



# THE VILLAGE OF PALM SPRINGS, FLORIDA



## Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2004

The seal of The Village of Palm Springs, Florida, is a circular emblem. It features a central palm tree with a brown trunk and green fronds, 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 words "PALM BEACH" and "1922" are faintly visible in the background of the seal.

**THE VILLAGE OF  
PALM SPRINGS, FLORIDA**

Comprehensive Annual  
Financial Report

**Fiscal Year Ended  
September 30, 2004**

**Prepared by:  
Finance Department**

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

# VILLAGE OF PALM SPRINGS, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2004

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# VILLAGE OF PALM SPRINGS, FLORIDA

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# **INTRODUCTORY SECTION**

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# *Village of Palm Springs*

*Department of Finance*

*226 Cypress Lane,*

*Palm Springs, Fl. 33461-1699*

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

February 15, 2005

***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, 2004. 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.

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.

## **FINANCIAL STATEMENT FORMAT**

The Governmental Accounting Standards Board (GASB) is the primary standard setting authority issuing generally accepted accounting principles for government. The Village implemented GASB Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis -For State and Local Governments* in fiscal year ended September 30, 2003, this is our second year applying the new financial reporting standards.

The presentation of the Village's financial information includes two financial statements that provide a government-wide perspective using the accrual basis of accounting. The two government-wide statements present governmental activities separately from business-type activities. The government-wide statements are intended to enable the reader to gain a more thorough understanding of the financial operations and financial condition of the Village as a whole.

The CAFR also includes fund financial statements. Long-term liabilities and capital assets of the governmental funds that had been previously reported in account groups are excluded from the fund statements and are now presented in the government-wide statement of net assets.

The capital assets that were previously recorded in the general fixed asset account group are now subject to depreciation with the exception of land and the Village's street network (pavement, drainage, sidewalks, curbs and bridges) which is not depreciated. For additional information regarding capital assets and the accounting for the street network refer to Note 1(e) and Note 4 of the notes to the financial statements.

This CAFR is organized in four sections: introductory, financial, statistical, and compliance.

- ❖ The **introductory section** includes this letter of transmittal, the Government Finance Officers Association (GFOA) Certificate of Achievement, the Village organizational chart and a list of principal officials.
- ❖ The **financial section** includes the independent auditors' report on the basic financial statements followed by the Management's Discussion and Analysis (MD&A), basic financial statements including the notes to the financial statements, required supplementary information and the combining fund statements.
- ❖ The **statistical section** presents tables and additional data that provide financial trends, revenue capacity, debt capacity, demographic and economic trend information, and operating information for an overall view of the fiscal capacity of the Village.
- ❖ The **compliance section** includes the report of the independent auditors on compliance and on internal control over financial reporting in accordance with Government Auditing Standards, the management letter and required reports.

## **VILLAGE PROFILE**

The Village of Palm Springs was incorporated in 1957 and is centrally located in Palm Beach County. As part of South Florida's Gold Coast, Palm Beach County is well recognized for its unique lifestyle with a comfortable average year-around temperature of 75 degrees, 45 miles of beaches, over 140 golf courses and many cultural attractions. These elements and many more combine to create an unequalled quality of life that has attracted a diverse population from retirees to young professionals.

The Village's current population as estimated by the University of Florida, Bureau of Economic Business Administration is 13,363. Over the last ten years our population has increased by over 3,500 residents due primarily to our annexation initiative.

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

## **ENTERPRISE OPERATIONS**

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.

At September 30, 2004, our utility system had 11,634 connections. Approximately 50% of total connections serve our residents; the other 50% of our connections are in the unincorporated area.

### **ECONOMIC OUTLOOK**

The Village's taxable property value has increased from \$169.3 million in 1995 to \$379.2 million, an increase of over 124.0% in the last ten years. This is due to the Village's annexation initiative that increased the Village by approximately 930 acres since 1997. Annexation has added new commercial businesses as well as residential and vacant property to the Village. The Village is continuing its annexation initiative including the southern end of our current boundaries with plans to incorporate the large commercial corridor on Lake Worth Road and the north end along Congress Avenue to Summit Boulevard.

Hurricanes Jeanne and Frances changed the landscape of Palm Springs, numerous older trees were uprooted while many of the palms held their ground. Many of the homes in the Village had roof damage and were covered in blue tarps and most of the commercial signs were taken out by the winds. The good news is both our residents and businesses are resilient and are repairing and rebuilding. Since the Village facilities were newly constructed we suffered very little damage to our municipal complex. The Village maintains a healthy fund balance in anticipation of such events and we were able to pay for the repairs and debris removal without suffering financial hardship.

### **FUND BALANCE**

The Village is prudently managed and we continue to deliver a high level of services to our residents both new and old at very reasonable costs. As of September 30, 2004 the General Fund had a total fund balance of \$4,084,168. The components of fund balance are detailed in the table following.

Total fund balance	\$ 4,084,168
Less non-expendable assets:	
Reserved for inventories	11,692
Designated for future capital projects	<u>1,500,000</u>
Total unreserved, undesignated fund balance	<u>\$ 2,572,476</u>

The General Fund's unreserved, undesignated fund balance represents 27% of the General Fund budget for the next fiscal year. Our goal is to maintain this unreserved, undesignated fund balance in the 20-25% range.

### **BUDGETARY CONTROLS**

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 of \$2,000 or more require the Village Manager's authorization, and expenditures over \$5,000 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 a total fund.

A schedule comparing the original budget, revised budget and actual revenues and expenditures is in the financial section of this report.

## **MAJOR INITIATIVES**

The new Public Safety facility was completed on schedule in April 2004 and is pictured on the cover of this year's CAFR. The new Public Safety building is a 15,000 square foot facility including 3 apparatus bays. The greatly expanded facility enables the department to address the needs of our growing community.

Phase II of the Village's master plan improvements also included two more tennis courts, a sand volleyball court, expansion and renovation of the existing library and a new parking lot for the library where the old Public Safety building had been. All of these projects were completed during the fiscal year.

The completion of the new Village Hall (Phase I) in July 2003 and now the Public Safety facility and site improvements are the manifestation of a vision by our Council and administration to create a new Village Center that would offer a central campus for Village services and events. The new facilities and improvements have put a new face on the Village, inviting residents and non-residents to enjoy and participate in the community we consider "A Great Place to Call Home."

## **FIDUCIARY FUNDS**

Fiduciary funds are used to account for assets received and held by the Village, acting as custodian or trustee of such funds or as agent for other individuals.

### Pension Trust Funds

There are two self-administered pension plans: the General Employees Pension Fund and the Hazardous Employees Pension Fund. The net assets of pension trust funds on a current market basis aggregated \$10,929,334 on September 30, 2004. This is an increase of \$1,198,092 or 12.3 % since September 30, 2003.

Actuarial valuations are performed on both pension plans every year. The Village is required by Florida law to contribute annually the actuarial required contribution to each plan. In fiscal year 2004, the Village's required contributions expressed as a percentage of covered payroll were 13.13% for the General Employees Pension and 23.18% for the Hazardous Employees Pension. The employer contributions during fiscal year 2004 totaled \$922,063 (\$504,574 General Employees Pension Fund and \$417,489 for the Hazardous Employees Pension Fund).

The employees contribute 1% of pay to their respective pension plans. The total employee contributions for the fiscal year were \$55,995 (\$37,351 to the General Employees Pension Fund and \$18,644 to the Hazardous Employees Pension Fund).

The Hazardous Employees Pension Fund also receives contributions from the State of Florida representing casualty insurance premium tax monies (Chapter 185 Police) and fire insurance premiums (Chapter 175 Fire) pursuant to the Florida Statutes. The Chapter 185 contribution totaled \$43,483 and the Chapter 175 contribution totaled \$33,083 for the current year.

Additional information on both pension plans can be found in Note 9, in the notes to the financial statements.

## **DEBT ADMINISTRATION**

On September 30, 2004, the Village had a number of debt issues outstanding. These issues include a general obligation debt for \$7,635,000 and \$22,376,515 of water and sewer enterprise revenue bonds and notes payable. The Village's net general obligation debt per capita equaled \$569.81. The debt service coverage on the Village's Water and Sewer Revenue Bonds was 2.58, which met all legal requirements.

## **RISK MANAGEMENT**

The Village purchases insurance to provide a risk management program. The program is designed to protect Village property and personnel, and to promote safety through preventative programs and education. The program administers insurance coverage and provides safety training and monitoring. Included in this program are general liability, automotive liability, and worker's compensation and property. A detailed schedule of insurance coverage is included in the statistical section of this report on page 91.

## **CASH MANAGEMENT AND INVESTMENTS**

The Village maintains a pooled cash account, known as the Treasurer's Fund, for all funds. The equity of each individual fund is maintained at all times. A target balance of \$400,000 is maintained in this fund to cover current cash needs. Any additional funds are "swept" out daily into a business investment account. This account pays interest daily. The average return on this investment for the year was 1.06%.

In addition to the interest-bearing sweep, the Village maintains an account with the State Board of Administration. On September 30, 2004, the Village had \$3,977,576 invested in this account. The State Board account had an average rate of return of 1.33%.

The Village's investment policy is designed to maintain safety and security of Village assets and within that guideline maximize investment yield.

## **INDEPENDENT AUDIT**

Florida Statutes require an annual audit by independent certified public accountants. The Village Council selected the accounting firm of Caler, Donten, Levine, Druker, Porter & Veil, CPA's. The auditor's report on the basic financial statements and combining fund statements and schedules is included in the financial section of this report.

## **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, 2003.

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 sixteen consecutive years (fiscal years ended 1988-2003). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

## **ACKNOWLEDGMENTS**

This report is a snapshot of the Village's financial position which is sound and supported by prudent financial policies adopted by our Village Council. What may not be clear in the numbers is the spirit of this community and the dedicated individuals that contribute to making Palm Springs "A Great Place to Call Home" on a daily basis by executing those policies and really caring about the results.

I wish to acknowledge and thank those individuals that give their best day in and day out in service to our residents and community. I am grateful as both a resident and CFO of this Village to those employees that raise the bar and set our standards high. Their work ethic and character truly do impact our bottom line and speak volumes about what we represent.

This report summarizes a year of financial transactions. The day to day activities and ultimately this report would not be possible without a very dedicated finance staff. I want to personally thank them for their dedication and commitment to nothing less than the best!

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, 2004

<u>Title</u>	<u>Name</u>
Mayor	J. "Mike" Davis
Vice-Mayor	Chester D. Osborne
Mayor Pro-Term	Joni Brinkman
Council Member	Bev Smith
Council Member	Patti Waller
Village Manager	Karl E. Umberger
Public Service Director	Rick Gift
Public Safety Director	Jay Pickens
Chief Financial Officer	Rebecca L. Morse
Village Clerk	Irene L. Burroughs
Library Director	Elena Romeo
Leisure Services Director	William Golson
Land Development Director	Bette J. Lowe
Village Attorney	Paul J. Nicoletti

**VILLAGE OF PALM SPRINGS, FLORIDA  
ORGANIZATIONAL CHART  
SEPTEMBER 30, 2004**

**VOTERS of PALM SPRINGS**

**VILLAGE ATTORNEY**

*Paul J. Nicoletti*

**AUDITOR**

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

**CONSULTANTS**

*Eckler Engineering*

**MAYOR AND VILLAGE COUNCIL**

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

**BOARD & COMMITTEES**

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

**VILLAGE MANAGER**

*Karl E. Umberger*

**PUBLIC SAFETY**

*Jay Pickens*

**LIBRARY**

*Elena Romeo*

**LEISURE  
SERVICES**

*William Golson*

**FINANCE**

*Rebecca Morse*

**PUBLIC SERVICE**

*Rick Gift*

**LAND  
DEVELOPMENT**

*Bette Lowe*

**VILLAGE CLERK**

*Irene Burroughs*

**ASSISTANT**

**UTILITIES**

**PUBLIC WORKS**

**SANITATION**

**UTILITY OFFICE**

**WATER TREATMENT  
PLANT**

**FIELD SERVICE**

# 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, 2003

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.



*Nancy L. Zjelle*

President

*Jeffrey R. Emswiler*

Executive Director

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## **FINANCIAL SECTION**

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

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. CALER, JR., CPA  
LOUIS M. COHEN, CPA  
DAVID S. DONTEN, CPA  
SCOTT D. DRUKER, CPA, JD  
JAMES B. HUTCHISON, CPA  
JOEL H. LEVINE, CPA  
JAMES F. MULLEN, IV, CPA  
THOMAS A. PENCE, JR., CPA  
SCOTT L. PORTER, CPA  
MARK D. VEIL, CPA

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

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

info@cdlcpa.com

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Palm Springs, Florida, as of and for the year ended September 30, 2004, 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 examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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, 2004, 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 3, 2004 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 12 and pages 49 through 56, 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 and individual fund financial statements and 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 and individual fund financial statements and 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.

*Cale, Danten, Levine,  
Dunker, Porter & Veil, P.A.*

December 3, 2004

**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, 2004. 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, 2004 were \$39.2 million. Of this amount, \$11.1 million (unrestricted net assets) may be used to meet the Village's ongoing obligations to residents and creditors.
- Governmental net assets were \$10.7 million, an increase of \$0.3 million.
- Water and Sewer net assets were \$28.6 million, an increase of \$1.5 million.
- The total revenues from all sources were \$18.8 million, an increase of \$0.7 million.
- The total cost of all Village programs was \$17.1 million, an increase of \$2.2 million.
- During the year, the Village's governmental activity revenues exceeded expenses by \$266 thousand.
- Total revenues in the General Fund exceeded total expenditures by \$275,815 including other financing sources and uses.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the General Fund was \$2,572,476 or 31% of total General Fund expenditures.
- The Village's total debt decreased by \$1.4 million during the current fiscal year. The Village general obligation debt decreased by \$78,504 and the water and sewer enterprise debt decreased by \$1.3 million.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of a series of financial statements the 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 57-58 of this report. The basic governmental fund financial statements can be found on pages 16-19 of this report.

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT AND DISCUSSION AND ANALYSIS

(Continued)

- **Proprietary funds** - The Village's only proprietary fund is the Water and Sewer Enterprise fund. The Water and Sewer Enterprise fund accounts for the operations of the water and wastewater utility and charges customers for the services it provides. Proprietary funds are reported 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 20-23 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 24-25 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 26-48 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 49-56.

The combining statements of the non-major governmental funds and the combining statements of the fiduciary funds are presented on pages 57-60 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 61-67 of this report.

## 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 \$39.2 million at the close of the most recent fiscal year, an increase of \$1.7 million over fiscal year 2003.

