

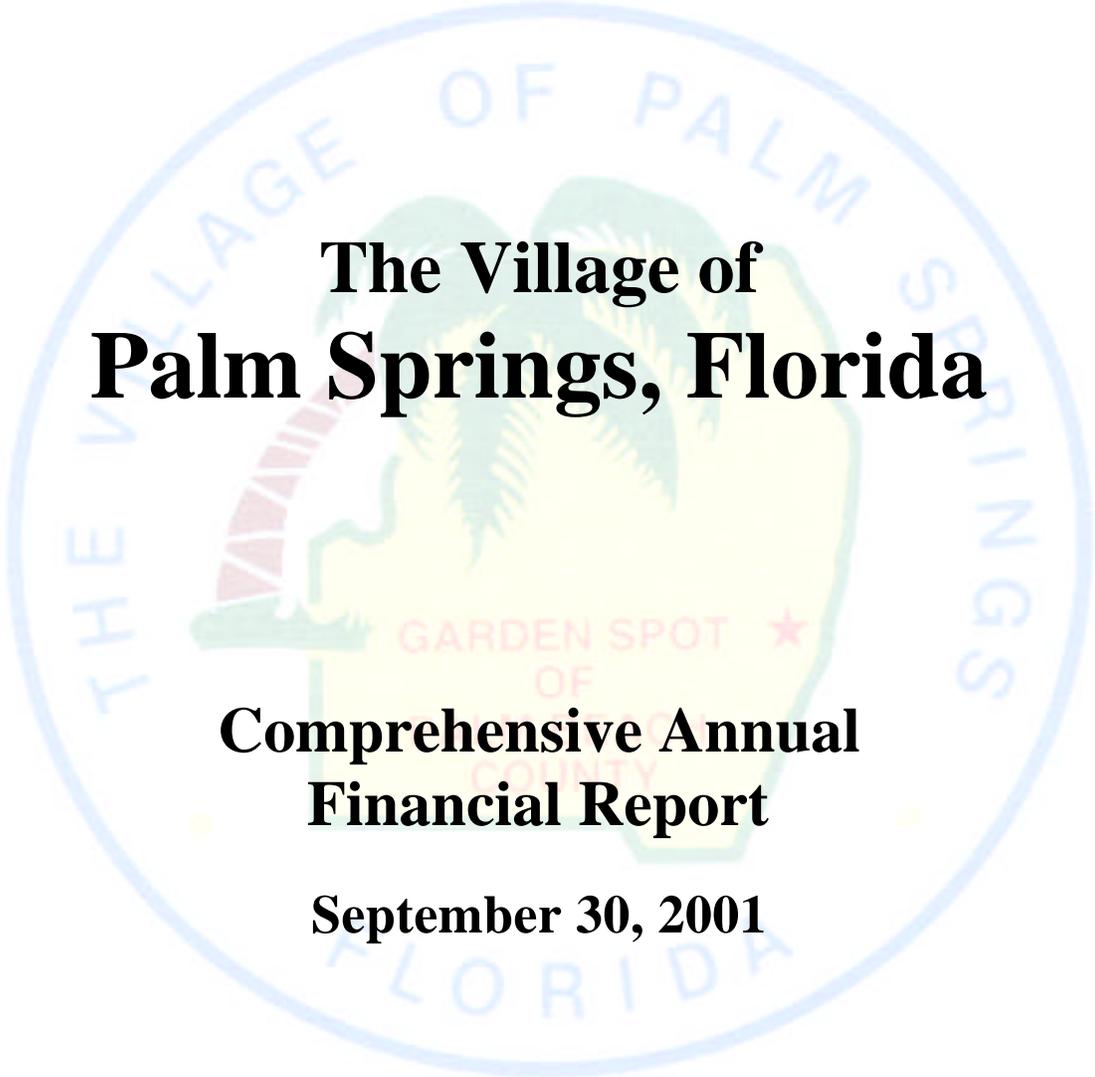


# THE VILLAGE OF PALM SPRINGS, FLORIDA



**Comprehensive Annual Financial Report**

**September 30, 2001**

The seal of The Village of Palm Springs, Florida, is a circular emblem. It features a central palm tree with a white dog sitting on a green patch of grass at its base. The words "THE VILLAGE OF PALM SPRINGS" are written in a circular path around the top, and "FLORIDA" is written at the bottom. In the center, below the palm tree, it says "GARDEN SPOT OF COUNTY" with a small red star to the right of "SPOT".

**The Village of  
Palm Springs, Florida**

**Comprehensive Annual  
Financial Report**

**September 30, 2001**

**Prepared by:  
Finance Department**

**Rebecca L. Morse  
Director of Finance**

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# INTRODUCTORY SECTION

January 31, 2002

The Honorable Mayor, Members of  
the Village Council, and Residents  
of the Village of Palm Springs

The Department of Finance is pleased to present the Village's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2001. This report provides full financial disclosure to assist our residents and other users of this report in making economic, social, and political decisions.

The CAFR has been prepared in accordance with the Village Charter, Florida State Statutes, and generally accepted accounting principles for governments. 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.

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 general-purpose financial statements and the combining and individual fund and account group financial statements and schedules, as well as the auditors report on these financial statements and schedules.
- ❖ The **statistical section** presents tables and additional data that provide financial, social, demographic and historical trend 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*, and the management letter.

The Village of Palm Springs is a full-service municipality 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 financial reporting entity includes all the funds and account groups of the primary government (the Village of Palm Springs, as legally defined), as well as all of its component units in accordance with GASB *Codification of Governmental Accounting and Financial Reporting Standards, Section 2100*. "Defining the Reporting Entity." Component units are legally separate entities for which the primary government is 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.

## **ECONOMIC CONDITION AND OUTLOOK**

The economic outlook for the Village has never looked brighter. The Village has always been “A Great Place to Call Home” but for years it was a secret only our residents knew. In recent years the Village has undertaken an aggressive annexation program and now we have neighborhoods requesting to become part of our community. Homes located within our municipal boundaries have a higher market value than similar properties in the adjoining unincorporated area and homes sell faster with a Palm Springs location. Realtors list homes as being located in Palm Springs or “Palm Springs Area” to increase interest. In addition to adding residential areas, the Village has significantly increased the number of commercial properties with the annexation of businesses located on Congress Avenue. This fiscal year the Village annexed over 84 acres.

The Village is annexing quality properties that increase our taxable value greater than the cost of providing services. The Palm Springs Shopping Plaza is under renovation and we are seeing new businesses moving into the center that will improve the taxable value of that property and increase other related revenues.

## **MAJOR INITIATIVES**

Once again this year, each department was involved in the annexation initiative and the services provided after annexation. Having annexed over 324 acres in the last three years, the Village is focusing on encouraging our new residents to get involved in the community. The Village is incorporating the newly annexed areas in our service delivery and addressing their needs for public safety, code enforcement, road improvement and additional public services.

The Village Manager has been actively assisting the owner and property manager of Palm Springs Shopping Plaza to revitalize the center. This center has been declining for over ten years, and now, through the joint efforts of the Village Manager, Land Development Director and property manager, the Plaza is attracting new tenants.

This year has been very busy with the development of the plans for the new Village Centre Complex that includes a two story Village Administrative Offices and Leisure Services Building, a Public Safety Building, tennis and basketball courts, tot-lot playground, picnic area and civic plaza, as well as renovations to the existing Library.

The Village has engaged Catalfumo Construction as construction manager for the new Village Centre Complex. We expect construction to begin in March 2002, and the entire project should be completed within two years.

## **DEPARTMENTAL HIGHLIGHTS**

In light of the September 11, 2001, terrorist attack, we all became painfully aware of threats to our safety here at home. The Village received numerous inquiries regarding the safety of our water supply. We have always taken for granted that we would turn on our faucets and have safe drinking water. After September 11<sup>th</sup>, we take less for granted. The Village has always taken the responsibility for providing a safe drinking water supply seriously and continues to do so.

The Village has a water service area covering 6 square miles that provides services to Village residents as well as non-residents in the surrounding unincorporated area. To serve the customers, the Village operates two water treatment plants. The main water treatment plant is located within the Village and has a capacity to produce 6 million gallons per day of drinking water. The second plant (R.L. Pratt Plant) is located in the unincorporated area and has the capacity to produce 3 million gallons per day of drinking water. Both of these plants are manned 24 hours a day, 7 days a week.

The Utility operations are just one division of the Public Service Department headed by Richard A. Gift. Richard has worked for the Village for over 23 years. He holds an A license in water treatment, a B license in wastewater treatment, and a bachelors degree from the University of South Florida. The Village employs 13 licensed water treatment operators (including the Director and Assistant Director) with an average of 14 years of experience.

The Village has 15 raw water wells. These wells are monitored for the amount and quality of water they can produce. The raw water is pumped from the wells to the treatment plants, treated, tested, and then delivered to the customers as needed. The main water treatment plant has a storage tank capacity of 1.5 million gallons and the R.L. Pratt plant has a storage tank capacity of 1.25 million gallons. This water storage is a reserve in case of emergency or large increase in demand for prolonged firefighting.

To maintain the integrity of our water lines, the Village employs 11 utility field service personnel that install new connections, handle any service orders for existing customers, repair any line breaks, and read over 11,000 meters each month. In addition to this work, the field crew maintains the 277 fire hydrants located within the Village and 573 fire hydrants located in the unincorporated area. Everyone knows that if they have a fire, the response time of the fire fighters can make the difference between life and death and minor damage vs. total destruction. Response time is critical, but without water to fight the fire, response time becomes irrelevant.

In order to meet the ever-increasing federal regulations and provide the quantity and quality of water our customer's desire, the Village continuously maintains and seeks to enhance our raw water sources and treatment facilities.

The Village is fortunate to have the quality treatment facilities and staff under the experienced direction of Richard Gift ensuring the quality and safety of our most precious resource – water.

## **FUTURE PLANS**

Our vision for the future is to continue to maintain and enhance the qualities of our community that make our residents desire Palm Springs as their home.

“Home” is a safe place where you know that you are always welcome and where you want to relax and enjoy spending time with your family and friends.

Our plan is to construct a Village Centre Complex that will link the public safety department, library, Village administrative operations, utility administrative operations, and the leisure services complex in a relaxed campus atmosphere so residents can have easy access to all Village services and activities.

The Village Centre will be a place for our culturally diverse community to join together to enjoy playing baseball, basketball, soccer, flag football, tennis, volleyball, attending activity classes and clubs, special events, summer camp, reading a book, searching the Internet, joining a book club, playing on the tot lot, having a picnic, relaxing by the fountain, and cherishing time with family and friends.

The Village Council and staff stay in touch with the residents to see that we use the Village's financial resources to best serve their needs and desires. Annexation included neighborhoods that need infrastructure improvements including street paving, sidewalks, drainage, lighting, water and wastewater. The Council and Manager prioritize the demand for services and improvements to make the most efficient use of our financial and personnel resources. This plan is formalized annually in the operating budget and 5-year capital improvement plan, ensuring that Palm Springs will always be “A Great Place to Call Home.”

## FINANCIAL INFORMATION

The Village's financial operations are designed with a system of checks and balances to safeguard assets from loss, theft or misuse. This system of internal control provides reliable financial records for use in preparing financial statements in accordance with generally accepted accounting principles.

From a governmental accounting perspective, the Village is comprised of numerous different entities that are referred to as "funds". A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, recording cash and other financial resources, together with the related liabilities and residual equities, and changes therein, that are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with specific regulations, restrictions or limitations.

Governmental accounting classifies funds into three categories, and listed within these three categories are the fund types maintained by the Village:

<b>Fund Category</b>	<b>Fund Type</b>
Governmental	General Special Revenue Debt Service Capital Projects
Proprietary	Enterprise
Fiduciary	Trust

The Village maintains a General Fund for all financial resources except those required to be accounted for in another fund, two special revenue funds (Library Fund, and Leisure Programs Fund), one debt service fund (1996 General Obligation Note), one capital projects fund for the new Village Centre capital improvements, one enterprise fund for water and sewer utility operations, and four trust funds (General Employees Pension Fund, Hazardous Employees Pension Fund, Library Trust Fund, and Law Enforcement Trust Fund).

