries	-	-	-	-
Transfers in	744,949	1,058,584	1,169,944	970,424
Transfers out	-	(89,353)	(216,292)	-
Bonds issued	-	-	-	7,829,925
Total other financing sources (uses)	744,949	969,231	953,652	8,800,349
Net change in fund balances	<u>\$ 234,133</u>	<u>\$ 468,638</u>	<u>\$ 447,020</u>	<u>\$ 6,823,905</u>
Debt service as a percentage of non-capital expenditures	1.33%	1.47%	1.23%	1.16%

Fiscal Year					
2003	2004	2005	2006	2007	2008
\$ 3,905,884	\$ 4,155,482	\$ 4,671,614	\$ 5,597,815	\$ 6,871,757	\$ 6,942,713
620,841	711,795	446,473	749,514	807,031	415,096
1,749,953	1,955,300	2,426,341	3,134,436	2,439,028	2,179,288
15,515	29,578	13,167	25,924	101,432	32,301
591,141	154,859	-	-	-	-
723,730	845,962	1,025,234	1,166,898	1,290,774	1,546,796
170,629	140,670	162,527	182,734	173,730	303,837
49,311	33,434	18,311	64,268	17,547	15,379
133,061	70,684	126,658	239,422	326,789	163,416
93,200	111,413	202,041	191,660	245,462	262,137
8,053,265	8,209,177	9,092,366	11,352,671	12,273,550	11,860,963
988,770	1,050,402	1,247,293	1,283,700	1,383,491	1,446,600
3,552,982	4,005,927	4,845,761	5,748,952	6,918,839	7,606,128
406,397	752,528	723,124	996,777	782,933	907,704
699,430	912,573	1,007,187	917,523	994,880	908,705
1,029,230	1,193,457	1,238,815	1,408,466	1,507,621	1,475,500
5,045,584	2,707,162	681,664	911,849	849,262	346,028
371,461	130,000	135,000	140,000	145,000	150,000
409,092	397,285	392,601	385,638	378,783	372,281
12,502,946	11,149,334	10,271,445	11,792,905	12,960,809	13,212,946
(4,449,681)	(2,940,157)	(1,179,079)	(440,234)	(687,259)	(1,351,983)
-	-	-	194,167	-	-
1,183,220	1,115,370	1,200,265	1,270,286	1,312,572	1,466,645
(193,048)	-	-	-	(453)	-
-	-	-	-	-	-
990,172	1,115,370	1,200,265	1,464,453	1,312,119	1,466,645
\$(3,459,509)	\$(1,824,787)	\$ 21,186	\$ 1,024,219	\$ 624,860	\$ 114,662
11.69%	6.66%	5.82%	5.08%	4.52%	4.23%

VILLAGE OF PALM SPRINGS, FLORIDA

General Governmental Tax Revenues by Source

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

Fiscal Year	Property Tax	Utility Service Tax	Franchise Fees	Sales Tax	Total
1999	\$ 1,012,090	\$ 802,028	\$ 452,837	\$ 686,254	\$ 2,953,209
2000	1,132,703	931,995	474,254	760,263	3,299,215
2001	1,272,374	952,623	592,350	784,982	3,602,329
2002	1,489,071	1,262,933	520,130	878,129	4,150,263
2003	2,138,258	1,241,306	526,320	900,323	4,806,207
2004	2,317,271	1,285,916	552,295	979,566	5,135,048
2005	2,616,249	1,492,779	562,586	1,038,093	5,709,707
2006	3,125,706	1,661,837	810,272	1,102,442	6,700,257
2007	4,262,490	1,720,394	888,873	1,065,592	7,937,349
2008	4,220,565	1,757,165	964,983	1,021,165	7,963,878

VILLAGE OF PALM SPRINGS, FLORIDA

Assessed Value of Taxable Property

Last Ten Fiscal Years

Fiscal Year Ending September 30,	Assessed Values		Total Taxable Assessed Value ⁽¹⁾	Total Direct Tax Rate	Estimated Actual Taxable Value ⁽¹⁾
	Real Property	Personal Property			
1999	\$ 176,287,521	\$ 10,663,403	\$ 186,950,924	19.4061	\$ 196,790,446
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

⁽¹⁾ The basis of assessed taxable value is approximately one hundred percent (100%) of actual taxable value.