The largest portion of the Village's net assets (65.8%) 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**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2004	2003	2004	2003	2004	2003
<b>Assets:</b>						
Current and other assets	\$ 5,145,783	\$ 7,137,238	\$ 19,527,745	\$ 25,542,175	\$ 24,673,528	\$ 32,679,413
Capital assets	14,219,386	12,206,217	35,830,364	28,802,847	50,049,750	41,009,064
<b>Total assets</b>	<b>\$ 19,365,169</b>	<b>\$ 19,343,455</b>	<b>\$ 55,358,109</b>	<b>\$ 54,345,022</b>	<b>\$ 74,723,278</b>	<b>\$ 73,688,477</b>
<b>Liabilities:</b>						
Long-term debt outstanding	\$ 7,635,000	\$ 7,765,000	\$ 24,025,724	\$ 25,358,186	\$ 31,660,724	\$ 33,123,186
Other liabilities	1,045,191	1,159,965	2,768,747	1,887,101	3,813,938	3,047,066
<b>Total liabilities</b>	<b>\$ 8,680,191</b>	<b>\$ 8,924,965</b>	<b>\$ 26,794,471</b>	<b>\$ 27,245,287</b>	<b>\$ 35,474,662</b>	<b>\$ 36,170,252</b>
<b>Net Assets:</b>						
Invested in capital assets, net of debt	\$ 6,584,386	\$ 4,441,217	\$ 19,234,374	\$ 16,776,279	\$ 25,818,760	\$ 21,217,496
Restricted for Debt Service	-	-	2,336,464	4,363,132	2,336,464	4,363,132
Restricted for Capital Projects	-	2,764,453	-	-	-	2,764,453
Unrestricted	4,100,592	3,212,820	6,992,800	5,960,324	11,093,392	9,173,144
<b>Total net assets</b>	<b>\$ 10,684,978</b>	<b>\$ 10,418,490</b>	<b>\$ 28,563,638</b>	<b>\$ 27,099,735</b>	<b>\$ 39,248,616</b>	<b>\$ 37,518,225</b>

An additional portion of the Village's net assets (5.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$11.1 million) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the fiscal year, the Village is able to report 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	
	2004	2003	2004	2003	2004	2003
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 1,913,378	\$ 1,593,601	\$ 9,637,956	\$ 8,618,975	\$ 11,551,334	\$ 10,212,576
Operating grants and contributions	106,311	182,096	-	-	106,311	182,096
Capital grants and contributions	220,442	591,141	715,077	1,125,555	935,519	1,716,696
<b>General revenues:</b>						
Property taxes	2,317,271	2,138,258	-	-	2,317,271	2,138,258
Utility service taxes	1,285,916	1,241,306	-	-	1,285,916	1,241,306
Franchise fees	552,295	526,320	-	-	552,295	526,320
Sales and use taxes	1,290,027	1,197,671	-	-	1,290,027	1,197,671
Intergovernmental, unrestricted	421,513	363,681	-	-	421,513	363,681
Investment earnings	70,684	133,061	219,955	238,020	290,639	371,081
Miscellaneous	31,340	86,129	12,731	19,657	44,071	105,786
<b>Total revenues</b>	<b>\$ 8,209,177</b>	<b>\$ 8,053,264</b>	<b>\$ 10,585,719</b>	<b>\$ 10,002,207</b>	<b>\$ 18,794,896</b>	<b>\$ 18,055,471</b>
<b>Expenses:</b>						
<b>Program expenses:</b>						
General government	1,246,098	1,758,726	-	-	1,246,098	1,758,726
Public Safety	4,306,625	3,655,456	-	-	4,306,625	3,655,456
Sanitation and Recycling	809,087	440,529	-	-	809,087	440,529
Transportation	938,374	720,492	-	-	938,374	720,492
Culture/Recreation	1,331,518	469,983	-	-	1,331,518	469,983
Interest on long-term debt	426,357	482,553	-	\$ 967,915	426,357	1,450,468
Water and Sewer Utility	-	-	\$ 8,006,446	\$ 6,436,585	8,006,446	6,436,585
<b>Total Expenses</b>	<b>\$ 9,058,059</b>	<b>\$ 7,527,739</b>	<b>\$ 8,006,446</b>	<b>\$ 7,404,500</b>	<b>\$ 17,064,505</b>	<b>\$ 14,932,239</b>
Increase in net assets before transfers	\$ (848,882)	\$ 525,525	\$ 2,579,273	\$ 2,597,707	\$ 1,730,391	\$ 3,123,232
Transfers	1,115,370	990,172	(1,115,370)	(990,172)	-	-
Increase in net assets	\$ 266,488	\$ 1,515,697	\$ 1,463,903	\$ 1,607,535	\$ 1,730,391	\$ 3,123,232
Net Assets - October 1	10,418,490	8,902,793	27,099,735	25,492,200	37,518,225	34,394,993
<b>Net assets - September 30</b>	<b>\$ 10,684,978</b>	<b>\$ 10,418,490</b>	<b>\$ 28,563,638</b>	<b>\$ 27,099,735</b>	<b>\$ 39,248,616</b>	<b>\$ 37,518,225</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT AND DISCUSSION AND ANALYSIS (Continued)

### Governmental Activities

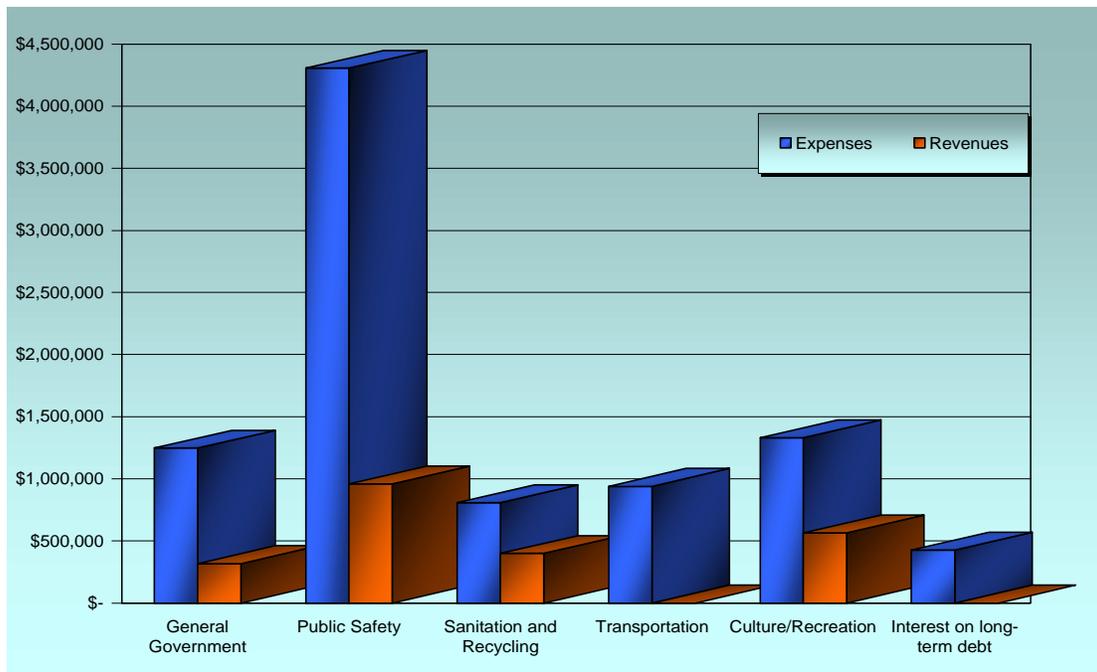
Governmental activities increased the Village's net assets by \$266,488, which represents 15% of the total increase in net assets for fiscal year 2004. Last fiscal year the governmental activities increased the Village's net assets by \$1.5 million or 48.5% of the total increase for fiscal year 2003. The growth in net assets for 2004 was negatively impacted by hurricanes Frances and Jeanne due to increased costs related to cleanup.

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 and planning, building, zoning and licensing 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	
	2004	2003	2004	2003	2004	2003
General Government	\$ 1,246,098	\$ 1,758,726	\$ (318,035)	\$ (256,811)	\$ 928,063	\$ 1,501,915
Public Safety	4,306,625	3,655,456	(959,535)	(867,555)	3,347,090	2,787,901
Sanitation and Recycling	809,087	440,529	(398,628)	(350,120)	410,459	90,409
Transportation	938,374	720,492	-	-	938,374	720,492
Culture/Recreation	1,331,518	469,983	(563,933)	(892,352)	767,585	(422,369)
Interest on long-term debt	426,357	482,553	-	-	426,357	482,553
<b>Totals</b>	<b>\$ 9,058,059</b>	<b>\$ 7,527,739</b>	<b>\$ (2,240,131)</b>	<b>\$ (2,366,838)</b>	<b>\$ 6,817,928</b>	<b>\$ 5,160,901</b>

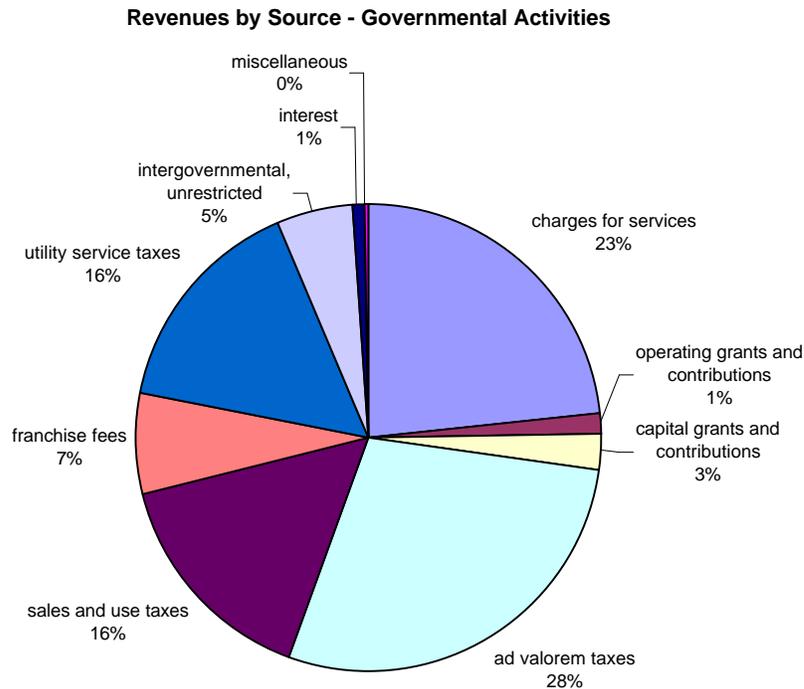
**Expenses and Program Revenues -Government Activities**



# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT AND DISCUSSION AND ANALYSIS (Continued)

The total cost of all governmental activities this year was \$9.1 million. The schedule above shows that \$2.2 million of the cost of services was paid by those who directly benefited from the programs and \$6.8 million was financed through general revenues.



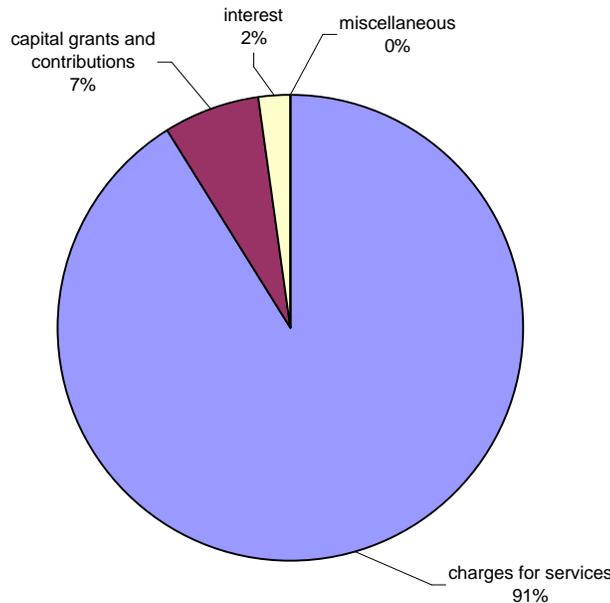
Capital Grant revenues decreased by \$370,699 as compared to the previous fiscal year. The previous year included grant funds that were acquired as part of funding the new Village complex, the complex was completed in FY 2004. Property tax revenues increase by \$179,013 or 8.4% over the prior fiscal year. This represents an increase in ad valorem revenues of \$246,604 or 16.0% net of a decrease in voted debt service taxes of \$67,590 or 11.3%. The ad valorem taxes increased due to the growth of our tax base through annexation and the voted debt service levy decreased from the prior year due to a decline in debt service requirement.

### Business Type Activities

Net assets of the proprietary fund (Water and Sewer Enterprise) at September 30, 2004, were \$28.6 million. The cost of providing proprietary (business-type) activities this year was \$8.0 million, as shown in the Statement of Activities. Net assets increased by \$1.5 million. The graph below shows the source of revenues for the Water and Sewer Utility. The Village adopted new water and sewer rates effective for this fiscal year that implement block rates to encourage conservation. Revenues from charges for services increased by \$1.0 million or 11.8% over fiscal year 2003.

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

**Revenues by Source - Business-type Activities**



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

The Village uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

**Governmental Funds**

The governmental funds report on the same functions as the governmental activities in the government-wide statements but the focus of the governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources available at fiscal year end. This information is useful in evaluating the Village's financing requirements. The unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$4,403,600 a decrease of \$1,824,787 in comparison with the prior year. The decrease is due to the consumption of bond proceeds for the construction of the new Village complex.

The unreserved fund balance is \$4,142,858, which is available for spending at the Village's discretion. Of this amount, \$1,500,000 is designated for future capital improvements and \$2,642,858 is undesignated.

The remainder of the fund balance (\$260,742) is reserved to indicate that it is not available for new spending because it has already been committed to pay debt service (\$20,677), reserved for law enforcement purposes (\$6,300) represents inventory of goods (\$11,692) and (\$222,073) for capital improvements.

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

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 \$4,072,476, while the total fund balance was \$4,084,168. 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 49.1% of total general fund expenditures.

**Proprietary Funds**

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

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

Unrestricted net assets for the Water and Sewer Enterprise Fund were \$7.0 million at fiscal year end. Unrestricted net assets increased \$1.0 million compared to the prior fiscal year. Total net assets for the Water and Sewer Enterprise Fund were \$28.6 million at fiscal year end an increase of \$1.5 million compared to the prior fiscal year. Operating revenue grew to \$9,637,956 an increase of \$1,018,981 or 11.8%. Operating expenses increased by \$206,777, or 3.2% over fiscal year 2003/04, for a total of \$6,643,362.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Differences between the original budget and the final amended budget were \$84,204 and can be briefly summarized as follows:

- \$10,000 increase in public safety for to laptops.
- \$34,204 increase in public safety to purchase 2 EKG monitors.
- \$23,000 increase to for the travel club trips.
- \$17,000 increase to recognize additional revenue and expenditures in culture/recreation for an expanded summer program.

Of this increase, \$44,204 was funded by grants, and \$40,000 was paid by charges for the service.

**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, 2004, amounts to \$50,049,750 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, library books, software, roads, sidewalks, bridges and drainage. The total increase in the Village's investment in capital assets for the current fiscal year was 22% (16% increase for governmental activities and 24% increase for business-type activities).

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

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

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
Land	\$ 170,036	\$ 170,036	\$ 364,217	\$ 313,217	\$ 534,253	\$ 483,253
Buildings	7,392,841	5,585,752	3,013,999	3,013,999	10,406,840	8,599,751
Improvements other than buildings	1,317,022	1,134,884	40,602,275	40,062,920	41,919,297	41,197,804
Machinery & Equipment	3,209,809	2,850,226	2,436,499	2,234,746	5,646,308	5,084,972
Software & Library Materials	666,177	619,735	60,787	39,867	726,964	659,602
Infrastructure	3,733,588	3,733,588	-	-	3,733,588	3,733,588
Construction in Progress	335,232	373,744	9,226,567	1,346,490	9,561,799	1,720,234
Total Assets	16,824,705	14,467,965	55,704,344	47,011,239	72,529,049	61,479,204
Less Accumulated Depreciation	(2,605,319)	(2,261,748)	(19,873,980)	(18,208,392)	(22,479,299)	(20,470,140)
Total	<b>14,219,386</b>	<b>12,206,217</b>	<b>35,830,364</b>	<b>28,802,847</b>	<b>50,049,750</b>	<b>41,009,064</b>

Additional information on the Village's debt can be found in Note 4, beginning on page 38 of this report.

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

- Completion of the new Public Safety building (police, fire and advanced life support), two new tennis courts, volleyball courts, and surrounding site improvements.
- Construction began on the improvements to both water treatment plants and additional utility system improvements, and a new handicap accessible miniature golf course. Construction was nearing completion on the library expansion and renovations. Construction in process at the fiscal year end was \$9,561,799.

**Debt:** At fiscal year end, the Village had a total debt outstanding of \$31,554,514. The revenue bonds and note payable represent financing of improvements to both water treatment plants and wastewater system. The obligation under utility agreement is an agreement between the Village and the City of Lake Worth that provides the Village with a portion of Lake Worth's capacity into the East Central Regional Wastewater Treatment Facility. The debt represents the Village's share of debt issued by Lake Worth for this connection.