## BUDGETING

The Village maintains budgetary control at the department level of expenditure by department and fund. 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.

The Village Council legally adopts a formal budget for the General Fund, Leisure Programs Fund and the Debt Service Fund. A statement comparing budgeted revenues and expenditures to actual revenues and expenditures for these funds is presented in the financial section of this report.

## GENERAL GOVERNMENT FUNCTIONS

### Revenues

The following schedule presents a summary of general fund, special revenue funds, debt service fund, capital projects fund, and expendable trust fund revenues for the fiscal year 2001, and the amount and percentage of increases and decreases in relation to the prior fiscal year.

In 2001, total revenues were \$5,676,293, an increase of 4.98% over fiscal year 1999/00.

<b>Revenue Source</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 1999/00</b>	<b>Percent of Increase (Decrease)</b>
Taxes	\$ 2,817,347	49.6%	\$ 278,395	5.15 %
Licenses and permits	175,713	3.1%	(43,191)	(.80)%
Intergovernmental	1,493,623	26.3%	(40,560)	(.75)%
Charges for services	643,125	11.4%	26,962	.50 %
Fines and forfeitures	177,289	3.1%	11,867	.22 %
Contributions	33,596	.6%	(10,107)	(.19)%
Interest	147,446	2.6%	(5,856)	(.11)%
Miscellaneous	188,154	3.3%	51,891	.96 %
<b>Total</b>	<b>\$ 5,676,293</b>	<b>100.0%</b>	<b>\$ 269,401</b>	<b>4.98 %</b>

Tax revenues include ad valorem taxes, franchise fees, and utility service taxes. The Village lowered the millage rate in fiscal year 2000/01 to 5.1593 mills from 5.2632 mills in fiscal year 1999/00. Despite this almost 2% reduction in the tax rate, the Village received \$139,744 or 13% more in ad valorem tax revenue when compared to the prior fiscal year.

Annexation generated growth in our tax base and the inclusion of the annexed properties generated additional franchise fees and utility service tax revenues. Franchise fee revenue increased \$118,096, or 25%, over fiscal year 1999/00. Utility tax revenues increased \$20,628, or 2.2%, over the prior fiscal year. The increase in utility tax revenue would have been more significant, except utility taxes on water service declined by \$45,680 due to decreased water consumption during the mandatory water restrictions imposed by the South Florida Water Management district as a result of drought conditions.

Occupational licenses were also positively impacted by the recent annexations. Revenues from occupational licenses increased \$6,321, or 7.3%, as compared with fiscal year 1999/00. However, building permit revenues declined by \$49,412, or 37.4%. This decrease represents the slower economy and fewer new construction permits issued in 2000/01 than fiscal year 1999/00.

Annexation also impacted our fines and forfeiture revenues. Our public safety personnel now have the responsibility to patrol some thoroughfares that are heavily used for transition through the county. This increased area of enforcement has generated \$6,068, or 4.5%, in additional court fines. Revenues from parking fines increased \$5,435, or 74.5%. This revenue was also impacted by annexation, with the enforcement in the new commercial areas, for violations of fire lanes and handicapped parking.

Interest income followed the decline in market rates generated by the action of the Federal Reserve. The increase in miscellaneous revenues includes the sale of a public safety emergency response vehicle to the Water and Sewer Utility for use as a confined space rescue vehicle, and other non-repetitive items.

### **Expenditures**

Expenditures for general government functions totaled \$6,184,398, an increase of \$290,079, or 4.92%, over fiscal year 1999/00.

<b>Expenditures</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 1999/00</b>	<b>Percent of Increase (Decrease)</b>
General government	\$ 1,040,935	16.8%	\$ 157,487	2.67 %
Public safety	3,024,805	48.9%	350,434	5.95 %
Physical environment	333,582	5.4%	(159,720)	(2.71)%
Transportation	613,209	9.9%	102,214	1.73 %
Culture/recreation	1,102,974	17.9%	(160,006)	(2.72) %
Debt service:				
Principal	50,995	.8%	2,659	.05 %
Interest and other fiscal charges	17,898	.3%	(2,989)	(.05)%
<b>Total</b>	<b>\$6,184,398</b>	<b>100.0%</b>	<b>\$ 290,079</b>	<b>4.92 %</b>

The Village expended \$216,292 for architectural fees and related costs during the design phase of the new Village Centre, an increase of \$127,126 over the prior fiscal year. These costs are accounted for within the general government category.

Public Safety expenditures include the public safety department that provides police, fire, advanced life support, and code enforcement services, as well as the land development department that handles occupational licensing, building permits, inspections, and comprehensive planning and zoning.

The Public Safety department expenditures increased \$338,771, or 12.7%, over last fiscal year. This increase is primarily due to the addition of 4 new public safety officer positions, the related fringe benefit costs, and additional equipment and training necessary to put them in service. The additional positions were added to maintain the level of service and response time throughout the Village.

Last fiscal year, the Sanitation Department purchased a new trash truck and garbage truck; this fiscal year, the department only expended \$5,848 in capital outlay. This accounts for the reduction in Physical environment expenditures this year.

Transportation personal service expenditures increased \$71,534 due to the transfer of two field service positions from Leisure Services Department to Public Works. These positions maintain our sidewalks, roads, parks, islands and athletic fields. The department also purchased a new steel building that will be located on the water plant property. This building will function as the maintenance facility and replaces the existing structure that is being demolished to make room for the new Village Centre.

The transfer of the two field service positions from Leisure Services to Public Works contributed to the decrease in Culture/Recreation expenditures. Also, in fiscal year 1999/00, the Village used grant money from Palm Beach County to make improvements to Sago Park that increased capital expenditures by \$80,891. We did not have a large capital improvement project in the current year.

### 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, 2001, the General Fund had a total fund balance of \$2,796,307. The components of fund balance are detailed in the table below.

Total fund balance	\$ 2,796,307
Less non-expendable assets:	
Reserved for inventories	10,268
Reserved for police education	336
Designated for subsequent year	278,872
Designated for future capital projects	1,000,000
<b>Total unreserved, undesignated fund balance</b>	<b>\$1,506,831</b>

This year, the Village Council increased the designation for future capital projects by \$250,000 to provide sufficient funding for our capital needs and enable the Village to appropriate those funds for large capital purchases without impacting the operating millage rate.

The General Fund's unreserved, undesignated fund balance represents 21% of the General Fund budget for the next fiscal year. Our goal is to maintain this unreserved, undesignated fund balance in the 20-25% target.

### ENTERPRISE OPERATIONS

The Village's enterprise operation consists of two water treatment plants. The first plant, located within the Village, is a 6,000,000-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 3,000,000-gallon treatment facility with expansion capabilities to 4,000,000 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, 2001, our utility system had more than 11,931 connections. Connections outside the Village limits represent approximately 50% of total connections. The demand for service in the unincorporated area continues to increase and connections to the system have grown significantly since the Village began offering a financing program for connection fees. As of September 30, 2001, 326 customers had signed an agreement to finance the cost of connecting to the water and/or wastewater system.

Operating revenue grew to \$7,911,037, an increase of \$174,350, or 2.25%. Operating expenses increased by \$440,629, or 8.11%, over fiscal year 1999/00 for a total of \$5,873,160. The increased operating revenues reflect additional connections and the rate increase that was effective October 1, 2000. The largest increase in operating expenses was due to the increased cost of water treatment including electricity, chemicals and operating supplies. Personnel related expenses also increased with the addition of a customer service representative and a water treatment plant operator.

### 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 total assets of pension trust funds on a current market basis aggregated \$8,710,854 on September 30, 2001. This is a decrease of \$1,369,291, or 13.6%, since September 30, 2000. This decline is due to depreciation in fair value of the pension investments during the down market. Contributions to the funds and the number of active and retired (or beneficiary) members are as follows:

<b>Pension Fund</b>	<b>Contributions</b>		<b>Members</b>		<b>Terminated Vested</b>
	<b>Employee</b>	<b>Employer</b>	<b>Active</b>	<b>Retired</b>	
General Employees	\$ -	\$ 154,786	80	18	13
Hazardous Employees	14,976	334,725	31	4	12
<b>Total</b>	<b>\$ 14,976</b>	<b>\$ 489,511</b>	<b>111</b>	<b>22</b>	<b>25</b>

Included in the employer's contributions for the Hazardous Employees Pension Fund are 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 \$20,411 and the Chapter 175 contribution totaled \$10,302 for the current year. Actuarial valuations are performed on both the General Employee plan and the Hazardous Employee plan every year.

#### Other Fiduciary Funds

The Village maintains two expendable trust funds, the Library Trust Fund, and the Law Enforcement Trust Fund. The Law Enforcement Trust Fund accounts for the proceeds from the sale of confiscated property pursuant to Chapter 932 of the Florida Statutes. This money is used for law enforcement purposes upon approval of the Village Council and after all expenses related to the confiscation have been settled.

### **DEBT ADMINISTRATION**

On September 30, 2001, the Village had a number of debt issues outstanding. These issues included a general obligation note for \$300,261 and \$13,381,476 of water and sewer enterprise revenue bonds and notes payable. The Village has an A+ rating from Standard and Poor's Corporation and an A1 rating from Moody's Investor Service for revenue bond issues. The Village's net general obligation debt per capita equaled \$24.31. The debt service coverage on the Village's Water and Sewer Revenue Bonds was 2.82, 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.

### **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 an over-night repurchase agreement. This repurchase agreement pays interest daily. The average return on this investment for the year was 5.19%.

In addition to the interest-bearing sweep, the Village maintains an account with the State Board of Administration. On September 30, 2001, the Village had \$6,063,501 invested in this account. The State Board account had an average rate of return of 5.17 %.

The Village's investment policy is designed to maximize investment yield while maintaining safety and security for Village assets.

## **INDEPENDENT AUDIT**

Florida Statutes require an annual audit by independent certified public accountants. The Village Council selected the accounting firm of Haas, Diaz, & Co., CPA's. The auditor's report on the general-purpose financial statements and combining and individual 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, 2000.

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 thirteen consecutive years (fiscal years ended 1988-2000). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

## **ACKNOWLEDGMENTS**

The Village Council and Village Manager, Karl E. Umberger provide proactive and prudent management policies that guide this entire municipal operation. Their leadership supports financial policies and financial plans that allocate our resources to best meet the needs and desires of our residents, ensuring our ability to deliver quality services at a reasonable cost to the taxpayer.

I would personally like to thank the Finance staff for their daily contribution to quality, and my administrative assistant, Kathy A. Gift, who manages to tie all the loose ends together and keep me on track.