For each fiscal year ending September 30, property is valued as of January 1st of the preceding calendar year.

Source: Palm Beach County Property Appraiser's Office.

VILLAGE OF PALM SPRINGS, FLORIDA

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

Fiscal Year Ending September 30,	General Fund	Debt Service	Total Village of Palm Springs	School District	Palm Beach County	Special Taxing Districts	Total All
1999	5.2632	0.3684	5.6316	6.6820	4.8582	2.2343	19.4061
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

- 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

	2008			Percentage of Total Taxes Levied
	Taxable Assessed Valuation	Taxes	Rank	
Phillips Lake Worth	\$ 16,000,000	\$ 64,122	1	1.69%
IRT Property Co.	14,521,881	58,198	2	1.53%
CSC Village Club Apts LTD	13,798,682	55,300	3	1.46%
Palm Springs Development LLC	12,924,000	51,794	4	1.37%
Portofino Associates Ltd	11,190,000	44,845	5	1.18%
Four FLA Shopping Center Prop Ltd	9,500,000	38,072	6	1.00%
Advenir at Pines LLC	9,218,777	36,945	7	0.97%
Woodhaven LLC	7,586,598	30,404	8	0.80%
Jerjo Inc.	6,066,641	24,313	9	0.64%
Lakeshore Center LLC	5,991,141	24,010	10	0.63%
EQR - Village Green Vistas, Inc.	-	-	-	-
Boville Assoc. Ltd.	-	-	-	-
Palm Springs Associates	-	-	-	-
Manors Apartments Ltd.	-	-	-	-
Walgreen Co.	-	-	-	-
Forest Hill Blvd Associates Ltd.	-	-	-	-
RHG Properties, Inc.	-	-	-	-
T & F Properties	-	-	-	-
Totals	<u>\$106,797,720</u>	<u>\$ 428,003</u>		<u>11.28%</u>

1999			
Taxable Assessed Valuation	Taxes	Rank	Percentage of Total Taxes Levied
\$ -	\$ -	-	-
11,500,000	60,527	1	6.14%
7,600,000	40,000	2	4.05%
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
5,289,000	27,837	3	2.82%
4,971,891	26,168	4	2.65%
3,880,700	20,425	5	2.07%
2,466,839	12,983	6	1.32%
2,437,624	12,830	7	1.30%
2,090,000	11,000	8	1.12%
1,349,500	7,103	9	0.72%
1,216,579	6,403	10	0.65%
<u>\$ 42,802,133</u>	<u>\$ 225,276</u>		<u>22.84%</u>

VILLAGE OF PALM SPRINGS, FLORIDA

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ending September 30,	Net Tax Levy ⁽¹⁾	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Property Tax Collections	Collections as a Percent of Current Levy
1999	\$ 986,517	\$ 941,800	95.47%	\$ 1,234	\$ 943,034	95.59%
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%

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

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

VILLAGE OF PALM SPRINGS, FLORIDA

Water and Sewer Revenue Base

Last Ten Fiscal Years

Fiscal Year Ending September 30,	Water		Number of Water Customer Accounts	Wastewater		Number of Wastewater Customer Accounts
	Gallons Consumed ⁽¹⁾	Base Rate ⁽²⁾		Gallons Treated ⁽¹⁾	Base Rate ⁽³⁾	
1999	1,194,538	\$ 10.48	N/A	N/A	\$ 14.72	N/A
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

⁽¹⁾ Gallons are in thousands.

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

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

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 Six Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities		Total ⁽¹⁾ Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita
	General Obligation Bonds	Water & Sewer Revenue Bonds	Notes Payable	Obligation Under Agreement			
2003	\$ 7,765,000	\$16,794,468	\$6,390,232	\$1,733,326	\$32,683,026	5.79%	\$ 2,525
2004	7,635,000	16,854,899	5,796,318	1,223,927	31,510,144	5.38%	2,358
2005	7,500,000	16,261,239	5,177,435	684,209	29,622,883	5.03%	2,217
2006	7,360,000	15,740,566	4,533,236	159,204	27,793,006	4.49%	2,001
2007	7,215,000	13,874,827	3,862,457	-	24,952,284	3.73%	1,737
2008	7,065,000	13,246,703	3,164,150	-	23,475,853	2.90%	1,605

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

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

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

Information prior to fiscal year 2003 is not available.