The general obligation bonds are financing 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 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**

	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total Primary Government</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
General Obligation Bonds	\$ 7,635,000	\$ 7,765,000	\$ -	\$ -	\$ 7,635,000	\$ 7,765,000
Revenue Bonds			16,580,197	16,794,468	16,580,197	16,794,468
Note Payable			5,796,318	6,390,232	5,796,318	6,390,232
Obligation under utility agreement			1,223,927	1,733,326	1,223,927	1,733,326
Compensated Absences	214,246	162,750	104,826	80,595	319,072	243,345
<b>Total</b>	<b>\$ 7,849,246</b>	<b>\$ 7,927,750</b>	<b>\$ 23,705,268</b>	<b>\$ 24,998,621</b>	<b>\$ 31,554,514</b>	<b>\$ 32,926,371</b>

Additional information on the Village's debt can be found in Note 5, beginning on page 39 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 24.8% 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 \$5.45 per \$1,000 of taxable value in 1995 to the present rate of \$4.87 per \$1,000 of taxable value for the current fiscal year, a decrease of over 10%.

The Village's taxable property values have increased 124% since 1995. This increase is primarily due to annexation, the Village has now annexed over 930 acres since 1997. Annexation has increased our property tax base and increased the ratio of commercial properties to residential. Each budget year the Village examines the impact of annexation and other economic and social factors that place a demand on our capacity to provide services. The Village has been able to adopt a budget that provides the funding necessary to maintain the current service level through the expanded Village boundaries.

The Village maintains an unreserved, undesignated fund balance in the general fund intended to provide funding for unforeseen events. This type of planning enabled the Village to restore services, handle debris removal and address the other impacts generated by the dual hurricanes without impacting our current or future financial position.

The Water and Sewer Utility operations are supported primarily by user fees and the Village periodically performs a rate study and adopts new rates as needed to support operations and address any new regulations. This year the Village adopted and implemented a new rate structure with increasing block rates based on consumption to encourage conservation of our water resources.

### **CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the Village's finances and to show the Village's accountability for the money it receives. If you have questions about this report or need additional information please contact:

**Village of Palm Springs  
Finance Department  
226 Cypress Lane  
Palm Springs, FL 33461  
561-965-4013  
[www.villageofpalm Springs.org](http://www.villageofpalm Springs.org)**

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# **BASIC FINANCIAL STATEMENTS**

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## VILLAGE OF PALM SPRINGS, FLORIDA

### Statement of Net Assets

September 30, 2004

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 4,595,789	\$ 5,253,338	\$ 9,849,127
Receivables:			
Accounts, net of allowance	8,353	1,972,241	1,980,594
Utility taxes	54,064	-	54,064
Franchise fees	158,803	-	158,803
Grants	54,400	-	54,400
Intergovernmental	216,359	-	216,359
Inventory	11,692	181,837	193,529
Net pension asset	46,323	-	46,323
Restricted assets:			
Cash and cash equivalents	-	7,332,705	7,332,705
Cash with fiscal agent	-	340,000	340,000
Investments	-	1,203,988	1,203,988
Capital assets:			
Capital assets, not being depreciated	4,238,856	9,590,784	13,829,640
Capital assets being depreciated	12,585,849	46,113,560	58,699,409
Accumulated depreciation	(2,605,319)	(19,873,980)	(22,479,299)
Intangible assets	-	2,864,906	2,864,906
Unamortized bond issue costs	-	378,730	378,730
<b>Total assets</b>	<b>\$ 19,365,169</b>	<b>\$ 55,358,109</b>	<b>\$ 74,723,278</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 539,071	\$ 495,790	\$ 1,034,861
Contracts and retainage payable	83,547	719,057	802,604
Accrued interest payable	160,253	488,981	649,234
Deposits	900	960,093	960,993
Revenue collected in advance	47,174	-	47,174
Compensated absences-current portion	25,168	13,244	38,412
Compensated absences-noncurrent portion	189,078	91,582	280,660
Long-term liabilities due within one year	135,000	2,046,100	2,181,100
Long-term liabilities due in more than one year	7,500,000	21,979,624	29,479,624
<b>Total liabilities</b>	<b>\$ 8,680,191</b>	<b>\$ 26,794,471</b>	<b>\$ 35,474,662</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	\$ 6,584,386	\$ 19,234,374	\$ 25,818,760
Restricted for debt service	-	2,336,464	2,336,464
Unrestricted	4,100,592	6,992,800	11,093,392
<b>Total net assets</b>	<b>\$ 10,684,978</b>	<b>\$ 28,563,638</b>	<b>\$ 39,248,616</b>

See notes to financial statements.

**VILLAGE OF PALM SPRINGS, FLORIDA**

Statement of Activities

Year Ended September 30, 2004

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 1,246,098	\$ 318,035	\$ -	\$ -
Public safety	4,306,625	838,765	76,566	44,204
Physical environment	809,087	398,628	-	-
Transportation	938,374	-	-	-
Culture/recreation	1,331,518	357,950	29,745	176,238
Interest on long term debt	426,357	-	-	-
<b>Total governmental activities</b>	<b>9,058,059</b>	<b>1,913,378</b>	<b>106,311</b>	<b>220,442</b>
Business-type activities:				
Utility-water and sewer	8,006,446	9,637,956	-	715,077
<b>Total business-type activities</b>	<b>8,006,446</b>	<b>9,637,956</b>	<b>-</b>	<b>715,077</b>
<b>Total</b>	<b>\$ 17,064,505</b>	<b>\$ 11,551,334</b>	<b>\$ 106,311</b>	<b>\$ 935,519</b>

General revenues:

Taxes:

Property taxes

Utility service taxes

Franchise fees

Sales taxes

Intergovernmental, unrestricted

Investment earnings

Miscellaneous

Transfers

**Total general revenues**

Change in net assets

Net assets, beginning of year

**Net assets, end of year**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (928,063)	\$ -	\$ (928,063)
(3,347,090)	-	(3,347,090)
(410,459)	-	(410,459)
(938,374)	-	(938,374)
(767,585)	-	(767,585)
(426,357)	-	(426,357)
<b>(6,817,928)</b>	<b>-</b>	<b>(6,817,928)</b>
-	2,346,587	2,346,587
-	<b>2,346,587</b>	<b>2,346,587</b>
<b>(6,817,928)</b>	<b>2,346,587</b>	<b>(4,471,341)</b>
2,317,271	-	2,317,271
1,285,916	-	1,285,916
552,295	-	552,295
1,290,027	-	1,290,027
421,513	-	421,513
70,684	219,955	290,639
31,340	12,731	44,071
1,115,370	(1,115,370)	-
<b>7,084,416</b>	<b>(882,684)</b>	<b>6,201,732</b>
266,488	1,463,903	1,730,391
10,418,490	27,099,735	37,518,225
<b>\$ 10,684,978</b>	<b>\$ 28,563,638</b>	<b>\$ 39,248,616</b>

See notes to financial statements.

# VILLAGE OF PALM SPRINGS, FLORIDA

## Balance Sheet

### Governmental Funds

September 30, 2004

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 4,245,402	\$ 251,220	\$ 99,167	\$ 4,595,789
Receivables:				
Accounts, net of allowance for uncollectibles	8,353	-	-	8,353
Grants	-	54,400	-	54,400
Utility taxes	54,064	-	-	54,064
Franchise fees	158,803	-	-	158,803
Intergovernmental	216,359	-	-	216,359
Inventory	11,692	-	-	11,692
<b>Total assets</b>	<b>\$ 4,694,673</b>	<b>\$ 305,620</b>	<b>\$ 99,167</b>	<b>\$ 5,099,460</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 537,263	\$ -	\$ 1,808	\$ 539,071
Contracts and retainage payable	-	83,547	-	83,547
Deposits	900	-	-	900
Revenue collected in advance	47,174	-	-	47,174
Compensated absences payable	25,168	-	-	25,168
<b>Total liabilities</b>	<b>\$ 610,505</b>	<b>\$ 83,547</b>	<b>\$ 1,808</b>	<b>\$ 695,860</b>
Fund balances:				
Reserved for:				
Inventory	\$ 11,692	\$ -	\$ -	\$ 11,692
Capital projects	-	222,073	-	222,073
Law enforcement	-	-	6,300	6,300
Debt service	-	-	20,677	20,677
Unreserved, designated for:				
Capital projects	1,500,000	-	-	1,500,000
Unreserved, undesignated	2,572,476	-	-	2,572,476
Unreserved, reported in nonmajor funds:				
Special revenue funds	-	-	70,382	70,382
<b>Total fund balances</b>	<b>\$ 4,084,168</b>	<b>\$ 222,073</b>	<b>\$ 97,359</b>	<b>\$ 4,403,600</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,694,673</b>	<b>\$ 305,620</b>	<b>\$ 99,167</b>	<b>\$ 5,099,460</b>

See notes to financial statements.

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Assets  
September 30, 2004*

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Total governmental fund balances (page 15) \$ 4,403,600

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	\$ 16,824,705	
Accumulated depreciation	<u>(2,605,319)</u>	
		14,219,386

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. 46,323

Long-term liabilities, including notes and 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	(7,635,000)	
Accrued interest payable on long-term debt	(160,253)	
Compensated absences, long-term portion	<u>(189,078)</u>	
		(7,984,331)

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**Total net assets (page 12) \$ 10,684,978**

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## VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

Year Ended September 30, 2004

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Taxes	\$ 3,627,857	\$ -	\$ 527,625	\$ 4,155,482
Licenses and permits	711,795	-	-	711,795
Intergovernmental	1,955,300	-	-	1,955,300
Confiscated property	-	-	29,578	29,578
Grants	-	154,859	-	154,859
Charges for services	845,962	-	-	845,962
Fines and forfeitures	140,670	-	-	140,670
Contributions	9,545	-	23,889	33,434
Interest	56,594	13,370	720	70,684
Miscellaneous	111,237	-	176	111,413
<b>Total revenues</b>	<b>7,458,960</b>	<b>168,229</b>	<b>581,988</b>	<b>8,209,177</b>
<b>Expenditures</b>				
Current:				
General government	1,050,402	-	-	1,050,402
Public safety	3,996,414	-	9,513	4,005,927
Physical environment	752,528	-	-	752,528
Transportation	912,573	-	-	912,573
Culture/recreation	1,189,136	-	4,321	1,193,457
Capital outlay	397,462	2,285,630	24,070	2,707,162
Debt service:				
Principal	-	-	130,000	130,000
Interest and other fiscal charges	-	-	397,285	397,285
<b>Total expenditures</b>	<b>8,298,515</b>	<b>2,285,630</b>	<b>565,189</b>	<b>11,149,334</b>
Excess (deficiency) of revenues over expenditures	(839,555)	(2,117,401)	16,799	(2,940,157)
<b>Other financing sources</b>				
Transfers in	1,115,370	-	-	1,115,370
<b>Total other financing sources</b>	<b>1,115,370</b>	<b>-</b>	<b>-</b>	<b>1,115,370</b>
Change in fund balances	275,815	(2,117,401)	16,799	(1,824,787)
Fund balances, beginning of year	3,808,353	2,339,474	80,560	6,228,387
<b>Fund balances, end of year</b>	<b>\$ 4,084,168</b>	<b>\$ 222,073</b>	<b>\$ 97,359</b>	<b>\$ 4,403,600</b>

See notes to financial statements.

## VILLAGE OF PALM SPRINGS, FLORIDA

*Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balance to the Statement of Activities  
Year Ended September 30, 2004*

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Net change in fund balances - total governmental funds (page 17) \$ (1,824,787)

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	\$ 2,707,162	
Less current year depreciation expense	<u>(559,508)</u>	2,147,654

Losses on disposal of capital assets are reported in the statement of activities but not in the governmental funds. (134,485)

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	(45,549)	
Change in net pension asset	<u>22,727</u>	(22,822)

Net effect of accrued interest on long-term debt (difference between amount accrued in prior year and current year accrual) (29,072)

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		130,000
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<b>Change in net assets of governmental activities (page 14)</b>	<b>\$</b>	<b>266,488</b>
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# VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Net Assets

Proprietary Fund

September 30, 2004

	<b>Water and Sewer Utility</b>
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 5,253,338
Accounts receivable, net	1,972,241
Inventory	181,837
Restricted assets:	
Cash and cash equivalents	7,332,705
Cash with fiscal agent	340,000
Investments	1,203,988
Noncurrent assets:	
Capital assets	
Capital assets not being depreciated	9,590,784
Capital assets being depreciated	46,113,560
Accumulated depreciation	(19,873,980)
Intangible assets	2,864,906
Unamortized bond issue costs	378,730
<b>Total assets</b>	<b>\$ 55,358,109</b>
<b>Liabilities and Net Assets</b>	
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 495,790
Current portion of obligation under utility agreement	542,218
Current portion of compensated absences payable	13,244
Payable from restricted assets:	
Contract retainage payable	719,057
Accrued interest	488,981
Current portion of note payable	618,882
Current portion of revenue bonds payable	885,000
Noncurrent liabilities:	
Deposits	960,093
Compensated absences payable	91,582
Note payable	5,177,436
Revenue bonds payable, net of unamortized premium	16,120,479
Obligation under utility agreement	681,709
<b>Total liabilities</b>	<b>\$ 26,794,471</b>
Net assets:	
Invested in capital assets, net of related debt	\$ 19,234,374
Restricted	2,336,464
Unrestricted	6,992,800
<b>Total net assets</b>	<b>\$ 28,563,638</b>

See notes to financial statements.

## VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Revenues, Expenses and Changes in Net Assets

Proprietary Fund

Year Ended September 30, 2004

	<b>Water and Sewer Utility</b>
<b>Operating revenues</b>	
Charges for services	\$ 9,637,956
<b>Total operating revenues</b>	<b>9,637,956</b>
<b>Operating expenses:</b>	
Personal services	2,279,798
Operating expenses	2,458,295
Depreciation	1,665,588
Amortization	239,681
<b>Total operating expenses</b>	<b>6,643,362</b>
Operating income	2,994,594
<b>Nonoperating revenues (expenses)</b>	
Investment income	219,955
Miscellaneous revenues	12,731
Interest expense	(1,363,084)
<b>Total nonoperating revenues (expenses)</b>	<b>(1,130,398)</b>
Income before contributions and transfers	<b>1,864,196</b>
Capital contributions	715,077
Transfers out	(1,115,370)
Change in net assets	1,463,903
Net assets, beginning of year	27,099,735
<b>Net assets, end of year</b>	<b>\$ 28,563,638</b>

See notes to financial statements.

## VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Cash Flows

Proprietary Fund

Year Ended September 30, 2004

	<b>Water and Sewer Utility</b>
<b>Cash flows from operating activities</b>	
Cash received from customers	\$ 9,129,359
Cash paid to suppliers for goods and services	(2,379,648)
Cash paid to employees for services	(2,230,168)
<b>Net cash provided by operating activities</b>	<b>4,519,543</b>
<b>Cash flows from noncapital financing activities</b>	
Transfers out	(1,115,370)
<b>Net cash used in noncapital financing activities</b>	<b>(1,115,370)</b>
<b>Cash flows from capital and related financing activities</b>	
Principal paid on promissory note	(593,914)
Principal paid on revenue bonds	(520,000)
Principal paid on obligation under utility agreement	(509,399)
Interest paid on long-term debt	(1,360,866)
Acquisition and construction of capital assets	(7,792,744)
Capital contributions from customers	715,077
<b>Net cash used in capital and related financing activities</b>	<b>(10,061,846)</b>
<b>Cash flows from investing activities</b>	
Proceeds from sale of investments	2,043,701
Reinvested income on investments	(21,668)
Interest on investments	264,314
<b>Net cash provided by investing activities</b>	<b>2,286,347</b>
Net decrease in cash and cash equivalents	(4,371,326)
Cash and cash equivalents, beginning of year	17,297,369
<b>Cash and cash equivalents, end of year</b>	<b>\$ 12,926,043</b>

Continued

**VILLAGE OF PALM SPRINGS, FLORIDA***Statement of Cash Flows (Continued)**Proprietary Fund**Year Ended September 30, 2004*

	<b>Water and Sewer Utility</b>
<b>Cash flows from operating activities</b>	
Operating income	\$ 2,994,594
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,665,588
Amortization	239,681
Provision for uncollectible accounts	(1,004)
Increase in:	
Accounts receivable	(581,505)
Inventory	(67,729)
Accounts payable and accrued liabilities	171,775
Compensated absences payable	24,231
Deposits	73,912
Total adjustments	1,524,949
<b>Net cash provided by operating activities</b>	<b>\$ 4,519,543</b>
<b>Supplemental disclosure of noncash capital and related financing activities</b>	
Accrued interest on capital appreciation bonds	\$ 407,712
Book value of assets disposed	41,091
Unrealized depreciation on investments	(31,628)

*See notes to financial statements.*

# VILLAGE OF PALM SPRINGS, FLORIDA

## Statement of Fiduciary Net Assets

September 30, 2004

	<b>Employee Pension Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 520,127
Investments	
U.S. obligations	985,674
Federal agencies	1,515,054
Mortgage-backed securities	128,423
Corporate bonds	1,108,591
Common stock	6,628,421
Receivables:	
Contributions	12,413
Interest and dividends	31,639
<b>Total assets</b>	<b>\$ 10,930,342</b>
<b>Liabilities</b>	
Accounts payable and accrued liabilities	\$ 1,008
<b>Total Liabilities</b>	<b>\$ 1,008</b>
<b>Net Assets</b>	
Held in trust for pension benefits	\$ 10,929,334
<b>Total net assets</b>	<b>\$ 10,929,334</b>

See notes to financial statements.

## VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Changes in Fiduciary Net Assets

Year Ended September 30, 2004

	<b>Employee Pension Funds</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 922,063
Plan members	55,995
State of Florida	76,566
<b>Total contributions</b>	<b>1,054,624</b>
Investment income:	
Interest	165,846
Dividends	89,599
Net appreciation in fair value of investments	347,284
Investment expenses	(56,976)
Net investment income	545,753
<b>Total additions</b>	<b>1,600,377</b>
<b>Deductions</b>	
Administration	82,075
Benefits	320,210
<b>Total deductions</b>	<b>402,285</b>
Net increase in plan net assets	1,198,092
Net assets held in trust for pension benefits, beginning of year	9,731,242
<b>Net assts held in trust for pension benefits, end of year</b>	<b>\$ 10,929,334</b>

See notes to financial statements.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

### 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 accounting principles generally accepted in the United States ("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. For the fiscal year ended September 30, 2003, the Village implemented the new financial reporting requirements of GASB Statements No. 34, 37, and 38. As a result, an entirely new financial presentation format has been implemented. The more significant of the Village's accounting policies are described below.

#### **Financial Reporting Entity**

As required by accounting principles generally accepted in the United States, 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 combined 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

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

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

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

privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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.

The Village reports the following major governmental funds:

#### 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, 2004

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

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

##### 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.

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 expendable trusts or 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.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

### 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 non-operating 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 non-operating 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, and investments with the Florida Municipal Investment Trust Fund, 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 Local Government Surplus Funds Trust Fund and the Florida Municipal Investment Trust, are "2a-7 like" pools and, thus, these investments are valued using the pooled share price.

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.

The State Board of Administration administers the Local Government Surplus Funds Trust Fund and is governed by Ch. 19-7 of the Florida Administrative Code. These rules provide guidance and establish the general operating procedures for the administration of the Local Government Surplus Funds Trust Fund. Additionally, the Office of the Auditor General

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

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

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

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

performs the operational audit of the activities and investments of the State Board of Administration. The Local Government Surplus Funds Trust Fund is not a registrant with the Securities and Exchange Commission (SEC); however, the board has adopted operating procedures consistent with the requirements for a 2a-7 like fund.

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, 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 \$750 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

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

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

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

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

governmental funds and capitalized as assets in the government-wide statement of net assets. General capital assets are carried at historical cost. Where cost cannot be determined from the available records, estimated historical cost has been used to record the estimated value of the assets. The street network was valued based on current construction costs discounted by consumer price indices for highway construction.

Capital assets of the enterprise fund are capitalized in the fund. The valuation basis for enterprise fund capital assets are 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 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.

##### f. Compensated Absences

The Village's employees earn vacation leave based on their years of continual service as follows: 80 hours after 1 year; 120 hours after 5 years; 160 hours after 10 years; 200 hours after 20 years. Employees may accumulate a maximum equivalent to the annual vacation time allowed. Upon termination, employees are compensated for accumulated vacation at their rate of pay at termination.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

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

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

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

Employees earn sick leave at the rate of .0463 hours per hour of regular, vacation, sick, or comp time hours paid, with no maximum on the number of days that can be accumulated. Accumulated sick leave is not paid upon termination.

A liability for compensated absences is accrued when incurred in the government-wide and enterprise fund financial statements. In the governmental funds, the amount of compensated absences recorded as a liability is the amount that is expected to be liquidated with available, spendable financial resources. 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 in the 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 capital projects - Restricted for the acquisition and construction of capital assets.
- ❖ Reserved for debt service - Resources restricted to the payment of future debt service of long-term debt of the governmental funds.
- ❖ Reserved for law enforcement - Resources restricted to expenditures on behalf of the Village's public safety department.

##### i. On-behalf Payments

On-behalf payments of \$76,566 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, 2004

### 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, 2003, upon which the 2003/04 levy was based, was approximately \$379 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, 2004, was 4.8740 (\$4.87 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, 2004, 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, 2004

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

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

##### I. Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States. 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 effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

### NOTE 2. DEPOSITS AND INVESTMENTS

#### 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;

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

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

#### Investments (Continued)

- d. Certificates of deposit in state-certified qualified public depositories;
- e. Repurchase agreements;
- f. Savings accounts in state-certified qualified public depositories.

Investments of the General Employees Pension Fund are limited to:

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

Investments of the Hazardous Employees Pension Fund are limited to:

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

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

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

#### Investments (Continued)

The Village's investments are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the Village or its agent in the Village's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Village's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the entity's name.

Investments in the State Treasurer's Investment Pool, Florida Municipal Investment Trust, and mutual funds are not required to be categorized, since the investments are not evidenced by securities that exist in physical or book entry form. The Village's investment is not directly subject to custodial credit risk.

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

#### By category:

Cash and cash equivalents	\$ 18,041,959
Investments	<u>11,570,151</u>
Total deposits and investments	<u>\$ 29,612,110</u>

#### Presented in the statement of net assets:

##### *Governmental activities:*

Cash and cash equivalents	\$ 4,595,789
Investments	<u>-</u>
Total governmental activities	<u>4,595,789</u>

##### *Business-type activities:*

Cash and cash equivalents	12,926,043
Investments	<u>1,203,988</u>
Total business-type activities	<u>14,130,031</u>
Total statement of net assets	<u>\$ 18,725,820</u>

#### Presented in the statement of fiduciary net assets:

Cash and cash equivalents	\$ 520,127
Investments	<u>10,366,163</u>
Total statement of fiduciary net assets	<u>\$ 10,886,290</u>
Total deposits and investments	<u>\$ 29,612,110</u>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

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

#### Investments (Continued)

The following matrix presents the components of the Village's cash and cash equivalents and investments at September 30, 2004. The investment risk categories are indicated in the last column. Deposit risks are not included in the table.

	Unrestricted	Restricted	Fair Value	Category
Cash and cash equivalents:				
Petty cash	\$ 2,100	\$ -	\$ 2,100	-
Deposits with financial institutions		340,000	340,000	-
Investment in State Treasurer's investment pool	1,836,672	2,140,904	3,977,576	-
Florida Municipal Investment Trust Enhanced Cash	186	4,547,366	4,547,552	-
Money market mutual funds	8,010,169	1,164,562	9,174,731	-
<b>Total cash and cash equivalents</b>	<b>\$ 9,849,127</b>	<b>\$ 8,192,832</b>	<b>\$ 18,041,959</b>	
Investments:				
U.S. government securities	\$ -	\$ 1,203,988	\$ 1,203,988	1
Pension trust investments:				
U.S. obligations and federal agencies	-	2,500,728	2,500,728	2
Mortgage-backed securities	-	128,423	128,423	2
Corporate bonds	-	1,108,591	1,108,591	2
Common stocks	-	6,628,421	6,628,421	2
<b>Total investments</b>	<b>\$ -</b>	<b>\$ 11,570,151</b>	<b>\$ 11,570,151</b>	

### NOTE 3. RECEIVABLES

Receivables as of year end for the Village's governmental activities and business-type activities are as follows:

	Governmental Activities	Business-type Activities	Total
<b>Receivables:</b>			
Accounts	\$ 221,220	\$ 2,024,591	\$ 2,245,811
Grants and Intergovernmental	270,759	-	270,759
	491,979	2,024,591	2,516,570
Less: allowable for uncollectibles	-	(52,350)	(52,350)
<b>Net receivables</b>	<b>\$ 491,979</b>	<b>\$ 1,972,241</b>	<b>\$ 2,464,220</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

### NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2004, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 170,036	\$ -	\$ -	\$ 170,036
Infrastructure	3,733,588	-	-	3,733,588
Construction in progress	373,744	2,285,631	(2,324,143)	335,232
<b>Total capital assets not being depreciated</b>	<b>4,277,368</b>	<b>2,285,631</b>	<b>(2,324,143)</b>	<b>4,238,856</b>
Capital assets being depreciated:				
Buildings	5,585,752	2,019,855	(212,766)	7,392,841
Improvements other than buildings	1,134,884	182,138	-	1,317,022
Machinery and equipment	2,850,226	496,348	(136,765)	3,209,809
Library materials and software	619,735	47,333	(891)	666,177
<b>Total capital assets being depreciated</b>	<b>10,190,597</b>	<b>2,745,674</b>	<b>(350,422)</b>	<b>12,585,849</b>
Less accumulated depreciation for:				
Buildings	(271,548)	(149,174)	93,350	(327,372)
Improvements other than buildings	(23,603)	(50,845)	-	(74,448)
Machinery and equipment	(1,559,805)	(315,904)	121,745	(1,753,964)
Library materials and software	(406,792)	(43,585)	842	(449,535)
<b>Accumulated depreciation</b>	<b>(2,261,748)</b>	<b>(559,508)</b>	<b>215,937</b>	<b>(2,605,319)</b>
<b>Governmental activities</b>				
<b>Capital assets, net</b>	<b>\$ 12,206,217</b>	<b>\$ 4,471,437</b>	<b>\$ (2,458,628)</b>	<b>\$ 14,219,386</b>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 313,217	\$ 51,000	\$ -	\$ 364,217
Construction in progress	1,346,490	8,370,755	(490,678)	9,226,567
<b>Total capital assets not being depreciated</b>	<b>1,659,707</b>	<b>8,421,755</b>	<b>(490,678)</b>	<b>9,590,784</b>
Capital assets being depreciated:				
Buildings	3,013,999	-	-	3,013,999
Improvements other than buildings	40,062,920	580,446	(41,091)	40,602,275
Equipment	2,234,746	201,753	-	2,436,499
Software	39,867	20,920	-	60,787
<b>Total capital assets being depreciated</b>	<b>45,351,532</b>	<b>803,119</b>	<b>(41,091)</b>	<b>46,113,560</b>
Less accumulated depreciation for:				
Buildings	(1,630,649)	(71,211)	-	(1,701,860)
Improvements other than buildings	(15,401,319)	(1,376,176)	-	(16,777,495)
Equipment	(1,146,161)	(212,999)	-	(1,359,160)
Library materials and software	(30,263)	(5,202)	-	(35,465)
<b>Accumulated depreciation</b>	<b>(18,208,392)</b>	<b>(1,665,588)</b>	<b>-</b>	<b>(19,873,980)</b>
<b>Business-type activities</b>				
<b>Capital assets, net</b>	<b>\$ 28,802,847</b>	<b>\$ 7,559,286</b>	<b>\$ (531,769)</b>	<b>\$ 35,830,364</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

### NOTE 4. CAPITAL ASSETS (Continued)

Depreciation expense for the year ended September 30, 2004 was charged to functions as follows:

<b>Governmental Activities:</b>	
General government	\$ 192,550
Public safety	160,432
Physical environment	52,356
Transportation	22,117
Culture and recreation	132,053
<hr/>	
<b>Total depreciation expense- Governmental activities</b>	<b>\$ 559,508</b>
<hr/>	
<b>Business-type activities: Water &amp; Sewer</b>	<b>\$ 1,665,588</b>

### NOTE 5. LONG-TERM DEBT

#### Changes in Long-Term Liabilities

The following changes occurred in long-term liabilities during the year ended September 30, 2004:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds	\$ 7,765,000	\$ -	\$ 130,000	\$ 7,635,000	\$ 135,000
Compensated absences	162,750	51,496	-	214,246	25,168
<hr/>					
<b>Total</b>	<b>\$ 7,927,750</b>	<b>\$ 51,496</b>	<b>\$ 130,000</b>	<b>\$ 7,849,246</b>	<b>\$ 160,168</b>
<hr/>					
<b>Business-type activities:</b>					
Promissory note	\$ 6,390,232	\$ -	\$ 593,914	\$ 5,796,318	\$ 618,882
Revenue bonds, series 1988	330,000	-	330,000	-	-
Capital appreciation bonds	4,914,468	407,712	101,983	5,220,197	685,000
Revenue bonds, series 2003	11,550,000	-	190,000	11,360,000	200,000
Obligation under utility agreements	1,733,326	-	509,399	1,223,927	542,218
Compensated absences	80,595	24,231	-	104,826	13,244
<hr/>					
<b>Total</b>	<b>\$ 24,998,621</b>	<b>\$ 431,943</b>	<b>\$ 1,725,296</b>	<b>\$ 23,705,268</b>	<b>\$ 2,059,344</b>
<hr/>					
Unamortized premium on revenue bonds				\$ 425,282	
<hr/>					
<b>Total</b>				<b>\$ 24,130,550</b>	

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

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

#### Governmental Activities:

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

The 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
2005	\$ 135,000	\$ 384,606	\$ 519,606
2006	140,000	377,856	517,856
2007	145,000	370,856	515,856
2008	150,000	365,056	515,056
2009	160,000	359,056	519,056
2010-2014	900,000	1,687,668	2,587,668
2015-2019	1,165,000	1,423,068	2,588,068
2020-2024	1,505,000	1,080,470	2,585,470
2025-2029	1,930,000	663,714	2,593,714
2030-2032	1,405,000	146,318	1,551,318
<b>Total</b>	<b>\$ 7,635,000</b>	<b>\$ 6,858,668</b>	<b>\$ 14,493,668</b>

#### 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 \$70,164, 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
2005	\$ 618,882	\$ 223,090	\$ 841,972
2006	644,199	197,773	841,972
2007	670,779	171,193	841,972
2008	698,307	143,665	841,972
2009	727,385	114,587	841,972
2010-2013	2,436,766	159,315	2,596,081
<b>Total</b>	<b>\$ 5,796,318</b>	<b>\$ 1,009,623</b>	<b>\$ 6,805,941</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

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

#### Revenue Bonds

The Village has issued revenue bonds which are collateralized by a pledge of and lien on the net revenues derived from the operation of the water and sewer system. The provisions of the water and sewer bond resolutions differ in some respects but generally provide for:

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

At September 30, 2004, the Village was in compliance with such 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.

<b>Year Ending September 30,</b>	<b>Principal</b>
2005	\$ 685,000
2006	685,000
2007	660,000
2008	580,000
2009	575,000
2010-2013	2,195,000
<b>Total</b>	<b>\$ 5,380,000</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

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

#### Revenue Bonds (Continued)

\$122,983 Capital Appreciation Bonds, Series 1984, due April 1, 2007, in the amount of \$1,265,000, with interest at 10.40% accrued semi-annually on April 1 and October 1 of each year.