Respectfully submitted,

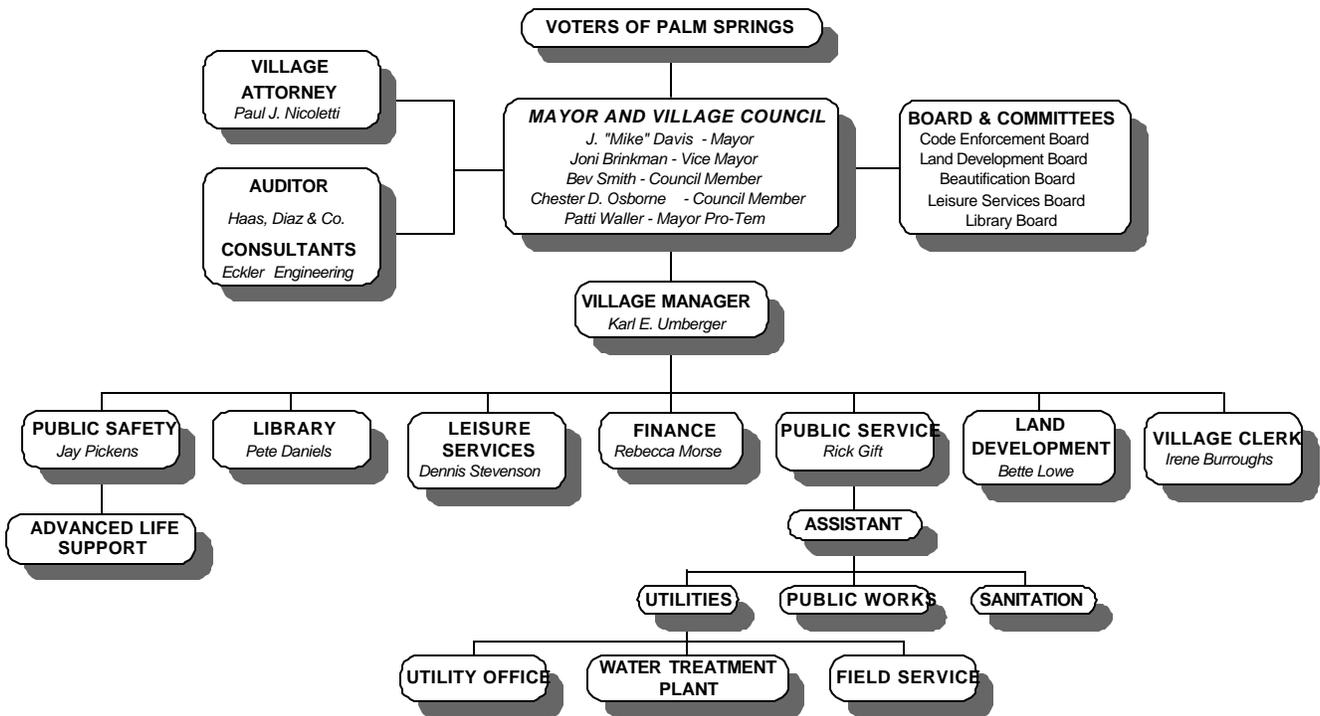
Rebecca L. Morse, CGFO, CPFO  
Director of Finance

**VILLAGE OF PALM SPRINGS**  
**LIST OF PRINCIPAL OFFICIALS**

**September 30, 2001**

<u><b>Title</b></u>	<u><b>Name</b></u>
Mayor	J. "Mike" Davis
Vice-Mayor	Joni Brinkman
Mayor Pro-Tem	Patti Waller
Council Member	Chester D. Osborne
Council Member	Bev Smith
Village Manager	Karl E. Umberger
Public Service Director	Rick Gift
Public Safety Director	Jay Pickens
Finance Director	Rebecca L. Morse
Village Clerk	Irene L. Burroughs
Library Director	Pete Daniels
Leisure Services Director	Dennis Stevenson
Land Development Director	Bette J. Lowe
Village Attorney	Paul J. Nicoletti

**VILLAGE OF PALM SPRINGS, FLORIDA  
ORGANIZATIONAL CHART  
SEPTEMBER 30, 2001**



# 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, 2000

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.



*Timothy A. Howe*  
President

*Jeffrey L. Essler*  
Executive Director

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# FINANCIAL SECTION



## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying general purpose financial statements of the Village of Palm Springs, Florida, as of and for the year ended September 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the Village of Palm Springs, Florida's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Village of Palm Springs, Florida, as of September 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 14 to the financial statements, the Village adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Reporting for Nonexchange Transactions*, as of October 1, 2000.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2002, on our consideration of the Village of Palm Springs, Florida's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The combining, individual fund and account group statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Village of Palm Springs, Florida. Such information

has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

The information shown in the statistical section, listed in the table of contents, has not been subjected to auditing procedures sufficient to enable us to express an opinion as to the fairness of all information included therein and, accordingly, we do not express an opinion thereon.

*Haas, Diaz & Co.*

Haas, Diaz & Co.  
Certified Public Accountants

January 23, 2002

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**VILLAGE OF PALM SPRINGS, FLORIDA**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups*  
*September 30, 2001*

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Assets and Other Debits:</b>				
Assets:				
Cash and cash equivalents	\$ 2,422,433	\$ 17,786	\$ 12,614	\$ 24,299
Investments	300,000	-	-	-
Receivables:				
Accounts, net of allowance for uncollectibles	261,047	-	-	-
Grants	18,763	-	-	-
Interest	3,431	-	-	-
Prepaid expenses	5,391	-	-	-
Inventory	10,268	-	-	-
Restricted assets:				
Cash and cash equivalents	-	-	-	-
Investments	-	-	-	-
Fixed assets	-	-	-	-
Intangible assets	-	-	-	-
Unamortized bond issue costs	-	-	-	-
Other Debits:				
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement of general long-term debt	-	-	-	-
<b>Total assets and other debits</b>	<b>\$ 3,021,333</b>	<b>\$ 17,786</b>	<b>\$ 12,614</b>	<b>\$ 24,299</b>

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Debt	
Enterprise	Trust Funds			
\$ 5,022,826	\$ 585,233	\$ -	\$ -	\$ 8,085,191
500,000	8,149,351	-	-	8,949,351
1,535,910	3,549	-	-	1,800,506
-	-	-	-	18,763
13,471	44,649	-	-	61,551
-	-	-	-	5,391
155,712	-	-	-	165,980
1,846,228	-	-	-	1,846,228
1,241,350	-	-	-	1,241,350
27,749,814	48,213	6,947,695	-	34,745,722
3,524,745	-	-	-	3,524,745
226,127	-	-	-	226,127
-	-	-	12,614	12,614
-	-	-	429,486	429,486
<b>\$ 41,816,183</b>	<b>\$ 8,830,995</b>	<b>\$ 6,947,695</b>	<b>\$ 442,100</b>	<b>\$ 61,113,005</b>

*Continued on the following page...*

**VILLAGE OF PALM SPRINGS, FLORIDA**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups (Continued)*  
*September 30, 2001*

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Liabilities, Equity and Other Credits:</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 161,589	\$ -	\$ -	\$ 24,299
Contracts and retainage payable	-	-	-	-
Payable from restricted assets:				
Accrued interest	-	-	-	-
Current portion of revenue bonds payable	-	-	-	-
Deposits	-	-	-	-
Revenue collected in advance	63,437	-	-	-
Notes payable	-	-	-	-
Compensated absences payable	-	-	-	-
Revenue bonds payable	-	-	-	-
Obligations under utility agreement	-	-	-	-
<b>Total liabilities</b>	<b>225,026</b>	<b>-</b>	<b>-</b>	<b>24,299</b>
Equity and Other Credits:				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings:				
Reserved	-	-	-	-
Unreserved	-	-	-	-
Fund balances:				
Reserved	10,604	-	12,614	-
Unreserved:				
Designated	1,278,872	-	-	-
Undesignated	1,506,831	17,786	-	-
<b>Total equity and other credits</b>	<b>2,796,307</b>	<b>17,786</b>	<b>12,614</b>	<b>-</b>
<b>Total liabilities, equity and other credits</b>	<b>\$ 3,021,333</b>	<b>\$ 17,786</b>	<b>\$ 12,614</b>	<b>\$ 24,299</b>

*See accompanying notes to financial statements.*

<b>Proprietary Fund Type</b>	<b>Fiduciary Fund Type</b>	<b>Account Groups</b>		<b>Totals (Memorandum Only)</b>
		<b>General Fixed Assets</b>	<b>General Long-Term Debt</b>	
<b>Enterprise</b>	<b>Trust Funds</b>			
\$ 232,601	\$ 20,008	\$ -	\$ -	\$ 438,497
92,121	-	-	-	92,121
149,891	-	-	-	149,891
465,000	-	-	-	465,000
791,620	-	-	-	791,620
-	-	-	-	63,437
4,568,733	-	-	300,261	4,868,994
61,871	-	-	141,839	203,710
8,347,743	-	-	-	8,347,743
2,668,172	-	-	-	2,668,172
<b>17,377,752</b>	<b>20,008</b>	<b>-</b>	<b>442,100</b>	<b>18,089,185</b>
-	-	6,947,695	-	6,947,695
10,898,497	-	-	-	10,898,497
2,472,688	-	-	-	2,472,688
11,067,246	-	-	-	11,067,246
-	8,780,729	-	-	8,803,947
-	-	-	-	1,278,872
-	30,258	-	-	1,554,875
<b>24,438,431</b>	<b>8,810,987</b>	<b>6,947,695</b>	<b>-</b>	<b>43,023,820</b>
<b>\$ 41,816,183</b>	<b>\$ 8,830,995</b>	<b>\$ 6,947,695</b>	<b>\$ 442,100</b>	<b>\$ 61,113,005</b>

**VILLAGE OF PALM SPRINGS, FLORIDA***Combined Statement of Revenues, Expenditures and Changes in Fund Balances**All Governmental Fund Types and Expendable Trust Funds**Year Ended September 30, 2001*

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Revenues:</b>				
Taxes	\$ 2,748,435	\$ -	\$ 68,912	\$ -
Licenses and permits	175,713	-	-	-
Intergovernmental	1,489,623	4,000	-	-
Charges for services	388,708	254,417	-	-
Fines and forfeitures	162,697	-	-	-
Contributions	1,412	32,184	-	-
Interest	138,715	5,923	-	-
Miscellaneous	151,484	36,670	-	-
<b>Total revenues</b>	<b>5,256,787</b>	<b>333,194</b>	<b>68,912</b>	<b>-</b>
<b>Expenditures:</b>				
Current:				
General government	824,643	-	-	216,292
Public safety	3,006,101	-	-	-
Physical environment	333,413	-	-	-
Transportation	613,209	-	-	-
Culture/recreation	727,916	375,058	-	-
Debt service:				
Principal	-	-	50,995	-
Interest and other fiscal charges	-	-	17,898	-
<b>Total expenditures</b>	<b>5,505,282</b>	<b>375,058</b>	<b>68,893</b>	<b>216,292</b>
Excess (deficiency) of revenues over (under) expenditures	(248,495)	(41,864)	19	(216,292)
<b>Other financing sources (uses):</b>				
Operating transfer in	953,652	-	-	216,292
Operating transfer out	(216,292)	-	-	-
<b>Total other financing sources (uses)</b>	<b>737,360</b>	<b>-</b>	<b>-</b>	<b>216,292</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	488,865	(41,864)	19	-
Fund balances, beginning of year, as restated	2,250,119	116,973	12,595	-
Residual equity transfer	57,323	(57,323)	-	-
<b>Fund balances, end of year</b>	<b>\$ 2,796,307</b>	<b>\$ 17,786</b>	<b>\$ 12,614</b>	<b>\$ -</b>

*See accompanying notes to financial statements.*

Expendable Trust Fund	Totals (Memorandum Only)
\$ -	\$ 2,817,347
-	175,713
-	1,493,623
-	643,125
14,592	177,289
-	33,596
2,808	147,446
-	188,154
<b>17,400</b>	<b>5,676,293</b>

-	1,040,935
18,704	3,024,805
169	333,582
-	613,209
-	1,102,974
-	50,995
-	17,898
<b>18,873</b>	<b>6,184,398</b>

(1,473)	(508,105)
-	1,169,944
-	(216,292)
-	<b>953,652</b>

(1,473)	445,547
101,606	2,481,293
-	-
<b>\$ 100,133</b>	<b>\$ 2,926,840</b>

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**VILLAGE OF PALM SPRINGS, FLORIDA**

*Combined Statement of Revenues, Expenditures and Changes in Fund Balances -  
Budget and Actual*