VILLAGE OF PALM SPRINGS, FLORIDA

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Total	Assessed Value of Taxable Property	Percentage of Assessed Value of Taxable Property	Population	Per Capita
1999	\$ 399,592	\$ 12,833	\$ 386,759	\$ 186,950,924	0.21%	10,146	\$ 38.12
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

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, 2008*

	Total Outstanding	Percentage Applicable to Village of Palm Springs⁽¹⁾	Amount Applicable to Village of Palm Springs
Direct:			
Village of Palm Springs	\$ 7,065,000	100.00%	\$ 7,065,000
Overlapping:			
Palm Beach County	290,410,000	0.57%	1,655,337
Palm Beach County School District	35,805,000	0.57%	204,089
Total overlapping debt	326,215,000		1,859,426
Total direct and overlapping debt payable from ad valorem taxes			\$ 8,924,426
Estimated population			14,630
Total direct and overlapping debt per capita			\$ 610.01

⁽¹⁾ Estimates based on 2000 ratio of assessed taxable values.

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

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

VILLAGE OF PALM SPRINGS, FLORIDA

Water and Sewer Pledged Revenue Coverage

Last Ten Fiscal Years

Fiscal Year Ended September 30,	Gross Revenue*	Operating Expenses**	Revenue Available for Debt Coverage	Current Debt Service	Current Coverage
1999	\$ 7,947,103	\$ 3,801,185	\$ 4,145,918	\$1,826,773	2.27
2000	8,086,875	3,908,250	4,178,625	1,831,678	2.28
2001	9,210,914	4,124,621	5,086,293	1,827,741	2.78
2002	9,294,750	4,350,714	4,944,036	1,728,272	2.86
2003	10,002,207	4,470,650	5,531,557	2,071,785	2.67
2004	10,585,719	4,738,093	5,847,626	2,267,047	2.58
2005	10,934,323	5,141,817	5,847,626	2,273,972	2.57
2006	10,934,323	5,141,817	5,792,506	2,269,972	2.55
2007	12,629,558	6,820,199	5,809,359	2,246,972	2.59
2008	12,077,968	7,350,126	4,727,842	2,165,148	2.18

* Includes interest income and capital contributions.

** Excludes depreciation and amortization expense.

VILLAGE OF PALM SPRINGS, FLORIDA

Demographic and Economic Statistics

Last Ten Fiscal Years

Fiscal Year	Population⁽¹⁾	Per Capita Personal Income⁽²⁾	Estimated Total Personal Income⁽³⁾	Median Age⁽²⁾	Education Level in Years of Formal Schooling	School Enrollment⁽²⁾	Unemployment Rate⁽²⁾
1999	10,146	\$ 36,057	\$365,834,322	N/A	N/A	N/A	5.7%
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%

Data Sources:

⁽¹⁾ The population for 1998 through 2000 and 2003 through 2008 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.

⁽²⁾ Per capita personal income information provided by the Business Development Board of Palm Beach County. The per capita personal income is for Palm Beach County, Florida. Personal income information is not available for the Village.

⁽³⁾ Total personal income information estimated based on per capita personal income for Palm Beach County, Florida.

N/A - Not Available.

VILLAGE OF PALM SPRINGS, FLORIDA

Principal Employers

Current Year and Nine Years Ago

	2008⁽¹⁾			1999		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Village Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Village Employment</u>
Employer						
Palm Beach County School District	21,707	1	N/A	N/A	N/A	N/A
Palm Beach County	11,293	2	N/A	N/A	N/A	N/A
Tenet Healthcare Corp.	4,500	3	N/A	N/A	N/A	N/A
HCA	3,411	4	N/A	N/A	N/A	N/A
Florida Power & Light (Headquarters)	3,250	5	N/A	N/A	N/A	N/A
Florida Atlantic University	2,923	6	N/A	N/A	N/A	N/A
The Breakers	2,300	7	N/A	N/A	N/A	N/A
Office Depot	2,180	8	N/A	N/A	N/A	N/A
Boca Raton Community Hospital	1,860	9	N/A	N/A	N/A	N/A
Boca Raton Resort & Club	1,650	10	N/A	N/A	N/A	N/A
Totals	<u>55,074</u>		<u>N/A</u>	<u>N/A</u>		<u>N/A</u>