Year Ending September 30,	Principal
2007	\$ 1,265,000

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

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

Year Ending September 30,	Principal	Interest	Total
2005	\$ 200,000	\$ 547,000	\$ 747,000
2006	200,000	543,000	743,000
2007	210,000	535,000	745,000
2008	215,000	528,176	743,176
2009	225,000	521,726	746,726
2010-2014	1,270,000	2,453,462	3,723,462
2015-2019	1,635,000	2,087,550	3,722,550
2020-2024	2,100,000	1,619,774	3,719,774
2025-2029	2,660,000	1,070,324	3,730,324
2030-2033	2,645,000	338,500	2,983,500
<b>Total</b>	<b>\$11,360,000</b>	<b>\$10,244,512</b>	<b>\$21,604,512</b>

#### Interest Expense

Total interest costs incurred on all Village debt for the year ended September 30, 2004 was \$389,481 for governmental activities and \$1,772,522 for business-type activities, of which \$423,201 was capitalized on construction in progress in the Proprietary Fund and \$1,349,321 was expensed.

#### Federal Arbitrage Regulations

The Village is subject to the arbitrage restrictions that have been 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.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

### NOTE 6. OBLIGATION UNDER UTILITY AGREEMENTS

The obligation under utility agreements includes 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 is 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 the loans are paid in full.

The Series E Loan was originally issued October 1, 1976, at a face value of \$7,585,000. The loan matures in varying amounts through June 30, 2006. The Village's pro rata share of the loan is 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 July 1, 1985, at a face value of \$8,520,000. The loan matures in varying amounts through July 1, 2006. The Village's pro rata share of the loan is 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. The amendment also requires 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 contract). At September 30, 2004, the combined intangible rights had a book value of \$2,864,906 (net of accumulated amortization of \$4,318,627).

### NOTE 7. INTERFUND TRANSFERS

The following is a summary of interfund transfers for the year ended September 30, 2004:

	Transfers in	Transfers out
<b>Governmental Activities:</b>		
Major Fund - General Fund	\$ 1,115,370	\$ -
<b>Business-type Activities:</b>		
Enterprise Fund	-	1,115,370
<b>Total interfund transfers</b>	<b>\$ 1,115,370</b>	<b>\$ 1,115,370</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

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

Restricted assets of the enterprise fund at September 30, 2004, 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, 2004:

	<b>Restricted Assets</b>
Utility Debt Service	\$ 3,889,327
Renewal and Replacement	100,000
Cash with fiscal agent	340,000
Unused proceeds from 2003 bonds	4,547,366
	<hr/> \$ 8,876,693 <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, 2004, and the reserve requirements have been met for the water and sewer bonds. In addition, the Village was required to purchase certain U.S. Treasury obligations at predetermined intervals from funds it was required to deposit into a bond amortization account on a monthly basis. The investments are restricted to meet the principal payment of \$1,265,000 of capital appreciation bonds maturing on April 1, 2007. As of September 30, 2004, the Village had purchased all Treasury Bonds required by the Bond Covenant. These investments will yield \$1,220,000 in principal upon maturity which, in addition to the final interest payment, will be sufficient to fully fund this obligation. Accordingly, no future purchases of U.S. Treasury Bonds are required.

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, 2004.

### 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. Neither plan issues a stand-alone financial report. Additional information on these plans can be found on pages 54-55 and 58-59.

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 Village Council. Contribution requirements are determined by the actuary.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

### NOTE 9. PENSION PLANS (Continued)

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 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 appropriated for use for funding purposes. Additionally, the State collects a locally authorized insurance premium surcharge for the Hazardous Employees Pension Fund on casualty and fire insurance policies within the corporate limits, which can only be distributed after the State has ascertained that the local government has met the reporting requirements for its most recently completed fiscal year.

Investments are reported at fair value and are managed by third party money managers. 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 and 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, 2003 (the latest actuarial valuation date):

	Hazardous Employees	General Employees	
<b>Accounting Policies and Plan Assets:</b>			
Authority	Village Ordinance/State Statute	Village Ordinance	
Basis of Accounting	Accrual	Accrual	
Asset Valuation			
Reporting	Fair Value	Fair Value	
Actuarial Valuation	4-year smoothed market	5-year smoothed market	
Legal Reserves	None	None	
Long- Term Receivable	None	None	
Internal/Participant Loans	None	None	
<b>Membership and Plan Provisions:</b>			
<b>Members:</b>			
Active Participants	35	103	
Retirees and Beneficiaries	6	24	
Terminated Vested	16	23	
<b>Normal Retirement Benefits:</b>			
	<b>Option 1</b>	<b>Option 2</b>	
Retirement Age	50	55	62
Years of Service (minimum)	15	10	10
Accrual	2.5%	2.5%	2.0%
Maximum	None	None	50%
Years to Vest	10	10	10

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

### NOTE 9. PENSION PLANS (Continued)

	Hazardous Employees	General Employees
<b>Contributions:</b>		
Actuarial Rate		
Village	24.90%	9.90%
State	1.39%	-
Participants	1.00%	1.00%
Annual Pension Cost	\$374,514	\$428,696
Contribution Made	\$397,241	\$504,574
<b>Actuarial Valuation:</b>		
Frequency	Annual	Annual
Latest Valuation	9/30/03	9/30/03
Basis for Contribution	9/30/02	9/30/02
Cost Method	Entry age	Entry age
<b>Amortization:</b>		
Method	Level percent	Level percent
Period	5-22 years	15-25 years
Open/Closed	Closed	Closed
<b>Assumptions:</b>		
Investment Earnings (including inflation)	8.0% / year	8.0% / year
Salary Increases (including inflation)	5.0%-8.0% / year	4.7%-8.3% / year
Inflation	5.0% / year	4.5% / 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
<b>Hazardous Employees:</b>	9/30/02	\$ 304,012	100%	\$ -
	9/30/03	263,079	109%	23,596
	9/30/04	374,514	106%	46,323
<b>General Employees:</b>	9/30/02	\$ 351,834	100%	\$ -
	9/30/03	308,056	100%	-
	9/30/04	428,696	100%	-

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

### 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)	\$	373,645
Interest on net pension asset		(1,888)
Adjustment to ARC		2,757
<hr/>		
Annual pension cost (APC)		374,514
Village/state contributions		397,241
<hr/>		
Increase in net pension asset		22,727
Net pension asset, beginning of year		23,596
<hr/>		
Net pension asset, end of year	\$	46,323

### NOTE 10. COMMITMENTS AND CONTINGENCIES

#### Commitments

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

	Total Project Authorization	Expended September 30, 2004	Retainage Payable September 30, 2004	Balance to Complete
Task #79 - RLP WTP Improvements	\$ 6,488,088	\$ 3,961,505	\$ 380,380	\$ 2,146,203
Task #78 - Main WTP Improvements	6,038,765	3,472,273	331,242	2,235,250
Task #74 - Vacuum Sewer 10 <sup>th</sup> Ave./Kirk	3,267,133	531,255	7,435	2,728,443
Task #87 - Sewer Impr. Davis/Waterview	29,000	24,800	-	4,200
Task #85 - Rehab Pump Stations	42,750	32,676	-	10,074
Task #90 - Wells 18 and 19	92,000	1,800	-	90,200
	<b>\$ 15,957,736</b>	<b>\$ 8,024,309</b>	<b>\$ 719,057</b>	<b>\$ 7,214,370</b>

Construction contracts of the governmental activities consist of the following:

	Total Project Authorization	Expended September 30, 2004	Retainage Payable September 30, 2004	Balance to Complete
Master plan project – Municipal Complex	\$ 5,601,040	\$ 5,477,683	\$ 83,547	\$ 39,810
	<b>\$ 5,601,040</b>	<b>\$ 5,477,683</b>	<b>\$ 83,547</b>	<b>\$ 39,810</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2004

### NOTE 10. COMMITMENTS AND CONTINGENCIES (Continued)

#### Contingencies

The Village is a defendant in multiple lawsuits, the outcome of which is not presently determinable. In the opinion of counsel, the resolution of the matters will not have a significant impact on the financial condition of the Village, except as stated below:

During 2002, a lawsuit was filed against the Village by the Government Risk Insurance Trust ("GRIT"). GRIT is asking for back premiums allegedly owed to them by the Village from 1997, 1998, and 2000 Workers Compensation insurance. Management and Village legal counsel believe that the amount resulting from this lawsuit will not materially affect the financial position of the Village.

### 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, 2004, 2003 and 2002.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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# VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund

Year Ended September 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
Taxes:				
Ad valorem taxes	\$ 1,781,500	\$ 1,781,500	\$ 1,789,646	\$ 8,146
Franchise fees	540,200	540,200	552,295	12,095
Utility service taxes	1,414,101	1,414,101	1,285,916	(128,185)
<b>Total taxes</b>	<b>3,735,801</b>	<b>3,735,801</b>	<b>3,627,857</b>	<b>(107,944)</b>
Licenses and permits:				
Occupational licenses	125,000	125,000	177,235	52,235
Building permits	350,000	350,000	534,218	184,218
Other permits and licenses	220	220	342	122
<b>Total licenses and permits</b>	<b>475,220</b>	<b>475,220</b>	<b>711,795</b>	<b>236,575</b>
Intergovernmental:				
State revenue sharing	385,000	385,000	399,492	14,492
Alcoholic beverage licenses	5,300	5,300	5,021	(279)
Municipal fuel tax refund	3,500	3,500	2,212	(1,288)
Local option gas tax	295,000	295,000	303,228	8,228
County occupational licenses	39,000	39,000	24,034	(14,966)
Half-cent sales tax	955,479	955,479	979,566	24,087
Grant revenue	114,900	159,104	143,160	(15,944)
Other intergovernmental revenue	8,000	8,000	22,021	14,021
<b>Total intergovernmental</b>	<b>1,806,179</b>	<b>1,850,383</b>	<b>1,878,734</b>	<b>28,351</b>
Charges for services:				
General government	13,350	13,350	18,379	5,029
Public safety	69,550	69,550	91,362	21,812
Sanitation	406,500	406,500	398,628	(7,872)
Leisure services	316,100	356,100	328,303	(27,797)
Nonresident fees	9,000	9,000	9,290	290
<b>Total charges for services</b>	<b>814,500</b>	<b>854,500</b>	<b>845,962</b>	<b>(8,538)</b>
Fines and forfeitures:				
Judgements and fines	183,500	183,500	110,727	(72,773)
Other	20,200	20,200	29,943	9,743
<b>Total fines and forfeitures</b>	<b>203,700</b>	<b>203,700</b>	<b>140,670</b>	<b>(63,030)</b>
<b>Contributions</b>	<b>17,400</b>	<b>17,400</b>	<b>9,545</b>	<b>(7,855)</b>

Continued

# VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Miscellaneous:				
Miscellaneous revenue	\$ 2,000	\$ 2,000	\$ 50,532	\$ 48,532
Interest earnings	68,328	68,328	56,594	(11,734)
Facility rental	58,000	58,000	60,705	2,705
<b>Total miscellaneous</b>	<b>128,328</b>	<b>128,328</b>	<b>167,831</b>	<b>39,503</b>
<b>Total revenues</b>	<b>7,181,128</b>	<b>7,265,332</b>	<b>7,382,394</b>	<b>117,062</b>
<b>Other financing sources</b>				
Transfer in	1,115,370	1,115,370	1,115,370	-
<b>Total revenues and other     financing sources</b>	<b>\$ 8,296,498</b>	<b>\$ 8,380,702</b>	<b>\$ 8,497,764</b>	<b>\$ 117,062</b>
<b>Ependitures</b>				
<b>General government:</b>				
Legislative:				
Personal services	\$ 37,691	\$ 37,691	\$ 37,618	\$ 73
Operating	80,735	80,354	57,175	23,179
Nonoperating	102,100	2,481	2,481	-
Total legislative	220,526	120,526	97,274	23,252
Executive:				
Personal services	416,291	416,091	401,407	14,684
Operating	26,300	26,500	14,637	11,863
Capital outlay	3,500	3,500	3,439	61
Total executive	446,091	446,091	419,483	26,608
Financial Administration:				
Personal services	238,036	234,336	227,809	6,527
Operating	15,461	19,661	16,342	3,319
Capital outlay	4,000	3,500	3,457	43
Total financial administration	257,497	257,497	247,608	9,889
Legal:				
Operating	75,000	75,000	66,339	8,661
Other general government:				
Personal services	2,000	6,000	5,491	509
Operating	214,445	227,145	221,103	6,042
Capital outlay	1,000	4,000	3,768	232
Total other general government	217,445	237,145	230,362	6,783
<b>Total general government</b>	<b>1,216,559</b>	<b>1,136,259</b>	<b>1,061,066</b>	<b>75,193</b>

Continued

# VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2004

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Public safety:</b>				
Protective inspections:				
Personal services	\$ 378,446	\$ 337,823	\$ 279,995	\$ 57,828
Operating	61,977	120,177	100,930	19,247
Capital outlay	30,000	12,423	12,323	100
Total protective inspections	470,423	470,423	393,248	77,175
Law enforcement:				
Personal services	3,366,639	3,329,639	3,264,000	65,639
Operating	259,576	309,256	274,923	34,333
Capital outlay	152,900	184,424	182,359	2,065
Total law enforcement	3,779,115	3,823,319	3,721,282	102,037
<b>Total public safety</b>	<b>4,249,538</b>	<b>4,293,742</b>	<b>4,114,530</b>	<b>179,212</b>
<b>Physical environment:</b>				
Sanitation services:				
Personal services	401,589	390,019	365,260	24,759
Operating	195,884	390,498	387,268	3,230
Capital outlay	125,000	76,961	76,961	-
Total physical environment	722,473	857,478	829,489	27,989
<b>Transportation:</b>				
Personal services	731,264	733,264	699,419	33,845
Operating	152,050	228,550	213,154	15,396
Capital outlay	300,000	146,700	-	146,700
Total transportation	1,183,314	1,108,514	912,573	195,941
<b>Culture/recreation:</b>				
Library:				
Personal services	369,366	368,861	360,130	8,731
Operating	89,956	89,834	86,731	3,103
Capital outlay	50,100	50,727	50,637	90
Total library	509,422	509,422	497,498	11,924
Leisure services:				
Personal services	335,600	345,920	345,243	677
Operating	279,551	354,231	347,044	7,187
Capital outlay	89,500	64,595	64,518	77
Total leisure services	704,651	764,746	756,805	7,941
Special events:				
Operating	56,380	56,380	49,988	6,392
<b>Total culture/recreation</b>	<b>1,270,453</b>	<b>1,330,548</b>	<b>1,304,291</b>	<b>26,257</b>
<b>Total expenditures</b>	<b>\$ 8,642,337</b>	<b>\$ 8,726,541</b>	<b>\$ 8,221,949</b>	<b>\$ 504,592</b>

Continued

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Budgetary Comparison Schedule*

*General Fund (Continued)*

*Year Ended September 30, 2004*

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Net change in fund balance			\$ 275,815	
Fund balance, beginning of year			3,808,353	
<b>Fund balance, end of year</b>			<b>\$ 4,084,168</b>	

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULE

SEPTEMBER 30, 2004

### NOTE 1. BUDGETARY ACCOUNTING

State of Florida Statutes require that all municipal governments establish budgetary systems and approve annual operating budgets. The Council annually adopts an operating budget and appropriates funds for the general fund. The procedures for establishing the budget are as follows:

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

The adopted budgets are prepared on the modified accrual basis in accordance with U.S. generally accepted accounting principles, except that the State of Florida on-behalf payments to the Village for the hazardous employees pension plan are not budgeted. As a result, General Fund revenues and expenditures reported in the budgetary comparison schedule differ from the revenues and expenditures reported on the GAAP basis. The differences can be reconciled as follows:

	<b>Revenues</b>	<b>Expenditures</b>
<b>Budgetary basis</b>	\$ 7,382,394	\$ 8,221,949
State on-behalf payments for hazardous employees pension contributions	76,566	76,566
<b>GAAP Basis</b>	<b>\$ 7,458,960</b>	<b>\$ 8,298,515</b>

The reported budgetary data represents the final appropriated budgets after amendments adopted by the Council. Supplemental appropriations of \$84,204 were needed for costs incurred for hurricane related expenses for the year ended September 30, 2004, increasing the original general fund budget from \$8,296,498 to \$8,380,702. Unexpended appropriations lapse at year end. The Village also adopts a nonappropriated operating budget for the enterprise fund substantially on a consistent with U.S. generally accepted accounting principles.