*General Fund, Debt Service Fund, and Budgeted Special Revenue Fund*

*Year Ended September 30, 2001*

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<b>Revenues:</b>			
Taxes	\$ 2,647,870	\$ 2,748,435	\$ 100,565
Licenses and permits	140,756	175,713	34,957
Intergovernmental	1,423,607	1,489,623	66,016
Charges for services	418,425	388,708	(29,717)
Fines and forfeitures	169,700	162,697	(7,003)
Contributions	-	1,412	1,412
Interest	117,250	138,715	21,465
Miscellaneous	110,769	151,484	40,715
<b>Total revenues</b>	<b>5,028,377</b>	<b>5,256,787</b>	<b>228,410</b>
<b>Expenditures:</b>			
Current:			
General government	974,646	824,643	150,003
Public safety	3,248,452	3,006,101	242,351
Physical environment	335,025	333,413	1,612
Transportation	681,198	613,209	67,989
Culture/recreation	787,060	727,916	59,144
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
<b>Total expenditures</b>	<b>6,026,381</b>	<b>5,505,282</b>	<b>521,099</b>
Excess (deficiency) of revenues over (under) expenditures	(998,004)	(248,495)	749,509
<b>Other financing sources (uses):</b>			
Operating transfer in	953,652	953,652	-
Operating transfer out	-	(216,292)	(216,292)
<b>Total other financing sources (uses)</b>	<b>953,652</b>	<b>737,360</b>	<b>(216,292)</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(44,352)	488,865	533,217
Fund balances, beginning of year, as restated	44,352	2,250,119	2,205,767
Residual equity transfer	-	57,323	57,323
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ 2,796,307</b>	<b>\$ 2,796,307</b>

*Continued on the following page...*

**VILLAGE OF PALM SPRINGS, FLORIDA***Combined Statement of Revenues, Expenditures and Changes in Fund Balances -**Budget and Actual**General Fund, Debt Service Fund, and Budgeted Special Revenue Fund (Continued)**Year Ended September 30, 2001*

	<b>Budgeted Special Revenue Fund</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Licenses and permits	-	-	-
Intergovernmental revenue	-	4,000	4,000
Charges for services	257,200	254,417	(2,783)
Fines and forfeitures	-	-	-
Contributions	35,000	28,037	(6,963)
Interest	5,000	5,170	170
Miscellaneous	50,000	36,144	(13,856)
<b>Total revenues</b>	<b>347,200</b>	<b>327,768</b>	<b>(19,432)</b>
<b>Expenditures:</b>			
Current:			
General government	-	-	-
Public safety	-	-	-
Physical environment	-	-	-
Transportation	-	-	-
Culture/recreation	375,769	372,654	3,115
Debt service:			
Principal	-	-	-
Interest and other fiscal charges	-	-	-
<b>Total expenditures</b>	<b>375,769</b>	<b>372,654</b>	<b>3,115</b>
Excess (deficiency) of revenues over (under) expenditures	(28,569)	(44,886)	(16,317)
<b>Other financing sources (uses):</b>			
Operating transfer in	-	-	-
Operating transfer out	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(28,569)	(44,886)	(16,317)
Fund balances, beginning of year	28,569	102,209	73,640
Residual equity transfer	-	(57,323)	(57,323)
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

*See accompanying notes to financial statements.*

Debt Service Fund			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 68,912	\$ 68,912	\$ -	\$ 2,716,782	\$ 2,817,347	\$ 100,565
-	-	-	140,756	175,713	34,957
-	-	-	1,423,607	1,493,623	70,016
-	-	-	675,625	643,125	(32,500)
-	-	-	169,700	162,697	(7,003)
-	-	-	35,000	29,449	(5,551)
-	-	-	122,250	143,885	21,635
-	-	-	160,769	187,628	26,859
<b>68,912</b>	<b>68,912</b>	<b>-</b>	<b>5,444,489</b>	<b>5,653,467</b>	<b>208,978</b>
-	-	-	974,646	824,643	150,003
-	-	-	3,248,452	3,006,101	242,351
-	-	-	335,025	333,413	1,612
-	-	-	681,198	613,209	67,989
-	-	-	1,162,829	1,100,570	62,259
50,995	50,995	-	50,995	50,995	-
17,917	17,898	19	17,917	17,898	19
<b>68,912</b>	<b>68,893</b>	<b>19</b>	<b>6,471,062</b>	<b>5,946,829</b>	<b>524,233</b>
-	19	19	(1,026,573)	(293,362)	733,211
-	-	-	953,652	953,652	-
-	-	-	-	(216,292)	(216,292)
-	-	-	<b>953,652</b>	<b>737,360</b>	<b>(216,292)</b>
-	19	19	(72,921)	443,998	516,919
-	12,595	12,595	72,921	2,364,923	2,292,002
<b>\$ -</b>	<b>\$ 12,614</b>	<b>\$ 12,614</b>	<b>\$ -</b>	<b>\$ 2,808,921</b>	<b>\$ 2,808,921</b>

**VILLAGE OF PALM SPRINGS, FLORIDA***Statement of Revenues, Expenses and Changes in Retained Earnings**All Proprietary Fund Types**Year Ended September 30, 2001*

	<b>Enterprise Fund</b>
<b>Operating revenues:</b>	
Charges for services	\$ 7,911,037
<b>Total operating revenues</b>	<b>7,911,037</b>
<b>Operating expenses:</b>	
Personal services	1,687,456
Operating expenses	2,437,165
Depreciation	1,508,428
Amortization	240,111
<b>Total operating expenses</b>	<b>5,873,160</b>
Operating income	2,037,877
<b>Nonoperating revenues (expenses):</b>	
Interest and dividends on investments	595,651
Customer contributions	704,226
Interest expense	(1,029,791)
<b>Total nonoperating revenues (expenses)</b>	<b>270,086</b>
Income before operating transfers	2,307,963
Operating transfer out	(953,652)
Net income	1,354,311
Retained earnings, beginning of year, as restated	12,185,623
<b>Retained earnings, end of year <sup>(1)</sup></b>	<b>\$ 13,539,934</b>
<sup>(1)</sup> Retained earnings, end of year	
Reserved	\$ 2,472,688
Unreserved	11,067,246
	<b>\$ 13,539,934</b>

*See accompanying notes to financial statements.*

**VILLAGE OF PALM SPRINGS, FLORIDA**  
*Combined Statement of Changes in Net Plan Assets*  
*All Pension Trust Funds*  
*Year Ended September 30, 2001*

	<b>Pension Trust Funds</b>
<b>Additions:</b>	
Contributions:	
Employer	\$ 458,798
State of Florida	30,713
Plan member	14,976
<b>Total contributions</b>	<b>504,487</b>
Investment Income:	
Interest	249,729
Dividends	58,894
Investment expense	(66,951)
Net depreciation in fair value of investments	(1,850,428)
Net investment loss	(1,608,756)
<b>Total additions</b>	<b>(1,104,269)</b>
<b>Deductions:</b>	
Administration	64,042
Benefits	200,980
<b>Total deductions</b>	<b>265,022</b>
Net decrease	(1,369,291)
Net assets held in trust for pension benefits, beginning of year	10,080,145
<b>Net assets held in trust for pension benefits, end of year</b>	<b>\$ 8,710,854</b>

*See accompanying notes to financial statements.*

**VILLAGE OF PALM SPRINGS, FLORIDA***Statement of Cash Flows - Proprietary Fund Type - Enterprise (Water and Sewer)**Year Ended September 30, 2001*

<b>Cash flows from operating activities</b>	
Operating income	\$ 2,037,877
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,508,428
Amortization	240,111
Loss on disposal of equipment	21,987
Gain on sale of investments	123,891
Changes in assets and liabilities:	
Decrease in accounts receivable	45,293
Decrease in inventory	27,628
Decrease in accounts payable and accrued liabilities	(230,226)
Decrease in compensated absences	(3,236)
Increase in deposits	30,375
Total adjustments	1,764,251
<b>Net cash provided by operating activities</b>	<b>3,802,128</b>
<b>Cash flows from noncapital financing activities:</b>	
Operating transfer out	(953,652)
<b>Cash flows from capital and related financing activities:</b>	
Principal paid on revenue bond maturities and notes payable	(1,247,543)
Interest paid on revenue bonds, notes payable and obligations	(724,415)
Payment on utility agreement obligations	(437,638)
Acquisition and construction of capital assets	(1,527,020)
Capital contributions from customers	647,207
<b>Net cash used in capital and related financing activities</b>	<b>(3,289,409)</b>
<b>Cash flows from investing activities:</b>	
Sale of investment securities	813,819
Purchase of certificate of deposit	(500,000)
Interest and dividends on investments	589,554
<b>Net cash provided by investing activities</b>	<b>903,373</b>
Net increase in cash and cash equivalents	462,440
Cash and cash equivalents, beginning of year	6,406,614
<b>Cash and cash equivalents, end of year<sup>(1)</sup></b>	<b>\$ 6,869,054</b>
<b>Supplemental disclosure of noncash capital and related financing activities:</b>	
Accrued interest on capital appreciation bonds	\$ 329,275
Unrealized gain on investments	(378)
<sup>(1)</sup> Cash and cash equivalents:	
Current assets	\$ 5,022,826
Restricted assets	1,846,228
	<b>\$ 6,869,054</b>

*See accompanying notes to financial statements.*

# VILLAGE OF PALM SPRINGS, FLORIDA

Notes to Financial Statements

September 30, 2001

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## (1) THE REPORTING ENTITY

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, and recreation. The Village Council ("The Council") is responsible for legislative and fiscal control of the Village.

As required by generally accepted accounting principles, these general purpose financial statements present the 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 the Governmental Accounting Standards Board (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 which would consider the Village to be a component unit.

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## (2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village maintains its accounting records in accordance with the principles and policies applicable to governmental units set forth by GASB as well as generally accepted accounting principles (GAAP) promulgated by the American Institute of Certified Public Accountants and the Financial Accounting Standards Board (FASB). The following is a summary of the significant accounting policies.

### Basis of Presentation

A governmental accounting system must make it possible (1) to show that all applicable legal provisions have been complied with and (2) to determine fairly and with full disclosure the financial position and results of operations of the funds and account groups of the Village. In order to accomplish these objectives, the Village's accounting records are organized and operated on a fund basis. A fund is a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on

specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The types of funds and account groups used in accounting for the financial operations of the Village are as follows:

### Governmental Fund Types

General Fund – The general fund is the general operating fund of the Village. All general tax revenue 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, fixed charges, and capital improvement costs that are not paid through other funds are paid from the general fund.

Special Revenue Funds – The 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 as follows:

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.

Leisure Services Fund – This fund accounts for all recreation program revenue with the exception of facility rental revenues and all expenditures related to the recreation programs except for costs associated with personal services.

Debt Service Fund – The debt service fund is used to account for assets held for the repayment of principal and interest on general obligation bonds reported in the general long-term debt account group.

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.

### Proprietary Fund Type

Enterprise 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.

### Fiduciary Fund Types

#### Pension Trust Funds

General Employees' Pension Fund – This fund is used to account for assets held in a trustee capacity for the retirement pensions of all permanent, full-time Village employees except those employees covered by the Hazardous Employees' Pension Fund.

Hazardous Employees' Pension Fund – This fund is used to account for assets held in a trustee capacity for the retirement pensions of all qualified public safety employees.

#### Expendable Trust Funds

Library Trust Fund – This fund is used to account

for expenditures of trust funds as authorized by the library board.

Law Enforcement Trust Fund – Receipts of this fund represent proceeds from law enforcement forfeitures and expenditures are made only for law enforcement purposes.

### Account Groups

Account groups are not funds since they do not reflect available financial resources and related liabilities. Instead, they are used to establish accounting control and accountability for the Village's general fixed assets and general long-term debt. The following is a description of the account groups of the Village:

General Fixed Assets Account Group – This account group is used to account for fixed assets utilized principally for general Village purposes and excludes fixed assets of the enterprise fund.

General Long-Term Debt Account Group – This account group is used to account for the outstanding principal balances of general obligation bonds and other long-term debt not accounted for in the enterprise fund.