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

VILLAGE OF PALM SPRINGS, FLORIDA

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

	<u>1999</u>	<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>
General government	11.5	11.5	11.5	11.5	11.5	12.5	13.5	13.5	15	15
Public Safety										
Building official	1	1	1	1	1	1	1	1	1	1
Land development	3	3	3.5	3.5	4.5	6.5	8	6.5	6.5	6
Police officers	28	32	32	32	33	34	38	38	38.5	40
Firefighters	4	4	4	4	4	4	8	9	12	18
Civilian police/fire	12	8	9	15	16.5	16.5	18	16.5	15	12
Sanitation (a)	6	6	6	7	7	10	11	9	11	0
Transportation	13	13	15	15	17	18	19	12	9	13
Culture/Recreation										
Library	8.5	8.5	9	9	8.5	9	9	9	9.5	10
Leisure services	9	9	10	7.5	11	10.5	11.5	11.5	11.5	12
Water & Sewer Utility	<u>32.5</u>	<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>
Total	128.5	129.5	142	146.5	155	167	183	174	182	183

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

VILLAGE OF PALM SPRINGS, FLORIDA

Operating Indicators by Function

Last Eight Fiscal Years

Function	Fiscal Year		
	2001	2002	2003
Public Safety			
Police			
Physical arrests	786	679	906
Parking violations	N/A	N/A	375
Traffic violations	9,383	11,280	9,257
Fire			
Number of calls (a)	1,017	1,300	1,475
Sanitation (b)			
Refuse collected (tons)	3,887	4,239	4,491
Recyclables collected (tons)	656	626	602
Roads and Streets			
Street resurfacing (miles)	N/A	N/A	N/A
Pot holes repaired	162	173	194
Culture/recreation			
Library			
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
Leisure Services			
Baseball participants	N/A	N/A	N/A
Soccer participants	N/A	N/A	N/A
Flag football participants	N/A	N/A	N/A
Cheerleading participants	N/A	N/A	N/A
Basketball participants	N/A	N/A	N/A
Youth athletic participants	974	950	900
Camp program participants	425	425	450
Class participants	75	75	150
Water/Sewer Utility			
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
896	1,049	1,166	1,316	1,308
349	534	682	540	636
7,077	6,488	10,284	12,008	9,242
1,966	2,193	2,237	2,639	4,066
6,589	6,900	5,805	9,030	2,771
715	360	446	452	215
2	2	5.82	4	3
205	225	520	752	1,073
63,305	69,572	82,286	75,545	85,979
N/A	N/A	3,738	3,989	3,912
N/A	N/A	8,958	10,820	16,553
279	356	334	339	460
3,052	4,030	3,522	4,313	5,230
N/A	N/A	N/A	N/A	88,887
N/A	N/A	286	279	318
N/A	N/A	222	221	218
N/A	N/A	273	294	303
N/A	N/A	24	49	31
80	120	0	100	130
950	930	805	943	1,000
325	335	545	375	425
600	675	796	716	546
11,634	11,924	11,450	11,537	11,623
N/A	N/A	19,732	19,825	21,937
5	2	2	12	1
9,405	9,593	9,381	9,417	9,546
N/A	N/A	17,172	17,180	17,228
4,076	4,360	4,379	4,182	4,033

VILLAGE OF PALM SPRINGS, FLORIDA

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year				
	1999	2000	2001	2002	2003
Public Safety					
Police					
Stations	1	1	1	1	1
Patrol Units	26	26	26	30	30
Fire					
Fire Stations	1	1	1	1	1
Fire trucks	3	3	3	3	4
ALS Rescue Vehicles	3	3	3	3	4
Sanitation (a)					
Garbage Trucks	3	3	3	3	3
Trash Trucks	2	2	2	2	2
Roads and Streets					
Street lights	6	6	6	6	13
Lane miles	33.00	42.90	46.90	58.10	58.10
Culture/recreation					
Library					
Books	37,868	32,440	34,924	34,614	41,795
Leisure Services					
Ballfields - lighted	4	4	4	4	4
Basketball courts	2	2	2	2	2
Soccer fields	3	3	3	3	3
Tennis courts	4	4	4	0	2
Mini-golf course	0	0	0	0	0
Parks	1	1	1	1	2
Water/Sewer Utility					
Water mains (miles)	N/A	N/A	N/A	N/A	N/A
Sanitary sewers (miles)	N/A	N/A	N/A	N/A	N/A
Storm sewers (miles)	N/A	N/A	N/A	N/A	N/A
Fire hydrants	N/A	N/A	N/A	N/A	N/A
Maximum daily water treatment capacity (thousands of gallons)	8,000	8,000	8,000	8,000	8,000