### 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, 2004.

# VILLAGE OF PALM SPRINGS, FLORIDA

## CONDITION RATING OF THE VILLAGE'S STREET SYSTEM

SEPTEMBER 30, 2004

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

Percentage of lane miles in substandard condition: 0%

Comparison of needed- to-actual maintenance/preservation:

	<b>Needed</b>	<b>Actual</b>	<b>Difference</b>
2000	\$ 11,000	\$ 4,178	\$ 6,822
2001	20,000	5,740	14,260
2002	40,000	3,287	36,713
2003	41,400	6,361	35,039
2004	90,000	83,184	6,816
<b>Total</b>	<b>\$ 202,400</b>	<b>\$ 102,750</b>	<b>\$ 99,650</b>

The condition of street pavement is rated using the Asphalt Pavement Rating Form as developed by the Asphalt Institute. The Asphalt Pavement Rating Form is based on a weighted average of thirteen defects found in pavement services. The form uses a measurement scale that is based on a condition index rating from zero for failed pavement to 100 for pavement in perfect condition. The condition index is used to classify roads in seven categories: excellent (100-85), very good (84- 70), good (69-55), fair (54-40), poor (39-25), very poor (24-10), 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 one-third of the streets in the network were evaluated. 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*

<b>Actuarial Valuation Date</b> <b>September 30,</b>	<b>Actuarial Value of Assets</b> <b>(a)</b>	<b>Actuarial Liability (AAL)</b> <b>Entry Age</b> <b>(b)</b>	<b>Unfunded AAL (UAAL)</b> <b>(b)-(a)</b>	<b>Funded Ratio</b> <b>(a)/(b)</b>	<b>Covered Payroll</b> <b>(c)</b>	<b>UAAL as a % of Covered Payroll</b> <b>((b-a)/c)</b>
<b><u>Hazardous Employees</u></b>						
1998	\$ 3,491,887	\$ 3,963,192	\$ 471,305	88.1%	\$ 1,243,980	37.9%
1999	3,852,743	4,355,683	502,940	88.5%	1,317,285	38.2%
2000	4,344,465	4,761,603	417,138	91.2%	1,311,765	31.8%
2001	4,554,323	5,309,378	755,055	85.8%	1,568,547	48.1%
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%
<b><u>General Employees</u></b>						
1998	\$ 4,543,647	\$ 3,776,955	\$ (766,692)	120.3%	\$ 2,300,472	-
1999	5,246,459	4,083,770	(1,162,689)	128.5%	2,341,018	-
2000	5,953,335	4,546,142	(1,407,193)	131.0%	2,724,184	-
2001	5,863,873	5,806,339	(57,534)	101.0%	2,927,648	-
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%

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:

	<b>Hazardous Employees</b>	<b>General Employees</b>
Valuation date	9/30/2003	9/30/2003
Actuarial cost method	Entry age	Entry age
Asset valuation method	Market	Market
Actuarial assumptions:		
Investment rate of return (including inflation)	8.0% / year	8.0% / year
Salary increases (including inflation)	5.0% - 8.0% / year	4.7% - 8.3% / year
Inflation	5.0% / year	4.75% / year
Cost of living adjustments	3.0%	3.0%

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Required Supplementary Information*

*Pension Trust Funds - Schedule of Employer Contributions*

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<b>Year Ended September 30,</b>	<b>Annual Required Contribution</b>	<b>Percentage Contributed</b>
<b>Hazardous Employees Pension Fund</b>		
1999	\$ 245,079	100%
2000	292,851	100%
2001	324,423	100%
2002	286,675	109%
2003	397,241	106%
2004	494,055	118%
<b>General Employees Pension Fund</b>		
1999	\$ 213,864	100%
2000	197,915	100%
2001	154,786	100%
2002	131,309	100%
2003	399,459	100%
2004	428,696	100%

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**COMBINING FUND STATEMENTS AND  
OTHER INFORMATION**

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## **NONMAJOR GOVERNMENTAL FUNDS**

### **Special Revenue Funds**

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

**Library Fund** – Accounts for revenue received through donations and book sales. Expenditures are for purchases of books and equipment for the Village library.

**Law Enforcement Fund** – Accounts for proceeds from law enforcement forfeitures. Expenditures are for law enforcement purposes.

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

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Combining Balance Sheet*

*Nonmajor Governmental Funds*

*September 30, 2004*

	<u>Special Revenue Funds</u>			<b>Total Nonmajor Governmental Funds</b>
	<b>Library Fund</b>	<b>Law Enforcement Fund</b>	<b>Debt Service Fund</b>	
<b>Assets:</b>				
Cash and cash equivalents	\$ 70,382	\$ 8,108	\$ 20,677	\$ 99,167
<b>Total assets</b>	<b>\$ 70,382</b>	<b>\$ 8,108</b>	<b>\$ 20,677</b>	<b>\$ 99,167</b>
<b>Liabilities and Fund Balances:</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ -	\$ 1,808	\$ -	\$ 1,808
<b>Total liabilities</b>	<b>\$ -</b>	<b>\$ 1,808</b>	<b>\$ -</b>	<b>\$ 1,808</b>
Fund balances:				
Reserved for:				
Law enforcement	\$ -	\$ 6,300	\$ -	\$ 6,300
Debt service	-	-	20,677	20,677
Unreserved:				
Special revenue funds	70,382	-	-	70,382
<b>Total fund balances</b>	<b>\$ 70,382</b>	<b>\$ 6,300</b>	<b>\$ 20,677</b>	<b>\$ 97,359</b>
<b>Total liabilities and fund balances</b>	<b>\$ 70,382</b>	<b>\$ 8,108</b>	<b>\$ 20,677</b>	<b>\$ 99,167</b>

## VILLAGE OF PALM SPRINGS, FLORIDA

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

*Nonmajor Governmental Funds*

*Year Ended September 30, 2004*

	Special Revenue Funds			Total Nonmajor Governmental Funds
	Library Fund	Law Enforcement Fund	Debt Service Fund	
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ 527,625	\$ 527,625
Confiscated property	-	29,578	-	29,578
Contributions	23,889	-	-	23,889
Interest	562	158	-	720
Miscellaneous	176	-	-	176
<b>Total revenues</b>	<b>24,627</b>	<b>29,736</b>	<b>527,625</b>	<b>581,988</b>
<b>Expenditures</b>				
Current:				
Public safety	-	9,513	-	9,513
Culture/recreation	4,321	-	-	4,321
Capital outlay	-	24,070	-	24,070
Debt service:				
Principal	-	-	130,000	130,000
Interest and other fiscal charges	-	-	397,285	397,285
<b>Total expenditures</b>	<b>4,321</b>	<b>33,583</b>	<b>527,285</b>	<b>565,189</b>
Excess (deficiency) of revenues over expenditures	20,306	(3,847)	340	16,799
Fund balances, beginning of year	50,076	10,147	20,337	80,560
<b>Fund balances, end of year</b>	<b>\$ 70,382</b>	<b>\$ 6,300</b>	<b>\$ 20,677</b>	<b>\$ 97,359</b>

**COMBINING FIDUCIARY FUND STATEMENTS**

## VILLAGE OF PALM SPRINGS, FLORIDA

Combining Statement of Fiduciary Net Assets

September 30, 2004

	General Employees Pension Fund	Hazardous Employees Pension Fund	Total Pension Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 260,637	\$ 259,490	\$ 520,127
Investments			
U.S. obligations	577,751	407,923	985,674
Federal agencies	950,103	564,951	1,515,054
Mortgage-backed securities	84,714	43,709	128,423
Corporate bonds	692,660	415,931	1,108,591
Common stock	3,349,426	3,278,995	6,628,421
Receivables:			
Contributions	-	12,413	12,413
Interest and dividends	18,276	13,363	31,639
<b>Total assets</b>	<b>\$ 5,933,567</b>	<b>\$ 4,996,775</b>	<b>\$ 10,930,342</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 1,008	\$ -	\$ 1,008
<b>Total liabilities</b>	<b>\$ 1,008</b>	<b>\$ -</b>	<b>\$ 1,008</b>
<b>Net Assets</b>			
Net assets held in trust for pension benefits	\$ 5,932,559	\$ 4,996,775	\$ 10,929,334
<b>Total net assets</b>	<b>\$ 5,932,559</b>	<b>\$ 4,996,775</b>	<b>\$ 10,929,334</b>

## VILLAGE OF PALM SPRINGS, FLORIDA

Combining Statement of Changes in Fiduciary Net Assets  
Year Ended September 20, 2004

	General Employees Pension Fund	Hazardous Employees Pension Fund	Total Pension Funds
<b>Additions</b>			
Contributions:			
Employer	\$ 504,574	\$ 417,489	\$ 922,063
Plan members	37,351	18,644	55,995
State of Florida	-	76,566	76,566
<b>Total contributions</b>	<b>541,925</b>	<b>512,699</b>	<b>1,054,624</b>
Investment income:			
Interest	98,700	67,146	165,846
Dividends	43,864	45,735	89,599
Net appreciation in fair value of investments	199,874	147,410	347,284
Investment expenses	(30,937)	(26,039)	(56,976)
Net investment income	311,501	234,252	545,753
<b>Total additions</b>	<b>853,426</b>	<b>746,951</b>	<b>1,600,377</b>
<b>Deductions</b>			
Administration	42,341	39,734	82,075
Benefits	185,390	134,820	320,210
<b>Total deductions</b>	<b>227,731</b>	<b>174,554</b>	<b>402,285</b>
Net increase in plan net assets	625,695	572,397	1,198,092
Net assts held in trust for pension benefits, beginning of year	5,306,864	4,424,378	9,731,242
<b>Net assets held in trust for pension benefits, end of year</b>	<b>\$ 5,932,559</b>	<b>\$ 4,996,775</b>	<b>\$ 10,929,334</b>

**SCHEDULES OF LONG-TERM DEBT TO MATURITY**

# VILLAGE OF PALM SPRINGS, FLORIDA

Combining Schedule of Debt Service Requirements (Principal and Interest) to Maturity

September 30, 2004

Fiscal Year Ending September 30,	Governmental Activities		Business-type Activities				Total
	Bond Payable	Note Payable	Revenue Bonds Payable				
			Series 1988	Series 1984	Series 2003		
2005	\$ 519,606	\$ 841,972	\$ 685,000	\$ -	\$ 747,000	\$ 2,793,578	
2006	517,856	841,972	685,000	-	743,000	2,787,828	
2007	515,856	841,972	660,000	1,265,000	745,000	4,027,828	
2008	515,056	841,972	580,000	-	743,176	2,680,204	
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	
<b>Total</b>	<b>\$ 14,493,668</b>	<b>\$ 6,805,941</b>	<b>\$ 5,380,000</b>	<b>\$ 1,265,000</b>	<b>\$ 21,604,512</b>	<b>\$ 49,549,121</b>	

## VILLAGE OF PALM SPRINGS, FLORIDA

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

Fiscal Year Ending September 30,	Principal		Interest		Total	Interest Rate
	May 1	May 1	November 1	November 1		
2005	\$ 135,000	\$ 192,303	\$ 192,303	\$ 519,606	5.000%	
2006	140,000	188,928	188,928	517,856	5.000%	
2007	145,000	185,428	185,428	515,856	4.000%	
2008	150,000	182,528	182,528	515,056	4.000%	
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%	
<b>Total</b>	<b>\$ 7,635,000</b>	<b>\$ 3,429,334</b>	<b>\$ 3,429,334</b>	<b>\$ 14,493,668</b>		

**VILLAGE OF PALM SPRINGS, FLORIDA**

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

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<b>Fiscal Year</b>				
<b>Ending</b>				
<b>September 30,</b>	<b>Principal</b>		<b>Interest</b>	<b>Total</b>
2005	\$ 618,882		\$ 223,090	\$ 841,972
2006	644,199		197,773	841,972
2007	670,779		171,193	841,972
2008	698,307		143,665	841,972
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	69,935		230	70,165
<b>Total</b>	<b>\$ 5,796,318</b>		<b>\$ 1,009,623</b>	<b>\$ 6,805,941</b>

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**VILLAGE OF PALM SPRINGS, FLORIDA***\$7,489,857 Water and Sewer Revenue Refunding Bonds, Series 1988*

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<b>Fiscal Year</b>	<b>Principal</b>		<b>Interest</b>		<b>Total</b>
	<b>Ending</b>				
	<b>September 30,</b>	<b>October 1</b>	<b>April 1</b>	<b>October 1</b>	
2005	\$ 98,178	\$ 94,364	\$ 241,822	\$ 250,636	\$ 685,000
2006	89,485	85,884	250,515	259,116	685,000
2007	82,600	71,883	262,400	243,117	660,000
2008	63,632	60,604	226,368	229,396	580,000
2009	58,258	54,489	231,742	230,511	575,000
2010	52,369	49,807	232,631	235,193	570,000
2011	47,854	45,480	237,146	239,520	570,000
2012	43,688	41,490	241,312	243,510	570,000
2013	67,808	-	417,192	-	485,000
<b>Total</b>	<b>\$ 603,872</b>	<b>\$ 504,001</b>	<b>\$ 2,341,128</b>	<b>\$ 1,930,999</b>	<b>\$ 5,380,000</b>

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**VILLAGE OF PALM SPRINGS, FLORIDA**

*\$8,643,751 Water and Sewer Revenue Refunding Bonds, Series 1984*

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<b>Fiscal Year</b>				
<b>Ending</b>				
<b>September 30,</b>	<b>Principal</b>		<b>Interest</b>	<b>Total</b>
2007	\$ 122,983		\$ 1,142,017	\$ 1,265,000
<b>Total</b>	<b>\$ 122,983</b>		<b>\$ 1,142,017</b>	<b>\$ 1,265,000</b>

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Note: The Village has purchased U.S. Treasury obligations which are restricted to meet the principal payment of \$1,265,000 due April 1, 2007.

## VILLAGE OF PALM SPRINGS, FLORIDA

*\$11,550,000 Florida Municipal Loan Council Bond Series 2003*

Fiscal Year Ending September 30,	Principal		Interest		Total	Interest Rate
	May 1	May 1	November 1	November 1		
2005	\$ 200,000	\$ 273,500	\$ 273,500	\$ 747,000	2.000%	
2006	200,000	271,500	271,500	743,000	4.000%	
2007	210,000	267,500	267,500	745,000	3.250%	
2008	215,000	264,088	264,088	743,176	3.000%	
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%	
<b>Total</b>	<b>\$ 11,360,000</b>	<b>\$ 5,122,256</b>	<b>\$ 5,122,256</b>	<b>\$ 21,604,512</b>		

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# **STATISTICAL SECTION**

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# STATISTICAL SECTION

This part of the Village of Palm Spring's 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 Spring's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends .....	67
<i>These schedules contain trend information to help the reader understand how the Village of Palm Spring's financial performance and well-being have changed over time.</i>	
Revenue Capacity .....	77
<i>These schedules contain information to help the reader assess the Village of Palm Spring's most significant local revenue source, the property tax.</i>	
Debt Capacity .....	81
<i>These schedules present information to help the reader assess the affordability of the Village of Palm Spring's current levels of outstanding debt and the Village of Palm Spring's ability to issue additional debt in the future.</i>	
Demographic and Economic Information.....	85
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village of Palm Spring's financial activities take place.</i>	
Operating Information .....	87
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Village of Palm Spring's 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 Two Fiscal Years*

*Accrual Basis of Accounting*

	Fiscal Year	
	2003	2004
<b>Governmental activities</b>		
Invested in capital assets, net of related debt	\$ 4,441,217	\$ 6,584,386
Restricted	2,764,453	-
Unrestricted	3,212,820	4,100,592
<b>Total governmental activities net assets</b>	<b>\$ 10,418,490</b>	<b>\$ 10,684,978</b>
<b>Business-type activities</b>		
Invested in capital assets, net of related debt	\$ 16,776,279	\$ 19,234,374
Restricted	4,363,132	2,336,464
Unrestricted	5,960,324	6,992,800
<b>Total business-type activities net assets</b>	<b>\$ 27,099,735</b>	<b>\$ 28,563,638</b>
<b>Primary government</b>		
Invested in capital assets, net of related debt	\$ 21,217,496	\$ 25,818,760
Restricted	7,127,585	2,336,464
Unrestricted	9,173,144	11,093,392
<b>Total primary government net assets</b>	<b>\$ 37,518,225</b>	<b>\$ 39,248,616</b>

Information prior to fiscal year 2003 is not available.