### **Basis of Accounting and Measurement Focus**

#### Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized in the period in which they become susceptible to accrual, i.e., when they become measurable and available to pay liabilities of the current period. Ad valorem taxes and charges for services are susceptible to accrual when collected in the current year or within 60 days subsequent to year-end, provided that amounts received pertain to billings through the fiscal year just ended. Intergovernmental revenues, which include state revenue sharing allotments, local government one-half cent sales tax, and county shared revenue, among other sources, are recorded in accordance with their legal

or contractual requirements if collected in the current period or within 60 days after year-end. Interest is recorded when earned. Licenses and permits, fines and forfeitures, and miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until actually received. Occupational license revenues collected in advance of periods to which they relate are recorded as deferred revenues.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt, which is recognized when due.

The proprietary fund and pension trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when earned, and their expenses are recognized when they are incurred.

#### Measurement Focus

All governmental funds are accounted for on the flow of current financial resources measurement focus. This means that only current assets and current liabilities are generally included on their balance sheets. Their reported fund balance (net current assets) is considered a measure of “available spendable resources.” Governmental fund operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of “available spendable resources” during a period.

The enterprise fund and the pension trust funds are accounted for on the flow of economic resources measurement focus. This means that all assets and all liabilities (whether current or noncurrent) associated with their activity are included on their balance sheets. The enterprise fund and the pension trust funds’ operating statements present increases (revenues) and decreases (expenses) in net total assets.

The Village has elected to not apply FASB Statements and Interpretations issued after November 30, 1989, as permitted by Statement No. 20 of the Governmental Accounting Standards Board, *Accounting and Financial Reporting for Proprietary*

*Funds and Other Governmental Entities that use Proprietary Fund Accounting.*

#### **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, debt service fund, and one special revenue fund – Leisure Services. The procedures for establishing budgetary data 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 Leisure Services fund is considered a department for budgetary reporting purposes.

The adopted budgets are prepared in accordance with generally accepted accounting principles. The Village also adopts a nonappropriated operating budget for the enterprise fund substantially on a basis consistent with generally accepted accounting principles.

The reported budgetary data represents the final appropriated budgets after amendments adopted by the Council. Supplemental appropriations of \$45,000 were needed for the year ended September 30, 2001, increasing the original general fund

budget from \$5,981,381 to \$6,026,381. Unexpended appropriations lapse at year end.

For the year ended September 30, 2001, operating transfers out exceeded appropriations in the general fund by \$216,292 for architectural services related

to the new municipal complex.

The following is a reconciliation of the actual results of the combined special revenue funds and the budgeted leisure services fund:

	Budgeted Leisure Services Fund	Nonbudgeted Library Fund	Combined Special Revenue Fund
Revenues	\$ 327,768	\$ 5,426	\$ 333,194
Expenditures	372,654	2,404	375,058
Excess (deficiency) of revenues over (under) expenditures	(44,886)	3,022	(41,864)
Fund balances, beginning of year	102,209	14,764	116,973
Residual equity transfer	(57,323)	-	(57,323)
<b>Fund balances, end of year</b>	<b>\$ -</b>	<b>\$ 17,786</b>	<b>\$ 17,786</b>

The Village monitors the expenditures of this fund through budgets prepared by management. The operations of the Pension Trust Funds, Library Trust Fund, and Law Enforcement Trust Fund are nonbudgeted financial activities.

#### 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, 2001.

#### Cash and Cash Equivalents

Cash and cash equivalents consist of restricted and unrestricted interest bearing cash accounts and funds invested in the Local Government Surplus Funds Trust Fund managed by the State Board of Administration, Department of the State Treasurer of Florida. Cash balances and the requirements of all funds are considered in determining the amount to be invested. Investments with original maturities of three months or less when purchased are considered cash and cash equivalents.

#### Investments

Investments in U.S. Treasury and agency obligations with maturities of one year or less when purchased, are reported at amortized cost. Nonpartic-

ipating investment contracts are reported at cost. The Local Government Surplus Funds Trust, administered by the Florida State Board of Administration, is a "2A-7 like" pool and, thus, these investments are valued using the pooled share price. All other investments are reported at fair value.

#### Allowance for Doubtful Accounts

An allowance for doubtful accounts has been provided for those accounts where collectibility appears to be doubtful.

#### 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.

#### 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 of residual equity balances from one fund to another fund.
- ❖ Operating transfers in and out, as appropriate, for all other interfund transactions, which are shown as other financing sources or uses.
- ❖ All other outstanding balances between funds are reported as "due to/from other funds."

**Unamortized Bond Discount**

Bond discount of the enterprise funds is amortized on the straight-line method, which approximates the interest method, and is charged against operations over the term of the bond issues.

**Fixed Assets**

General Fixed Assets

Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund making the expenditure and capitalized at cost in the general fixed assets account group. In the event that actual cost cannot be determined, estimated cost at the time of acquisition is used. Any contributed property is recorded at the fair market value at the time received. The Village began capitalizing infrastructure assets in the financial statements of the general fixed assets account group beginning in 1989. In accordance with GAAP, no depreciation is taken on general fixed assets.

Property, Plant and Equipment (Proprietary Funds)

These assets are stated at cost or, if donated, fair market value at the date of donation. Expenditures which materially extend the useful life of existing properties are capitalized. Net interest cost on funds borrowed to finance the construction of property, plant and equipment is capitalized as a cost of acquiring the asset. 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.

Depreciation is computed using the straight-line method over the assets' estimated useful lives. Estimated useful lives assigned to various categories of assets are as follows:

Buildings	30-50 years
Improvements	10-50 years
Equipment	3-20 years

**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, 2001, upon which the 2001/02 levy was based, was approximately \$239 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 millage rate assessed by the Village for the year ended September 30, 2001, was 5.1593 (\$5.16 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, 2001, unpaid delinquent taxes are not material and have not been recorded by the Village.

**Compensated Absences**

Employees earn vacation leave based on their years of continual services 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.

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.

In the governmental funds, the amount of compensated absences recorded as expenditures is the amount accrued during the year that is expected to be liquidated with expendable, available financial resources. The remaining liability is recorded in the general long-term debt account group. Compensated absences for the proprietary funds are accrued in the period earned.

#### **Reserved and Designated Fund Equity**

Reserves are used to indicate that a portion of the fund balance/retained earnings is not available for expenditure or is legally segregated for a specific future use. Designations of fund balances represent tentative plans for financial resources utilization in a future period. The following is a description of the reserves and designations used by the Village.

General Fund – The fund balance of the general fund is reserved for inventory and amounts held in trust for law enforcement.

Debt Service Fund – The fund balance of the debt service fund represents spendable resources re-

stricted for the payment of the future debt service of general long-term debt.

Fiduciary Funds – The fund balance of the fiduciary funds is reserved for employees' pension benefits in the pension trust funds and for law enforcement activities in the Law Enforcement Trust Fund.

#### **Unbilled Service Receivables**

The Water and Sewer 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.

#### **Concentration of Credit Risk**

The Village performs ongoing credit evaluations of its customers and does not require collateral. The Village maintains an allowance for doubtful accounts at a level which management believes is sufficient to cover potential credit losses.

#### **Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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### **(3) DEPOSITS AND INVESTMENTS**

#### **Deposits**

All of the Village's deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, "Florida Security for Public Deposits Act." Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral equal to or in excess of the required collateral of the depository to be held subject to his or her order. The Treasurer, by rule, shall establish minimum required collateral pledging levels. The pledging level may range from 25% to 125% of the average monthly balance of public deposits, depending upon the depository's financial condition

and establishment period. All collateral must be deposited with an approved financial institution. Any losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

Deposits include checking accounts and petty cash. At year end, the reported amount of the Village's deposits was \$614,890, and the bank balance was \$1,014,928. Included in the reported amount of deposits is \$900 cash on hand. Of the bank balance, \$100,038 was covered by federal depository insur-

ance, \$300,000 was covered by collateral held by a financial institution approved by the State Treasurer, and \$614,890 was uninsured and uncollateralized. The uninsured and uncollateralized deposits represent funds wired to the paying agent for the Series 1988 and 1993 Revenue Refunding Bonds for the payment of principal and interest due October 1, 2001.

### 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 Trust Fund;
- c. Securities of, or other interests in any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided the portfolio of such investment company or investment trust is limited to United States Government obligations and to repurchase agreements fully collateralized by such United States Government obligations, and provided such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian;
- d. Certificates of deposit in state-certified qualified public depositories;
- e. Repurchase agreements;
- f. Savings accounts in state-certified qualified public depositories.

Investments of the pension trust funds can consist of every kind of property, real, personal, or mixed, and every kind of investment, specifically including bonds, debentures and other corporate obligations, and stocks, preferred or common.

All investments held by the Village at September 30, 2001, are allowable under the above policies.

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 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.

The following matrix presents the components of the Village's cash and cash equivalents and investments at September 30, 2001. The investment risk categories are indicated in the last column. Deposit risks are not included in the table.

	Unrestricted	Restricted	Reported Amount	Fair Value	Category
Cash and cash equivalents:					
Deposits	\$ -	\$ 614,890	\$ 614,890	\$ 614,890	-
Repurchase agreement	2,889,561	-	2,889,561	2,889,561	3
Investment in State Treasurer's investment pool	4,832,163	1,231,338	6,063,501	6,063,501	-
Money market mutual funds	363,467	-	363,467	363,467	-
<b>Total cash and cash equivalents</b>	<b>8,085,191</b>	<b>1,846,228</b>	<b>9,931,419</b>	<b>9,931,419</b>	

*Continued on the following page...*

	Unrestricted	Restricted	Reported Amount	Fair Value	Category
Investments:					
U.S. government securities	\$ -	\$ 1,241,350	\$ 1,241,350	\$ 1,241,350	3
Certificates of deposit	800,000	-	800,000	800,000	2
Common and foreign stocks	8,149,351	-	8,149,351	8,149,351	2
<b>Total investments</b>	<b>8,949,351</b>	<b>1,241,350</b>	<b>10,190,701</b>	<b>10,190,701</b>	
<b>Total cash and cash equivalents and investments</b>	<b>\$ 17,034,542</b>	<b>\$ 3,087,578</b>	<b>\$ 20,122,120</b>	<b>\$ 20,122,120</b>	

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#### (4) RECEIVABLES

The receivables and allowance for doubtful accounts at September 30, 2001, consist of the following:

	General Fund	Enterprise Fund	Fiduciary Fund	Total
<b>Receivables:</b>				
Accounts	\$ 261,047	\$ 1,589,855	\$ 3,549	\$ 1,854,451
Less: allowable for uncollectibles	-	(53,945)	-	(53,945)
<b>Net receivables</b>	<b>\$ 261,047</b>	<b>\$ 1,535,910</b>	<b>\$ 3,549</b>	<b>\$ 1,800,506</b>

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#### (5) FIXED ASSETS

The major components of fixed assets at September 30, 2001, are summarized as follows:

	Enterprise Fund	Expendable Trust Funds	General Fixed Assets Account Group	Total
Land	\$ 313,217	\$ -	\$ 170,036	\$ 483,253
Building	3,083,816	-	1,560,364	4,644,180
Improvements other than buildings	36,111,623	-	1,610,579	37,722,202
Equipment	2,480,591	65,506	2,817,142	5,363,239
Library materials and software	30,560	-	484,116	514,676
Construction in progress	1,024,618	-	305,458	1,330,076
	43,044,425	65,506	6,947,695	50,057,626
Less accumulated depreciation	(15,294,611)	(17,293)	-	(15,311,904)
<b>Total</b>	<b>\$ 27,749,814</b>	<b>\$ 48,213</b>	<b>\$ 6,947,695</b>	<b>\$ 34,745,722</b>

Depreciation expense recorded in the enterprise fund and the expendable trust funds for the year ended September 30, 2001, was \$1,508,428 and \$6,289, respectively.