Sources: Village departments

N/A: Not available.

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

Fiscal Year				
2004	2005	2006	2007	2008
1	1	1	1	1
32	29	23	26	43
1	1	1	1	1
3	3	3	3	1
4	5	3	3	2
3	3	3	3	1
3	3	3	3	1
13	29	29	29	29
58.99	60.00	70.00	71.86	72.31
42,324	46,311	48,969	46,500	49,286
4	4	4	4	4
2	2	2	2	2
3	3	3	3	3
4	4	4	4	4
0	1	1	1	1
2	2	3	3	4
126.00	124.00	124.00	124.70	124.90
83	89	89	89	87
3.75	4.00	4.00	3.96	3.96
863	863	863	872	872
10,000	10,000	10,000	10,000	10,000

VILLAGE OF PALM SPRINGS, FLORIDA

Schedule of Insurance in Force

September 30, 2008

Company	Policy Number	Type of Coverage	Property Covered	Amount of Coverage
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

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, 2008, which collectively comprise the basic financial statements of the Village of Palm Springs, Florida, and have issued our report thereon dated December 30, 2008. 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 opinion 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 *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, Dauter, Levine,
Porter & Veil, P.A.*

December 30, 2008



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

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Management Letter

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

We have audited the financial statements of the Village of Palm Springs, Florida, as of and for the year ended September 30, 2008, and have issued our report thereon dated December 30, 2008.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*. Disclosures in that report, which is dated December 30, 2008, 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 govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in the management letter.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

The Rules of the Auditor General require disclosure in the management letter of the following matters if not already addressed in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, unless clearly inconsequential: (1) violations of laws, rules, regulations, and contractual provisions or abuse that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures; (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit for the year ended September 30, 2008 disclosed no such matters that are required to be disclosed. The Rules of the Auditor General also require that we address in the management letter any other findings or recommendations noted during our audit. Our audit as of and for the year ended September 30, 2008 disclosed no other findings or recommendations.

PRIOR YEAR FINDINGS AND RECOMMENDATIONS

The Rules of the Auditor General require that we address in the management letter, if not already addressed in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations and contractual provisions reported in the preceding annual financial audit report have been corrected. Additionally, the Rules of the Auditor General require that we address in the management letter, if not already addressed in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters, whether or not recommendations made in the preceding management letter have been followed or otherwise no longer apply. There were no prior year management letter comments.

OTHER MATTERS

Consideration of Financial Emergency Criteria

As required by the Rules of the Auditor General, the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, regarding financial emergencies. In connection with our audit, we determined that the Village of Palm Springs, Florida, did not meet any of the criteria for a financial emergency during the fiscal year ended September 30, 2008 as a consequence of the conditions described in Section 218.503(1), Florida Statutes.

Financial Condition Assessment Procedures

In connection with our audit of the Village of Palm Springs, Florida, we applied financial condition assessment procedures, pursuant to Rule 10.556(8), Rules of the Auditor General, for the year ended September 30, 2008. The results of our procedures disclosed no matters that are required to be reported.

Annual Financial Report

In connection with our audit, we reviewed the Annual Financial Report of Units of Local Government filed by the Village of Palm Springs, Florida, with the Florida Department of Banking and Finance pursuant to Section 218.32, Florida Statutes, for the year ended September 30, 2008. We noted that the amounts reported in the Annual Financial Report were in substantial agreement with the audited financial statements for the year ended September 30, 2008.

Investment of Public Funds

As required by the Rules of the Auditor General, the scope of our audit included 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 of Palm Springs, Florida, complied with Section 218.415, Florida Statutes.

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

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

December 30, 2008