# VILLAGE OF PALM SPRINGS, FLORIDA

*Changes in Net Assets*

*Last Two Fiscal Years*

*Accrual Basis of Accounting*

	Fiscal Year	
	2003	2004
<b>Expenses</b>		
Governmental activities:		
General government	\$ 1,758,726	\$ 1,246,098
Public safety	3,655,456	4,306,625
Physical environment	440,529	809,087
Transportation	720,492	938,374
Culture/recreation	469,983	1,331,518
Interest on long-term debt	482,553	426,357
<b>Total governmental activities expenses</b>	<b><u>7,527,739</u></b>	<b><u>9,058,059</u></b>
Business-type activities:		
Water/Sewer Utility	7,404,500	8,006,446
<b>Total business-type activities expenses</b>	<b><u>7,404,500</u></b>	<b><u>8,006,446</u></b>
<b>Total primary government expenses</b>	<b><u>\$ 14,932,239</u></b>	<b><u>\$ 17,064,505</u></b>
<b>Program Revenues</b>		
Governmental activities:		
Charges for services:		
General government	\$ 221,343	\$ 318,035
Public safety	785,366	838,765
Physical environment	350,120	398,628
Culture/recreation	236,772	357,950
Operating grants and contributions:		
General government	25,468	-
Public safety	82,189	76,566
Culture/recreation	74,439	29,745
Capital grants and contributions:		
General government	10,000	-
Public safety	-	44,204
Culture/recreation	581,141	176,238
<b>Total governmental activities program revenues</b>	<b><u>2,366,838</u></b>	<b><u>2,240,131</u></b>
Business-type activities:		
Charges for services:		
Water/Sewer	8,618,975	9,637,956
Capital grants and contributions	1,125,555	715,077
<b>Total business-type activities program revenues</b>	<b><u>9,744,530</u></b>	<b><u>10,353,033</u></b>
<b>Total primary government program revenues</b>	<b><u>\$ 12,111,368</u></b>	<b><u>\$ 12,593,164</u></b>
<b>Net (expense)/revenue</b>		
Governmental activities	\$ (5,160,901)	\$ (6,817,928)
Business-type activities	2,340,030	2,346,587
<b>Total primary government net expense</b>	<b><u>\$ (2,820,871)</u></b>	<b><u>\$ (4,471,341)</u></b>

	Fiscal Year	
	2003	2004
<b>General Revenues and Other Changes in Net Assets</b>		
Governmental activities:		
Taxes:		
Property taxes	\$ 2,138,258	\$ 2,317,271
Utility service taxes	1,241,306	1,285,916
Franchise fees	526,320	552,295
Sales taxes	1,197,671	1,290,027
Intergovernmental, unrestricted	363,681	421,513
Investment earnings	133,061	70,684
Miscellaneous	86,129	31,340
Transfers	990,172	1,115,370
<b>Total governmental activities</b>	<b>6,676,598</b>	<b>7,084,416</b>
Business-type activities		
Investment earnings	238,020	219,955
Miscellaneous	19,657	12,731
Transfers	(990,172)	(1,115,370)
<b>Total business-type activities</b>	<b>(732,495)</b>	<b>(882,684)</b>
<b>Total primary government</b>	<b>\$ 5,944,103</b>	<b>\$ 6,201,732</b>
<b>Changes in Net Assets</b>		
Governmental activities	\$ 1,515,697	\$ 266,488
Business-type activities	1,607,535	1,463,903
<b>Total primary government</b>	<b>\$ 3,123,232</b>	<b>\$ 1,730,391</b>

Information prior to fiscal year 2003 is not available.

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Governmental Activities Tax Revenues by Source*

*Last Two Fiscal Years*

*Accrual Basis of Accounting*

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<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Utility Service Tax</b>	<b>Franchise Fees</b>	<b>Sales and Use Tax</b>	<b>Total</b>
<b>2003</b>	\$ 2,138,258	\$ 1,241,306	\$ 526,320	\$ 1,197,671	\$ 5,103,555
<b>2004</b>	2,317,271	1,285,916	552,295	1,290,027	5,445,509

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Information prior to fiscal year 2003 is not available.

# VILLAGE OF PALM SPRINGS, FLORIDA

*Fund Balances of Governmental Funds*

*Last Ten Fiscal Years*

*Modified Accrual Basis of Accounting*

	<b>Fiscal Year</b>			
	<b>1995</b>	<b>1996</b>	<b>1997</b>	<b>1998</b>
<b>General fund</b>				
Reserved	\$ 27,591	\$ 19,274	\$ 15,201	\$ 15,479
Unreserved	1,701,632	1,686,536	1,550,149	1,346,286
Total General Fund	<u>\$ 1,729,223</u>	<u>\$ 1,705,810</u>	<u>\$ 1,565,350</u>	<u>\$ 1,361,765</u>
<b>All other governmental funds</b>				
Reserved	\$ 11,214	\$ 11,720	\$ 14,530	\$ 14,128
Unreserved, reported in:				
Special revenue funds	153,483	156,097	158,187	168,563
Total all other governmental funds	<u>\$ 164,697</u>	<u>\$ 167,817</u>	<u>\$ 172,717</u>	<u>\$ 182,691</u>

<b>Fiscal Year</b>					
<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>	<b>2004</b>
\$ 16,319	\$ 17,776	\$ 10,604	\$ 6,259	\$ 9,703	\$ 11,692
1,596,734	2,099,882	2,785,703	3,457,660	3,798,650	4,072,476
<u>\$ 1,613,053</u>	<u>\$ 2,117,658</u>	<u>\$ 2,796,307</u>	<u>\$ 3,463,919</u>	<u>\$ 3,808,353</u>	<u>\$ 4,084,168</u>
\$ 14,499	\$ 14,050	\$ 12,614	\$ 6,167,601	\$ 2,369,958	\$ 249,050
151,037	115,518	17,786	19,092	50,076	70,382
<u>\$ 165,536</u>	<u>\$ 129,568</u>	<u>\$ 30,400</u>	<u>\$ 6,186,693</u>	<u>\$ 2,420,034</u>	<u>\$ 319,432</u>

## VILLAGE OF PALM SPRINGS, FLORIDA

*Changes in Fund Balances of Governmental Funds*

*Last Ten Fiscal Years*

*Modified Accrual Basis of Accounting*

	Fiscal Year			
	1995	1996	1997	1998
<b>Revenues</b>				
Taxes	2,059,406	2,112,906	2,159,182	2,196,096
Licenses and permits	109,921	111,761	135,986	176,861
Intergovernmental	1,081,841	1,090,222	1,200,367	1,308,837
Confiscated property	-	-	-	-
Grants	-	-	-	-
Charges for services	449,745	443,158	485,899	521,063
Fines and forfeits	94,627	94,083	128,775	145,240
Contributions	33,932	32,356	48,877	37,603
Investment earnings	128,201	138,282	139,881	153,873
Miscellaneous	77,964	100,661	137,526	151,815
<b>Total revenues</b>	<u>4,035,637</u>	<u>4,123,429</u>	<u>4,436,493</u>	<u>4,691,388</u>
<b>Expenditures</b>				
General government	620,166	699,027	768,554	804,182
Public safety	1,904,265	2,006,287	2,272,811	2,418,895
Physical environment	280,692	292,636	292,310	302,388
Transportation	416,316	478,402	471,235	527,672
Culture/Recreation	859,426	923,876	944,755	1,001,217
Capital Outlay	377,478	304,864	385,651	420,605
Debt service				
Principal	35,000	35,000	41,164	43,428
Interest and other fiscal charges	42,132	39,700	39,414	25,669
<b>Total expenditures</b>	<u>4,535,475</u>	<u>4,779,792</u>	<u>5,215,894</u>	<u>5,544,056</u>
Excess of revenues over (under) expenditures	(499,838)	(656,363)	(779,401)	(852,668)
<b>Other financing sources (uses)</b>				
Transfers in	611,451	636,070	633,841	659,057
Transfers out				
Bonds issued				
Redemption of bonds			530,000	
Proceeds of refunding note			(520,000)	
<b>Total other financing sources (uses)</b>	<u>611,451</u>	<u>636,070</u>	<u>643,841</u>	<u>659,057</u>
Net change in fund balances	<u>111,613</u>	<u>(20,293)</u>	<u>(135,560)</u>	<u>(193,611)</u>
Debt service as a percentage of non-capital expenditures	1.89%	1.70%	1.70%	1.37%

Fiscal Year					
1999	2000	2001	2002	2003	2004
2,266,955	2,538,952	2,817,347	3,272,134	3,905,884	4,155,482
231,549	218,904	175,713	258,364	620,841	711,795
1,356,469	1,534,183	1,493,623	1,566,010	1,749,953	1,955,300
-	-	-	-	15,515	29,578
-	-	-	-	591,141	154,859
569,928	616,163	643,125	653,923	723,730	845,962
165,491	149,962	162,697	179,059	170,629	140,670
34,261	43,703	33,596	24,635	49,311	33,434
106,772	148,555	144,638	164,983	133,061	70,684
185,394	136,263	188,154	51,488	93,200	111,413
<b>4,916,819</b>	<b>5,386,685</b>	<b>5,658,893</b>	<b>6,170,596</b>	<b>8,053,265</b>	<b>8,209,177</b>
800,880	794,282	819,386	906,582	988,770	1,050,402
2,470,929	2,555,442	2,871,557	3,117,272	3,552,982	4,005,927
323,778	321,411	327,565	385,569	406,397	752,528
514,062	487,655	552,555	584,258	699,430	912,573
1,070,289	1,095,784	1,018,519	923,166	1,029,230	1,193,457
178,681	563,481	507,050	2,161,371	5,045,584	2,707,162
45,816	48,336	50,995	53,800	371,461	130,000
23,200	20,887	17,898	15,022	409,092	397,285
<b>5,427,635</b>	<b>5,887,278</b>	<b>6,165,525</b>	<b>8,147,040</b>	<b>12,502,946</b>	<b>11,149,334</b>
(510,816)	(500,593)	(506,632)	(1,976,444)	(4,449,681)	(2,940,157)
744,949	1,058,584 (89,353)	1,169,944 (216,292)	970,424	1,183,220 (193,048)	1,115,370
			7,829,925		
<b>744,949</b>	<b>969,231</b>	<b>953,652</b>	<b>8,800,349</b>	<b>990,172</b>	<b>1,115,370</b>
234,133	468,638	447,020	6,823,905	(3,459,509)	(1,824,787)
1.33%	1.47%	1.23%	1.16%	11.69%	6.66%

## VILLAGE OF PALM SPRINGS, FLORIDA

*General Governmental Tax Revenues By Source*

*Last Ten Fiscal Years*

*Modified Accrual Basis of Accounting*

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<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Utility Service Tax</b>	<b>Franchise Fees</b>	<b>Sales Tax</b>	<b>Total</b>
<b>1995</b>	\$ 981,051	\$ 676,942	\$ 401,413	\$ 559,604	\$ <b>2,619,010</b>
<b>1996</b>	1,002,400	687,983	422,523	589,825	<b>2,702,731</b>
<b>1997</b>	975,774	724,577	458,831	607,396	<b>2,766,578</b>
<b>1998</b>	972,713	760,390	462,993	646,918	<b>2,843,014</b>
<b>1999</b>	1,012,090	802,028	452,837	686,254	<b>2,953,209</b>
<b>2000</b>	1,132,703	931,995	474,254	760,263	<b>3,299,215</b>
<b>2001</b>	1,272,374	952,623	592,350	784,982	<b>3,602,329</b>
<b>2002</b>	1,489,071	1,262,933	520,130	878,129	<b>4,150,263</b>
<b>2003</b>	2,138,258	1,241,306	526,320	900,323	<b>4,806,207</b>
<b>2004</b>	2,317,271	1,285,916	552,295	979,566	<b>5,135,048</b>

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## VILLAGE OF PALM SPRINGS, FLORIDA

*Assessed Value of Taxable Property*

*Last Ten Fiscal Years*

<b>Fiscal Year</b> <b>Ending</b> <b>September 30,</b>	<b>Assessed Values</b>		
	<b>Real</b> <b>Property</b>	<b>Personal</b> <b>Property</b>	<b>Total</b>
1995	\$ 159,616,742	\$ 9,674,200	\$ 169,290,942
1996	163,872,781	10,865,921	174,738,702
1997	164,977,593	11,222,725	176,200,318
1998	166,359,756	11,316,560	177,676,316
1999	176,287,521	10,663,403	186,950,924
2000	198,824,997	11,344,980	210,169,977
2001	225,302,844	13,552,211	238,855,055
2002	275,502,947	18,007,541	293,510,488
2003	304,931,917	19,476,608	324,408,525
2004	357,940,185	21,247,358	379,187,543

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.

Source: Palm Beach County Property Appraiser's Office.

## VILLAGE OF PALM SPRINGS, FLORIDA

*Property Tax Rates - Direct and Overlapping Governments*

*Last Ten Fiscal Years*

<b>Fiscal Year Ending September 30,</b>	<b>General Fund</b>	<b>Debt Service</b>	<b>Total Village of Palm Springs</b>	<b>School District</b>	<b>Palm Beach County</b>	<b>Special Taxing Districts</b>	<b>Total All</b>
1995	5.4510	0.4570	5.9080	10.1850	4.5193	2.5496	23.1619
1996	5.4510	0.4450	5.8960	9.7970	4.5193	2.9690	23.1813
1997	5.3114	0.4261	5.7375	9.7880	4.5191	2.2856	22.3302
1998	5.2632	0.4064	5.6696	9.5570	4.8666	2.2694	22.3626
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

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**September 30, 2004*

	<b>2004</b>			
	<b>Taxable Assessed Valuation</b>	<b>Taxes</b>	<b>Rank</b>	<b>Percentage of Total Taxes Levied</b>
IRT Property Co.	\$ 12,300,000	\$ 77,746	1	4.20%
CSC Village Club Apts LTD	11,300,000	71,425	2	3.86%
Woodhaven LTD Partnership	6,591,689	41,665	3	2.25%
EQR Village Green Vistas Inc.	6,022,699	38,068	4	2.06%
Waterton Eastwood	5,241,929	33,133	5	1.79%
Phillips Lake Worth	4,800,000	30,340	6	1.64%
Jerjo Inc.	4,716,429	29,812	7	1.61%
Acquiport Amsdell IV	4,000,000	25,283	8	1.37%
Aurora Homes Inc.	3,568,336	22,555	9	1.22%
Rex Prop Palm Springs LTD Co.	3,328,162	21,037	10	1.14%
Reef MidAmerica/East IV, Inc.	-	-	-	-
Lake Worth Shopping Associates	-	-	-	-
Boville Assoc. Ltd.	-	-	-	-
Barr Condo Manors Apartments, Ltd.	-	-	-	-
Carrander Corp. Inc.	-	-	-	-
South Florida Centers, Ltd.	-	-	-	-
Rex Terrace Apartments, Ltd.	-	-	-	-
Lake Worth Association	-	-	-	-
Totals	<u>\$ 61,869,244</u>	<u>\$ 391,063</u>		<u>21.12%</u>

<b>1995</b>			
<b>Taxable Assessed Valuation</b>	<b>Taxes</b>	<b>Rank</b>	<b>Percentage of Total Taxes Levied</b>
\$ 7,600,000	\$ 41,428	2	4.50%
-	-	-	-
4,481,500	24,429	4	2.60%
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
8,500,000	46,334	1	5.00%
6,604,384	36,000	3	3.90%
4,474,000	28,388	5	3.10%
2,200,000	11,992	6	1.30%
1,349,500	7,356	7	0.80%
1,139,432	6,211	8	0.70%
1,130,000	6,160	9	0.70%
900,000	4,906	10	0.50%
<b>\$ 38,378,816</b>	<b>\$ 213,204</b>		<b>23.10%</b>

## VILLAGE OF PALM SPRINGS, FLORIDA

### Property Tax Levies and Collections

#### Last Ten Fiscal Years

<b>Fiscal Year Ending September 30,</b>	<b>Net Tax Levy*</b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Property Tax Collections</b>	<b>Collections as a Percent of Current Levy</b>
1995	\$ 922,805	\$ 897,204	97.23%	\$ 6,489	\$ 903,693	97.93%
1996	952,501	919,594	96.55%	7,881	927,475	97.37%
1997	951,358	902,582	94.87%	761	903,343	94.95%
1998	942,114	902,975	95.85%	615	903,590	95.91%
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	1,851,562	1,786,544	96.49%	3,102	1,789,646	96.66%

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

\* Tax levy, net of allowance for discounts.