The changes in general fixed assets are summarized as follows:

	Balance October 1, 2000	Additions	Deletions	Balance September 30, 2001
Land	\$ 170,036	\$ -	\$ -	\$ 170,036
Building	1,497,630	62,734	-	1,560,364
Construction in progress	89,166	216,292	-	305,458
Improvements other than building	1,610,579	-	-	1,610,579
Equipment	2,874,096	182,512	239,466	2,817,142
Library material	438,605	45,511	-	484,116
<b>Total</b>	<b>\$6,680,112</b>	<b>\$507,049</b>	<b>\$ 239,466</b>	<b>\$ 6,947,695</b>

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## (6) LONG-TERM DEBT

### General Long-Term Debt

#### **Note Payable**

The note payable in the general long-term debt account group is a Promissory Note dated November 1, 1996, in the amount of \$530,000. Interest, at a rate of 5.5%, is payable on March 1 and September 1. Principal will be repaid in nine installments maturing on March 1, 2006. The full faith, credit and taxing power of the Village is pledged to the repayment of the principal and interest on the note.

**\$ 300,261**

Annual debt service requirements to maturity are as follows:

Year Ending September 30,	Amount
2002	\$ 68,835
2003	68,753
2004	68,667
2005	68,577
Thereafter	68,481
Total debt service requirements	343,313
Less:	
Amount representing interest	(43,052)
<b>Total note payable</b>	<b>\$ 300,261</b>

### Enterprise Fund

#### **Note Payable**

The note payable in the enterprise fund is a \$6,700,000 Promissory Note dated April 11, 1997. From April 11, 1997, to May 31, 2005, the outstanding principal amount will bear interest at

5.27% and will be repaid in monthly installments of \$65,247. Beginning June 1, 2005, the outstanding principal amount will bear interest at 5.31% and the monthly payments will be \$33,896. The note is secured by a pledge of the net revenues derived from the operation of the water and sewer system.

**\$4,568,733**

Annual debt service requirements to maturity are as follows:

Year Ending September 30,	Amount
2002	\$ 782,965
2003	782,964
2004	782,964
2005	688,910
2006	406,745
Thereafter	2,270,993
Total debt service requirements	5,715,541
Less:	
Amount representing interest	(1,146,808)
<b>Total note payable</b>	<b>\$4,568,733</b>

#### **Revenue Bonds**

The Village 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. Revenue bonds currently outstanding are as follows:

\$4,225,000 Water and Sewer Revenue Refunding Bonds, Series 1993, due in annual installments of \$20,000 to \$455,000 from October 1, 1993, through October 1, 2012, with interest of 2.50% to 6.00%

payable semi-annually on April 1 and October 1 of each year.

**\$3,200,000**

\$6,280,000 Water and Sewer Revenue Refunding Bonds, Series 1988, due in annual installments of \$180,000 to \$305,000 from April 1, 1995, through April 1, 2003, with interest of 6.50% to 7.50% payable semi-annually on April 1 and October 1 of each year.

**\$1,535,000**

\$1,209,857 Capital Appreciation Bonds, Series 1988, due in annual installments of \$340,000 to \$685,000 from April 1, 2004, through October 1, 2012, with interest accrued semi-annually on April 1 and October 1 of each year. The outstanding balance at September 30, 2001, includes accrued interest of \$2,231,271.

**\$3,441,128**

\$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. The outstanding balance at September 30, 2001, includes accrued interest of \$601,300.

**\$ 724,283**

Total revenue bonds payable	8,900,411
Less:	
Unamortized bond discounts	(87,668)
Current portion of maturities	(465,000)
<b>Total revenue bonds payable</b>	<b>\$ 8,347,743</b>

Annual debt service requirements to maturity are as follows:

Year Ending September 30,	Amount
2002	\$ 1,044,775
2003	1,046,196
2004	1,047,814
2005	1,044,130
2006	1,047,054
Thereafter	7,980,387
Total debt service requirements	13,210,356
Less:	
Amount representing interest	(4,309,945)
Unamortized bond discounts	(87,668)
Current portion of maturities	(465,000)
<b>Total bonds payable</b>	<b>\$ 8,347,743</b>

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.

#### Changes in General Long-Term Liabilities

During the year ended September 30, 2001, the following changes occurred in liabilities reported in the general long-term debt account group:

	Balance October 1, 2000	Additions	Deletions	Balance September 30, 2001
General obligation note	\$ 351,256	\$ -	\$ 50,995	\$ 300,261
Compensated absences	92,496	49,343	-	141,839
<b>Total</b>	<b>\$443,752</b>	<b>\$ 49,343</b>	<b>\$ 50,995</b>	<b>\$ 442,100</b>

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**(7) 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, at issuance, was \$2,089,437. Intangible water and sewer usage rights were recorded at the same amount. The rights 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, at issuance, was \$4,245,610. 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

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**(8) CONTRIBUTED CAPITAL**

Effective October 1, 2000, the Village adopted Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Reporting for Nonexchange Transactions*. As required by GASB Statement No. 33, contributions from developers and customers during the fiscal year ended September 30, 2001, have been recorded as revenue

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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, 2001, the combined intangible rights had a book value of \$3,524,745 (net of amortization of \$3,658,788).

Future payments to the City for the above obligation are as follows:

Year Ending September 30,	Amount
2002	\$ 611,995
2003	589,896
2004	602,722
2005	609,883
2006	619,841
Total	3,034,337
Less interest portion	(366,165)
<b>Present value of loan payments</b>	<b>\$2,668,172</b>

instead of being reported as contributed capital. Contributions to capital reported as revenue during the year ended September 30, 2001, consisted of the following:

Contributions from customers	\$ 704,226
Contributions from developers	-
<b>Total contributions to capital</b>	<b>\$ 704,226</b>

**(9) INTERFUND TRANSFERS**

Transfers of resources from a fund receiving revenue to the fund through which the resources will be expended are recorded as operating transfers and are reported as other financing sources (uses) in the governmental funds and transfers (to) from other

funds in the enterprise fund. Non-recurring or non-routine transfers of equity between funds are reported as residual equity transfers. The following is a summary of operating and residual equity transfers by fund type for the year ended September 30, 2001.

	Transfers In	Transfers Out
<b>Operating Transfers:</b>		
General Fund	\$ 953,652	\$ 216,292
Capital Projects Fund	216,292	-
Enterprise Fund	-	953,652
<b>Total operating transfers</b>	<b>1,169,944</b>	<b>1,169,944</b>
<b>Residual Equity Transfers:</b>		
General Fund	57,323	-
Special Revenue Fund	-	57,323
<b>Total residual equity transfers</b>	<b>57,323</b>	<b>57,323</b>
<b>Total transfers</b>	<b>\$ 1,227,267</b>	<b>\$ 1,227,267</b>

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**(10) ENTERPRISE FUND RESTRICTED ASSETS, LIABILITIES AND RESERVES**

Restricted assets of the enterprise fund at September 30, 2001, include amounts restricted for debt service and renewal and replacements under the terms of the outstanding revenue bonds. Assets restricted for these purposes represent cash and investments totaling \$3,087,578. Liabilities payable from restricted assets represent the current portion of long-term debt of \$614,890 which includes

\$465,000 for current maturities of principal and \$149,890 for accrued interest on the Series 1993 and Series 1988 Revenue Refunding Bonds. For certain assets restricted under bonds and other contractual arrangements, a reserve is established by charging either retained earnings or contributed capital, as appropriate, less any related liabilities. When the restricted assets are expended, the reserves are restored. The following is a summary of the restricted assets, related liabilities, and reserves at September 30, 2001.

	Restricted Assets	Liabilities Payable from Restricted Assets	Reserved Retained Earnings
Utility Debt Service	\$ 2,987,578	\$ 614,890	\$ 2,372,688
Renewal and Replacement	100,000	-	100,000
	<b>\$3,087,578</b>	<b>\$ 614,890</b>	<b>\$2,472,688</b>

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, 2001, and the reserve requirements have been met for the water and sewer bonds. In addition, prior to September 30, 2001, 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, 2001, 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 preced-

ing year's revenue up to a maximum of \$100,000. The Village has reserved \$100,000 which meets this legal requirement at September 30, 2001.

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**(11) FUND BALANCE RESERVES AND DESIGNATIONS**

At September 30, 2001, the reserves and designations of fund balance were as follows:

	General	Debt Service	Fiduciary	Total
<b>Reserved:</b>				
Inventory	\$ 10,268	\$ -	\$ -	\$ 10,268
Law enforcement	336	-	69,875	70,211
Employees' pension benefits	-	-	8,710,854	8,710,854
Debt service	-	12,614	-	12,614
	<b>\$ 10,604</b>	<b>\$ 12,614</b>	<b>\$ 8,780,729</b>	<b>\$ 8,803,947</b>
<b>Designated for:</b>				
Subsequent year's budget	\$ 278,872	\$ -	\$ -	\$ 278,872
Capital projects	1,000,000	-	-	1,000,000
	<b>\$1,278,872</b>	<b>-</b>	<b>\$ -</b>	<b>\$1,278,872</b>

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**(12) 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 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 38-40.

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 financed in the appropriate pension trust fund.

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, 2001:

	<b>Hazardous Employees</b>			<b>General Employees</b>
<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	Market		4-year smoothed market	
Legal Reserves	None		None	
Long-Term Receivable	None		None	
Internal/Participant Loans	None		None	
<b>Membership and Plan Provisions:</b>				
<b>Members:</b>				
Active Participants	31		80	
Retirees and Beneficiaries	4		18	
Terminated Vested	12		13	
<b>Normal Retirement Benefits:</b>				
	<b>Option 1</b>	<b>Option 2</b>		
Retirement Age	50	55	65	
Years of Service (minimum)	15	10	5	
Accrual	2.5%	2.5%	2.0%	
Maximum	None	None	50%	
Years to Vest	10	10	10	
<b>Contributions:</b>				
Actuarial Rate:				
Village	19.95%		4.34%	
State	1.50%		-	
Participants	1.00%		-	
Annual Pension Cost	\$ 304,012		\$ 108,535	
Contributions Made	\$ 304,012		\$ 154,786	
<b>Actuarial Valuation:</b>				
Frequency	Annual		Annual	
Latest Valuation	9/30/00		9/30/00	
Basis for Contribution	9/30/99		9/30/99	
Cost Method	Entry age		Entry age	
<b>Amortization:</b>				
Method	Level percent		Level percent	
Period	9-23 years		7-21 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	2.9%		2.9%	
Mortality Rates	1983 Group Annuity Mortality Table		1983 Group Annuity Mortality Table	

The Village has traditionally contributed the annual required contribution (ARC) and thus has never actually had, or had need to report, a net pension obligation (NPO). The Village implemented GASB Statements No. 25 and 27. At the point of transition (October 1, 1996), the Village had no pension liability reflected in either the general long-term

ability reflected in either the general long-term debt account group or any individual fund. In accordance with GASB Statement 27, the Village calculated the potential for a NPO and reaffirmed that none existed at September 30, 2001.

**Three-Year Trend Information**

	Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<b>Hazardous Employees</b>	9/30/99	\$ 217,322	100%	-
	9/30/00	264,073	100%	-
	9/30/01	304,012	100%	-
<b>General Employees</b>	9/30/99	206,264	100%	-
	9/30/00	149,170	100%	-
	9/30/01	108,535	100%	-

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**(13) COMMITMENTS AND CONTINGENCIES**

**Commitments**

Construction contracts of the proprietary fund type consist of the following:

Project	Total Project Authorization	Expended September 30, 2001	Contracts Payable September 30, 2001	Balance to Complete
Task #66 – Rehab 3 Lift Stations	\$ 147,882	\$ 2,632	\$ -	\$ 145,250
Task #65 – Sewer Annex Area	943,670	305,080	33,535	605,055
Task #64 – Replace 3 Pump Stations	660,716	510,541	39,660	110,515
Task #61 – YMCA Vacuum Sewer	3,000,362	2,998,867	1,495	-
All others	432,144	394,206	17,431	20,507
	<b>\$5,184,774</b>	<b>\$4,211,326</b>	<b>\$ 92,121</b>	<b>\$ 881,327</b>

Construction contracts of the governmental fund types consist of the following:

Project	Total Project Authorization	Expended September 30, 2001	Contracts Payable September 30, 2001	Balance to Complete
Master plan project – Municipal Complex:				
Engineering fees – Architects				
Design Group	\$ 570,484	\$ 259,508	\$ 22,299	\$ 288,677
Other professional fees	23,651	21,651	2,000	-
	<b>\$ 594,135</b>	<b>\$ 281,159</b>	<b>\$ 24,299</b>	<b>\$ 288,677</b>

## 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.

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## (14) 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. Further, there have been no settlements which exceeded insurance coverage in each of the past three fiscal years.

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## (15) CHANGE IN ACCOUNTING PRINCIPLE

The accounting methods and procedures adopted by the Village conform to generally accepted accounting principles as applied to governmental entities. Effective October 1, 2000, the Village adopted Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Reporting for Nonexchange Transactions*. This statement establishes accounting and financial reporting standards to guide state and local governments' decisions about in which fiscal year they should report the results of nonexchange transactions involving cash and other financial and capital resources. In a non-exchange transaction, a government gives or re-

ceives value without directly receiving or giving equal value in return. Nonexchange transactions include most taxes, franchise fees, fines, certain grants, and contributions.

As required by GASB Statement No. 33, accounting changes made to comply with the statement have been treated as an adjustment of prior periods. The effect of implementation on the Village's financial statements was to increase fund balances of the general fund at October 1, 2000, by \$132,460 and increase non-operating revenues of the enterprise fund by \$704,226 for the year ended September 30, 2001.

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## (16) RESTATEMENT OF RETAINED EARNINGS

During the fiscal year, it was discovered that the Village's capital asset inventory system did not adequately represent the capital assets physically located throughout the various departments of the Village. As a result, a complete inventory was undertaken and the general ledger was adjusted to report the value of the capital assets as of September 30, 2001. In addition, the Village recorded customer contributions on utility financing agreements, for water and sewer connections, based on the payment due date rather than the date the contract was executed. Consequently, retained earnings of the

enterprise fund for year ended September 30, 2000, was restated to reflect the elimination of capital assets that were not on the Village's property and customer contributions not previously reported in the prior year. The retroactive adjustments are as follows:

Retained earnings, as previously reported	\$ 12,336,097
Adjustment due to removal of capital assets	(237,248)
Customer contribution adjustment	86,774
<b>Retained earnings, as restated</b>	<b>\$12,185,623</b>

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**(17) SUBSEQUENT EVENT**

On December 14, 2001, the Village authorized the issuance of a note in the principal amount of \$7,244,700 to refund the Village's Water and Sewer Revenue Refunding Bonds, Series 1993 and to refinance an existing promissory note. Principal and

interest are payable in monthly installments of \$70,164 commencing March 1, 2002, and the entire unpaid principal balance, together with all accrued interest is due October 12, 2012. The note is secured by a pledge of the net revenues derived from the operations of the water and sewer system.

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***Required  
Supplementary  
Information***

**VILLAGE OF PALM SPRINGS, FLORIDA**  
*Required Supplementary Information*  
*Schedule of Funding Progress*

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b)-(a)</b>	<b>Funded Ratio (a)/(b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a % of Covered Payroll ((b-a)/c)</b>
<b><u>Hazardous Employees</u></b>						
1995	\$2,147,053	\$2,359,379	\$212,326	91.0%	\$978,732	21.7%
1996	2,467,674	2,608,463	140,789	94.6%	1,036,794	13.6%
1997	3,226,512	3,322,508	95,996	97.1%	1,173,649	8.2%
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%
<b><u>General Employees</u></b>						
1995	\$2,898,853	\$3,128,370	\$229,517	92.7%	\$1,874,348	12.2%
1996	3,312,460	3,280,014	(32,446)	101.0%	1,983,767	-
1997	3,888,036	3,644,842	(243,194)	106.7%	2,422,649	-
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	-

*See notes to required supplementary information.*

**VILLAGE OF PALM SPRINGS, FLORIDA***Required Supplementary Information**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>		
1996	\$ 159,981	100%
1997	175,227	100%
1998	188,411	100%
1999	217,322	100%
2000	264,073	100%
2001	304,012	100%
<b>General Employees Pension Fund</b>		
1996	\$ 196,364	100%
1997	213,864	100%
1998	-	-
1999	-	-
2000	-	-
2001	-	-

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*See notes to required supplementary information.*

**VILLAGE OF PALM SPRINGS, FLORIDA***Notes to Required Supplementary Information**September 30, 2001*

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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:

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	<b>Hazardous Employees</b>	<b>General Employees</b>
Valuation date	9/30/99	9/30/99
Actuarial cost method	Entry age	Entry age
Asset valuation method	Market	4-year smoothed market
Actuarial assumptions:		
Investment rate of return (including inflation)	8% / year	8% / year
Salary increases (including inflation)	5.0% - 8.0% / year	4.7% - 8.3% / year
Inflation	5% / year	4.5% / year
Cost of living adjustments	2.9%	2.9%

***General  
Fund***

**VILLAGE OF PALM SPRINGS, FLORIDA**  
*Comparative Balance Sheets*  
*General Fund*  
*September 30, 2001 and 2000*

	<b>2001</b>	<b>2000</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 2,422,433	\$ 2,159,409
Investments	300,000	-
Accounts receivable	261,047	54,507
Grants receivable	18,763	71,902
Interest receivable	3,431	-
Prepaid expenses	5,391	-
Inventory	10,268	9,508
<b>Total assets</b>	<b>\$ 3,021,333</b>	<b>\$ 2,295,326</b>
<b>Liabilities and Fund Balance:</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 161,589	\$ 118,069
Revenue collected in advance	63,437	59,599
<b>Total liabilities</b>	<b>225,026</b>	<b>177,668</b>
Fund balance:		
Reserved:		
Reserved for inventory	10,268	9,508
Reserved for law enforcement	336	8,268
Unreserved:		
Designated:		
Subsequent year's budget	278,872	44,352
Capital projects	1,000,000	750,000
Undesignated	1,506,831	1,305,530
<b>Total fund balance</b>	<b>2,796,307</b>	<b>2,117,658</b>
<b>Total liabilities and fund balance</b>	<b>\$ 3,021,333</b>	<b>\$ 2,295,326</b>

**VILLAGE OF PALM SPRINGS, FLORIDA***Schedule of Revenues and Other Financing Sources - Budget and Actual**General Fund**Year Ended September 30, 2001*

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Taxes:			
Ad valorem taxes	\$ 1,190,492	\$ 1,203,462	\$ 12,970
Franchise fees	482,778	592,350	109,572
Utility service taxes	974,600	952,623	(21,977)
Total taxes	2,647,870	2,748,435	100,565
Licenses and permits:			
Occupational licenses	140,500	92,944	(47,556)
Building permits	250	82,610	82,360
Other permits & licenses	6	159	153
Total licenses and permits	140,756	175,713	34,957
Intergovernmental:			
EMS 911 Interlocal Funds	32,000	32,872	872
State revenue sharing	330,796	324,981	(5,815)
Alcoholic beverage licenses	2,900	5,201	2,301
Municipal fuel tax refund	2,725	3,230	505
Local option gas tax	153,000	157,597	4,597
Palm Beach County occupational licenses	31,500	39,833	8,333
Half-cent sales tax	775,849	784,982	9,133
Grant revenue	94,837	140,927	46,090
Total intergovernmental	1,423,607	1,489,623	66,016
Charges for services:			
Other general government charges	92,100	60,211	(31,889)
Garbage pickup	301,325	305,591	4,266
Nonresident fees	25,000	22,906	(2,094)
Total charges for services	418,425	388,708	(29,717)
Fines and forfeitures:			
Judgments and fines	155,700	141,792	(13,908)
Other	14,000	20,905	6,905
Total fines and forfeitures	169,700	162,697	(7,003)
Contributions	-	1,412	1,412

*Continued on the following page...*

**VILLAGE OF PALM SPRINGS, FLORIDA***Schedule of Revenues and Other Financing Sources - Budget and Actual**General Fund (Continued)**Year Ended September 30, 2001*

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Miscellaneous:			
Miscellaneous revenue	\$ 53,000	\$ 92,284	\$ 39,284
Interest earnings	117,250	138,715	21,465
Facility rental	26,200	27,631	1,431
Recreation administrative fees	31,569	31,569	-
<b>Total miscellaneous</b>	<b>228,019</b>	<b>290,199</b>	<b>62,180</b>
<b>Total revenues</b>	<b>5,028,377</b>	<b>5,256,787</b>	<b>228,410</b>
<b>Other financing sources:</b>			
Operating transfer in	953,652	953,652	-
<b>Total revenues and other financing sources</b>	<b>\$ 5,982,029</b>	<b>\$ 6,210,439</b>	<b>\$ 228,410</b>

**VILLAGE OF PALM SPRINGS, FLORIDA***Schedule of Expenditures and Other Financing Uses - Budget and Actual**General Fund**Year Ended September 30, 2001*

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Expenditures:</b>			
<b>General government:</b>			
Legislative:			
Personal services	\$ 34,008	\$ 33,904	\$ 104
Operating	60,727	47,932	12,795
Nonoperating	52,100	2,100	50,000
Total legislative	146,835	83,936	62,899
Executive:			
Personal services	285,372	282,908	2,464
Operating	20,477	10,361	10,116
Total executive	305,849	293,269	12,580
Financial administration:			
Personal services	195,916	190,396	5,520
Operating	19,546	17,315	2,231
Capital outlay	4,000	3,955	45
Total financial administration	219,462	211,666	7,796
Legal:			
Operating	75,000	37,670	37,330
Other general government:			
Personal	19,902	22,339	(2,437)
Operating	206,273	174,461	31,812
Capital outlay	1,325	1,302	23
Total other general government	227,500	198,102	29,398
<b>Total general government</b>	<b>974,646</b>	<b>824,643</b>	<b>150,003</b>
<b>Public safety:</b>			
Protective inspections:			
Personal services	226,506	160,558	65,948
Operating	47,176	27,039	20,137
Capital outlay	9,100	2,167	6,933
Total protective inspections	282,782	189,764	93,018
Law enforcement:			
Personal services	2,542,333	2,465,778	76,555
Operating	288,162	218,182	69,980
Capital outlay	135,175	132,377	2,798
Total law enforcement	2,965,670	2,816,337	149,333
<b>Total public safety</b>	<b>3,248,452</b>	<b>3,006,101</b>	<b>242,351</b>

*Continued on the following page...*

**VILLAGE OF PALM SPRINGS, FLORIDA**

Schedule of Expenditures and Other Financing Uses - Budget and Actual

General Fund (Continued)

Year Ended September 30, 2001

	Budget	Actual	Variance Favorable (Unfavorable)
<b>Physical environment:</b>			
Sanitation services:			
Personal services	\$ 200,322	\$ 197,061	\$ 3,261
Operating	128,853	130,504	(1,651)
Capital outlay	5,850	5,848	2
<b>Total physical environment</b>	<b>335,025</b>	<b>333,413</b>	<b>1,612</b>
<b>Transportation:</b>			
Personal services	498,860	485,191	13,669
Operating	120,898	67,364	53,534
Capital outlay	61,440	60,654	786
<b>Total transportation</b>	<b>681,198</b>	<b>613,209</b>	<b>67,989</b>
<b>Culture/recreation:</b>			
Library:			
Personal services	316,874	308,749	8,125
Operating	93,440	92,041	1,399
Capital outlay	63,553	63,754	(201)
<b>Total library</b>	<b>473,867</b>	<b>464,544</b>	<b>9,323</b>
Leisure services:			
Personal services	195,388	159,481	35,907
Operating	68,015	55,453	12,562
Capital outlay	9,000	8,626	374
<b>Total leisure services</b>	<b>272,403</b>	<b>223,560</b>	<b>48,843</b>
Special events:			
Operating	40,790	39,812	978
<b>Total culture/recreation</b>	<b>787,060</b>	<b>727,916</b>	<b>59,144</b>
<b>Total expenditures</b>	<b>6,026,381</b>	<b>5,505,282</b>	<b>521,099</b>
<b>Other financing uses:</b>			
Operating transfer out	-	216,292	(216,292)
<b>Total expenditures and other financing uses</b>	<b>\$ 6,026,381</b>	<b>\$ 5,721,574</b>	<b>\$ 304,807</b>