## VILLAGE OF PALM SPRINGS, FLORIDA

*Ratios of Outstanding Debt by Type*

*Last Two Fiscal Years*

<u>Fiscal Year</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>			<u>Total Primary Government</u>	<u>Population</u>	<u>Per Capita</u>
	<u>General Obligation Bonds</u>	<u>Water &amp; Sewer Revenue Bonds</u>	<u>Notes Payable</u>	<u>Obligation Under Agreement</u>			
<b>2003</b>	\$ 7,765,000	16,794,468	6,390,232	1,733,326	32,683,026	12,944	\$2,524.96
<b>2004</b>	7,635,000	16,854,899	5,796,318	1,223,927	31,510,144	13,363	2,358.01

**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.

Information prior to fiscal year 2003 is not available.

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Ratios of General Bonded Debt Outstanding*

*Last Ten Fiscal Years*

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Assessed Value of Taxable Property</b>	<b>Percentage of Assessed Value of Taxable Property</b>	<b>Population</b>	<b>Per Capita</b>
1995	\$ 555,000	\$ 10,869	\$ 544,131	\$ 169,290,942	0.32%	9,763	\$ 55.73
1996	520,000	10,914	509,086	174,738,702	0.29%	9,763	52.14
1997	488,826	12,767	476,059	176,200,318	0.27%	10,146	46.92
1998	445,408	12,793	432,615	177,676,316	0.24%	10,146	42.64
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

**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, 2004*

	<b>Total Outstanding</b>	<b>Percentage Applicable to Village of Palm Springs<sup>(1)</sup></b>	<b>Amount Applicable to Village of Palm Springs</b>
Direct:			
Village of Palm Springs	\$ 7,635,000	100.00%	\$ 7,635,000
Overlapping:			
Palm Beach County	275,905,000	0.57%	1,572,659
Palm Beach County School District	154,400,000	0.57%	880,080
Total overlapping debt	430,305,000		2,452,739
<b>Total direct and overlapping debt payable from ad valorem taxes</b>	<b>\$ 437,940,000</b>		<b>\$ 10,087,739</b>
Estimated population			13,363
Total direct and overlapping debt per capita			\$ 754.90

<sup>(1)</sup> 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*

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<b>Fiscal Year Ended September 30,</b>	<b>Gross Revenue*</b>	<b>Operating Expenses**</b>	<b>Revenue Available for Debt Coverage</b>	<b>Current Debt Service</b>	<b>Current Coverage</b>
1995	\$ 6,338,409	\$ 3,057,479	\$ 3,280,930	\$ 1,054,620	3.11
1996	6,590,574	3,189,506	3,401,068	1,368,682	2.48
1997	7,449,493	3,444,292	4,005,201	1,692,198	2.37
1998	8,731,807	3,721,686	5,010,121	1,828,105	2.74
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

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\* Includes interest income and capital contributions.

\*\* Excludes depreciation and amortization expense.

## VILLAGE OF PALM SPRINGS, FLORIDA

### Demographic and Economic Statistics

#### Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population<sup>(1)</sup></b>	<b>Personal Income</b>	<b>Per Capita Personal Income<sup>(2)</sup></b>	<b>Median Age<sup>(2)</sup></b>	<b>Education Level in Years of Formal Schooling</b>	<b>School Enrollment<sup>(2)</sup></b>	<b>Unemployment Rate<sup>(2)</sup></b>
1995	9,763	N/A	\$ 30,901	N/A	N/A	N/A	N/A
1996	9,763	N/A	33,518	N/A	N/A	N/A	7.0%
1997	10,146	N/A	33,852	N/A	N/A	N/A	6.4%
1998	10,146	N/A	36,057	N/A	N/A	N/A	5.8%
1999	10,146	N/A	36,057	N/A	N/A	N/A	5.7%
2000	10,220	N/A	40,044	N/A	N/A	N/A	4.7%
2001	12,351	N/A	41,907	N/A	N/A	N/A	6.0%
2002	12,351	N/A	42,430	N/A	N/A	N/A	6.4%
2003	12,944	N/A	43,626	41.8	N/A	N/A	5.8%
2004	13,363	N/A	44,120	41.8	N/A	161,600	5.8%

#### Data Sources:

<sup>(1)</sup> The population for the years 1995 and 1996 is the same data as the 1990 U.S. Census Bureau count. The population for 1997 through 2000 and 2003 through 2004 was obtained from the University of Florida, Bureau of Economic Business Administration. The population for 2001 and 2002 was obtained from the 2000 U.S. Census Bureau count.

<sup>(2)</sup> Source: Business Development Board of Palm Beach County. Data is for West Palm Beach to Boca Raton.

N/A - Not Available

## VILLAGE OF PALM SPRINGS, FLORIDA

*Principal Employers*

*September 30, 2004*

	2004 <sup>(1)</sup>			1995 <sup>(1)</sup>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Village Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Village Employment</u>
<b>Employer</b>						
Palm Beach County School District	18,677	1	N/A	N/A	N/A	N/A
Palm Beach County	9,000	2	N/A	N/A	N/A	N/A
Columbia PB Healthcare System, Inc.	4,000	3	N/A	N/A	N/A	N/A
Tenet Healthcare Corp.	3,040	4	N/A	N/A	N/A	N/A
Florida Power & Light (Headquarters)	2,800	5	N/A	N/A	N/A	N/A
Boca Raton Resort & Club	2,380	6	N/A	N/A	N/A	N/A
U. S. Sugar Corp	2,200	7	N/A	N/A	N/A	N/A
Florida Crystals	2,000	8	N/A	N/A	N/A	N/A
Bethesda Memorial Hospital	1,800	9	N/A	N/A	N/A	N/A
The Breakers	1,800	10	N/A	N/A	N/A	N/A
Totals	<u>47,697</u>		<u>0.00%</u>	<u>-</u>		<u>0.00%</u>

<sup>(1)</sup> Source: Business Development Board of Palm Beach County. Data is for West Palm Beach to Boca Raton.

N/A - Not Available

## VILLAGE OF PALM SPRINGS, FLORIDA

*Full-time Equivalent Village Government Employees by Function*

*Last Ten Fiscal Years*

	Full-time Equivalent Employees as of September 30,									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General government	10.5	10.5	10.5	11.5	11.5	11.5	11.5	11.5	11.5	12.5
Public Safety										
Building official	1	1	1	1	1	1	1	1	1	1
Land Development	2	2	2	3	3	3	3.5	3.5	4.5	6.5
Police officers	25	27	28	28	28	32	32	32	33	34
Firefighters	4	4	3	3	4	4	4	4	4	4
Civilian Police/Fire	7	10	10	12.5	12	8	9	15	16.5	16.5
Sanitation	6	6	6	6	6	6	6	7	7	10
Transportation	13	13	13	13	13	13	15	15	17	18
Culture/Recreation										
Library	7.5	7.5	7.5	7.5	8.5	8.5	9	9	8.5	9
Leisure Services	8.5	8.5	8.5	9	9	9	10	7.5	11	10.5
Water & Sewer Utility	32	32	32	32	32.5	33.5	41	41	41	44
<b>Total</b>	<b>116.5</b>	<b>121.5</b>	<b>121.5</b>	<b>126.5</b>	<b>128.5</b>	<b>129.5</b>	<b>142</b>	<b>146.5</b>	<b>155</b>	<b>166</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## Operating Indicators by Function

Last Five Fiscal Years

Function	Fiscal Year				
	2000	2001	2002	2003	2004
<b>Public Safety</b>					
<b>Police</b>					
Physical arrests	715	786	679	906	896
Parking violations	368	N/A	N/A	375	349
Traffic violations	8,162	9,383	11,280	9,257	7,077
<b>Fire</b>					
Number of calls	1,242	1,017	1,300	1,475	1,966
<b>Sanitation</b>					
Refuse collected (tons)	N/A	3,887	4,239	4,491	6,589
Recyclables collected (tons)	N/A	656	626	602	715
<b>Roads and Streets</b>					
Street resurfacing (miles)	N/A	N/A	N/A	N/A	2.23
Pot holes repaired	149	162	173	194	205
<b>Culture/recreation</b>					
<b>Library</b>					
Circulation	57,826	59,277	62,219	62,317	63,305
Programs offered	284	364	291	403	279
Program attendance	4,927	5,436	2,992	3,096	3,052
<b>Leisure Services</b>					
Youth athletic participants	1,150	975	950	900	950
Camp program participants	450	425	425	450	425
Class participants	75	75	75	150	600
<b>Water/Sewer Utility</b>					
Water customers	11,486	11,672	11,931	11,531	11,634
Water main breaks	2	3	2	2	5
Sewer customers	8,106	9,018	9,018	9,151	9,405
Avg daily water consumption (thousand of gallons)	3,459	4,071	4,175	4,335	4,076

Sources: Village departments

Note: Data is not available for fiscal years prior to 2000.

N/A: Not available.

# VILLAGE OF PALM SPRINGS, FLORIDA

## Capital Asset Statistics by Function

Last Five Fiscal Years

Function	Fiscal Year				
	1995	1996	1997	1998	1999
<b>Public Safety</b>					
<b>Police</b>					
Stations	1	1	1	1	1
Patrol Units	23	23	24	24	26
<b>Fire</b>					
Fire Stations	1	1	1	1	1
Fire trucks	3	3	3	3	3
ALS Rescue Vehicles	3	3	4	4	3
<b>Sanitation</b>					
Garbage Trucks	3	3	3	3	3
Trash Trucks	2	2	2	2	2
<b>Roads and Streets</b>					
Street lights	6	6	6	6	6
Lane miles	26	26	31	31	33
<b>Culture/recreation</b>					
<b>Library</b>					
Books	38,325	37,717	38,652	38,851	37,868
<b>Leisure Services</b>					
Ballfields - lighted	4	4	4	4	4
Basketball courts	2	2	2	2	2
Soccer fields	3	3	3	3	3
Tennis courts	4	4	4	4	4
Parks	1	1	1	1	1
<b>Water/Sewer Utility</b>					
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.

Fiscal Year				
2000	2001	2002	2003	2004
1	1	1	1	1
26	26	30	30	32
1	1	1	1	1
3	3	3	4	3
3	3	3	4	4
3	3	3	3	3
2	2	2	2	3
6	6	6	13	13
43	47	58	58	59
32,440	34,924	34,614	41,795	42,324
4	4	4	4	4
2	2	2	2	2
3	3	3	3	3
4	4	0	2	4
1	1	1	2	2
N/A	N/A	N/A	N/A	126
N/A	N/A	N/A	N/A	83
N/A	N/A	N/A	N/A	4
N/A	N/A	N/A	N/A	863
8,000	8,000	8,000	8,000	10,000

## VILLAGE OF PALM SPRINGS, FLORIDA

*Schedule of Insurance in Force*

*September 30, 2004*

<b>Company</b>	<b>Policy Number</b>	<b>Type of Coverage</b>	<b>Property Covered</b>	<b>Amount of Coverage</b>
The Travelers	Haz #103019447	Fiduciary liability	Pension trustees	\$500,000
The Travelers	Gen #103019435	Fiduciary liability	Pension trustees	\$1,000,000
Travelers Casualty & Surety Company	206024582	Public official bond	Village Finance	\$25,000
Preferred Government	0502504-02-01	Property inland marine	Village Property	\$11,003,577
Preferred Government Insurance Trust	0502504-02-01	General liability	Village property	\$1,000,000 \$2,000,000
Preferred Government Insurance Trust	0502504-02-01	Automobile liability/ physical damage	Any auto Owned vehicles	\$1,000,000 actual cash value
Preferred Government Insurance Trust	0502504-02-01	Crime	Employees	\$100,000
Preferred Government Insurance Trust	0502504-02-01	Professional liability	Public officials law enforcement	\$1,000,000
AIG Life Insurance	SRG0008047915	Accidental Death and Dismemberment	Village employees	\$50,000 \$150,000
Preferred Government Insurance Trust	1000000130102	Workers Compensation	Village employees	\$50,000 \$150,000
Gulf Underwriters	GU2826426	Pollution liability	Village Property	\$1,000,000 per claim
Travelers Casualty & Surety Company	206705220	Public Official Bond	Village Manager	\$25,000

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## **COMPLIANCE SECTION**

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

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. CALER, JR., CPA  
LOUIS M. COHEN, CPA  
DAVID S. DONTEN, CPA  
SCOTT D. DRUKER, CPA, JD  
JAMES B. HUTCHISON, CPA  
JOEL H. LEVINE, CPA  
JAMES F. MULLEN, IV, CPA  
THOMAS A. PENCE, JR., CPA  
SCOTT L. PORTER, CPA  
MARK D. VEIL, CPA

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

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

info@cdlcpa.com

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report 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, 2004, which collectively comprise the basic financial statements of the Village of Palm Springs, Florida, and have issued our report thereon dated December 3, 2004. 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, in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

***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.

*Cales, Danten, Levine,  
Dunker, Porter & Veil, P.A.*

December 3, 2004



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

CERTIFIED PUBLIC ACCOUNTANTS

WILLIAM K. CALER, JR., CPA  
LOUIS M. COHEN, CPA  
DAVID S. DONTEN, CPA  
SCOTT D. DRUKER, CPA, JD  
JAMES B. HUTCHISON, CPA  
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Management Letter

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

We have audited the financial statements of the Village of Palm Springs, Florida, as of and for the year ended September 30, 2004, and have issued our report thereon dated December 3, 2004.

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 3, 2004, 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 require that we address certain compliance and other matters in the management letter, if not already addressed in the auditor's report on internal control over financial reporting and on compliance and other matters. In planning and performing our audit of the financial statements of the Village of Palm Springs, Florida, as of and for the year ended September 30, 2004, we considered the Village's internal control over financial reporting in order to determine the scope of our audit procedures for the purpose of expressing opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. While our purpose was not to provide an opinion on the internal control over financial reporting, certain matters came to our attention that we want to report to you. These matters, along with our recommendations, are as follows.

**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 auditor's report on internal control over financial reporting and on compliance and other matters: (1) violations of laws, rules, regulations, and contractual provisions 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 as of and for the year ended September 30, 2004 disclosed none of the foregoing matters that are required to be reported.

**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 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 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 recommendations in the management letter for the prior year.

## **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, was not in a state of financial emergency during the fiscal year ended September 30, 2004 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, 2004. 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, 2004. 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, 2004.

### 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,  
Dunker, Porter & Veil, P.A.*

December 3, 2004