***Special  
Revenue  
Funds***

**VILLAGE OF PALM SPRINGS, FLORIDA**  
*Combining Balance Sheet*  
*Special Revenue Funds*  
*September 30, 2001*

	Library Fund	Leisure Program Fund	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 17,786	\$ -	\$ 17,786
<b>Total assets</b>	<b>\$ 17,786</b>	<b>\$ -</b>	<b>\$ 17,786</b>
<b>Liabilities and Fund Balances:</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -
Total liabilities	-	-	-
Fund Balances:			
Unreserved:			
Undesignated	17,786	-	17,786
Total fund balances	17,786	-	17,786
<b>Total liabilities and fund balances</b>	<b>\$ 17,786</b>	<b>\$ -</b>	<b>\$ 17,786</b>

**VILLAGE OF PALM SPRINGS, FLORIDA***Combining Statement of Revenues, Expenditures and Changes in Fund Balances**Special Revenue Funds**Year Ended September 30, 2001*

	<b>Library Fund</b>	<b>Leisure Program Fund</b>	<b>Total</b>
<b>Revenues:</b>			
Intergovernmental	\$ -	\$ 4,000	\$ 4,000
Charges for services	-	254,417	254,417
Contributions	4,147	28,037	32,184
Interest	753	5,170	5,923
Miscellaneous	526	36,144	36,670
<b>Total revenues</b>	<b>5,426</b>	<b>327,768</b>	<b>333,194</b>
<b>Expenditures:</b>			
Current:			
Culture/recreation	2,404	360,579	362,983
Capital outlay	-	12,075	12,075
<b>Total expenditures</b>	<b>2,404</b>	<b>372,654</b>	<b>375,058</b>
Excess (deficiency) of revenues over (under) expenditures	3,022	(44,886)	(41,864)
Fund balances, beginning of year	14,764	102,209	116,973
Residual equity transfer	-	(57,323)	(57,323)
<b>Fund balances, end of year</b>	<b>\$ 17,786</b>	<b>\$ -</b>	<b>\$ 17,786</b>

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***Fiduciary  
Funds***

**VILLAGE OF PALM SPRINGS, FLORIDA**  
*Combining Balance Sheet*  
*Fiduciary Funds*  
*September 30, 2001*

	<b>Pension Trust Funds</b>	
	<b>Hazardous Employees Pension Fund</b>	<b>General Employees Pension Fund</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 274,131	\$ 259,182
Investments	3,531,436	4,617,915
Receivables:		
Accounts	3,549	-
Interest	22,149	22,500
Fixed assets	-	-
<b>Total assets</b>	<b>\$ 3,831,265</b>	<b>\$ 4,899,597</b>
<b>Liabilities and Fund Balances:</b>		
Liabilities:		
Accounts payable and accrued liabilities	\$ 6,972	\$ 13,036
Total liabilities	6,972	13,036
Fund balances:		
Reserved:		
Reserved for employees' pension benefits	3,824,293	4,886,561
Reserved for law enforcement	-	-
Unreserved:		
Undesignated	-	-
Total fund balances	3,824,293	4,886,561
<b>Total liabilities and fund balances</b>	<b>\$ 3,831,265</b>	<b>\$ 4,899,597</b>

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<b>Expendable Trust Funds</b>		
<b>Library Trust Fund</b>	<b>Law Enforcement Trust Fund</b>	<b>Total</b>
\$ 27,971	\$ 23,949	\$ 585,233
-	-	8,149,351
-	-	3,549
-	-	44,649
2,287	45,926	48,213
<b>\$ 30,258</b>	<b>\$ 69,875</b>	<b>\$ 8,830,995</b>

---

\$ -	\$ -	\$ 20,008
-	-	20,008

---

-	-	8,710,854
-	69,875	69,875
30,258	-	30,258
30,258	69,875	8,810,987
<b>\$ 30,258</b>	<b>\$ 69,875</b>	<b>\$ 8,830,995</b>

**VILLAGE OF PALM SPRINGS, FLORIDA**  
*Combining Statement of Changes in Net Plan Assets*  
*Pension Trust Funds*  
*Year Ended September 30, 2001*

	<b>Hazardous Employees Pension Fund</b>	<b>General Employees Pension Fund</b>	<b>Total</b>
<b>Additions:</b>			
Contributions:			
Employer	\$ 304,012	\$ 154,786	\$ 458,798
State of Florida	30,713	-	30,713
Plan member	14,976	-	14,976
<b>Total contributions</b>	<b>349,701</b>	<b>154,786</b>	<b>504,487</b>
Investment income			
Interest	115,718	134,011	249,729
Dividends	26,181	32,713	58,894
Investment expense	(28,320)	(38,631)	(66,951)
Net depreciation in fair value of investments	(786,945)	(1,063,483)	(1,850,428)
<b>Net investment loss</b>	<b>(673,366)</b>	<b>(935,390)</b>	<b>(1,608,756)</b>
<b>Total additions</b>	<b>(323,665)</b>	<b>(780,604)</b>	<b>(1,104,269)</b>
<b>Deductions:</b>			
Administration	26,313	37,729	64,042
Benefits	89,857	111,123	200,980
<b>Total deductions</b>	<b>116,170</b>	<b>148,852</b>	<b>265,022</b>
<b>Net decrease</b>	<b>(439,835)</b>	<b>(929,456)</b>	<b>(1,369,291)</b>
Net assets held in trust for pension benefits, beginning of year	4,264,128	5,816,017	10,080,145
<b>Net assets held in trust for pension benefits, end of year</b>	<b>\$ 3,824,293</b>	<b>\$ 4,886,561</b>	<b>\$ 8,710,854</b>

**VILLAGE OF PALM SPRINGS, FLORIDA***Combining Statement of Revenues, Expenditures and Changes in Fund Balances**Expendable Trust Funds**Year Ended September 30, 2001*

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	<b>Library Trust Fund</b>	<b>Law Enforcement Trust Fund</b>	<b>Total</b>
<b>Revenues:</b>			
Fines and forfeitures	\$ -	\$ 14,592	\$ 14,592
Interest	1,376	1,432	2,808
<b>Total revenues</b>	<b>1,376</b>	<b>16,024</b>	<b>17,400</b>
<b>Expenditures:</b>			
Public safety - operating	-	12,415	12,415
Library - operating	169	-	169
Depreciation	458	5,831	6,289
<b>Total expenditures</b>	<b>627</b>	<b>18,246</b>	<b>18,873</b>
Excess (deficiency) of revenues over (under) expenditures	749	(2,222)	(1,473)
Fund balances, beginning of year	29,509	72,097	101,606
<b>Fund balances, end of year</b>	<b>\$ 30,258</b>	<b>\$ 69,875</b>	<b>\$ 100,133</b>

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***General  
Fixed  
Assets***

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**VILLAGE OF PALM SPRINGS, FLORIDA**  
*Schedule of General Fixed Assets - By Source*  
*September 30, 2001*

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**General fixed assets:**

Land	\$ 170,036
Buildings	1,560,364
Construction in progress	305,458
Improvements other than buildings	1,610,579
Equipment	2,817,142
Library materials	484,116

---

**Total general fixed assets** **\$ 6,947,695**

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**Investment in general fixed assets:**

General fund	\$ 3,103,015
Capital projects fund	605,984
Special revenue fund	287,930

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3,996,929

Assets acquired prior to October 1, 1989 2,950,766

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**Total investment in general fixed assets** **\$ 6,947,695**

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**VILLAGE OF PALM SPRINGS, FLORIDA***Schedule of General Fixed Assets - By Function and Activity**September 30, 2001*

---

	<b>Land</b>	<b>Buildings</b>	<b>Construction in Progress</b>
General government:			
Executive	\$ -	\$ -	\$ -
Financial administration	-	-	-
Other general government	28,240	68,338	305,458
<b>Total general government</b>	<b>28,240</b>	<b>68,338</b>	<b>305,458</b>
Public safety:			
Protective inspections	-	-	-
Public safety	-	145,527	-
<b>Total public safety</b>	<b>-</b>	<b>145,527</b>	<b>-</b>
Physical environment:			
Sanitation services	-	12,502	-
<b>Total physical environment</b>	<b>-</b>	<b>12,502</b>	<b>-</b>
Transportation	-	104,992	-
Culture/recreation:			
Library	-	39,957	-
Leisure services	-	149,238	-
<b>Total culture/recreation</b>	<b>-</b>	<b>189,195</b>	<b>-</b>
Assets acquired prior to October 1, 1989	141,796	1,039,810	-
<b>Total</b>	<b>\$ 170,036</b>	<b>\$ 1,560,364</b>	<b>\$ 305,458</b>

---

<b>Improvements Other Than Buildings</b>	<b>Equipment</b>	<b>Library Materials</b>	<b>Total</b>
\$ -	\$ 13,899	\$ -	\$ 13,899
-	25,392	-	25,392
-	61,316	-	463,352
-	100,607	-	502,643
-	10,808	4,800	15,608
8,043	886,743	8,500	1,048,813
8,043	897,551	13,300	1,064,421
-	326,681	-	339,183
-	326,681	-	339,183
313,882	166,632	-	585,506
-	135,202	398,172	573,331
557,406	203,109	7,092	916,845
557,406	338,311	405,264	1,490,176
731,248	987,360	65,552	2,965,766
<b>\$ 1,610,579</b>	<b>\$ 2,817,142</b>	<b>\$ 484,116</b>	<b>\$ 6,947,695</b>

**VILLAGE OF PALM SPRINGS, FLORIDA***Schedule of Changes in General Fixed Assets - By Function and Activity**Year Ended September 30, 2001*

	<b>General Fixed Assets October 1, 2000</b>	<b>Additions</b>	<b>Deletions</b>	<b>General Fixed Assets September 30, 2001</b>
General government:				
Executive	\$ 15,332	\$ 1,302	\$ 2,735	\$ 13,899
Financial administration	22,932	3,955	1,495	25,392
Other general government	247,060	216,292	-	463,352
Total general government	285,324	221,549	4,230	502,643
Public safety:				
Protective inspections	15,066	2,167	1,625	15,608
Public safety	975,596	132,377	59,160	1,048,813
Total public safety	990,662	134,544	60,785	1,064,421
Physical environment:				
Sanitation services	358,484	5,848	25,149	339,183
Total physical environment	358,484	5,848	25,149	339,183
Transportation	547,986	60,654	23,134	585,506
Culture/recreation:				
Library	517,134	63,753	7,556	573,331
Leisure services	901,031	20,701	4,887	916,845
Total culture/recreation	1,418,165	84,454	12,443	1,490,176
Assets acquired prior to October 1, 1989	3,079,491	-	113,725	2,965,766
<b>Total</b>	<b>\$ 6,680,112</b>	<b>\$ 507,049</b>	<b>\$ 239,466</b>	<b>\$ 6,947,695</b>

***Long-Term  
Debt***

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Combining Schedule of Debt Service Requirements (Principal and Interest) to Maturity  
September 30, 2001*

Fiscal Year Ending September 30,	General Long- Term Debt		Enterprise Fund		
	Note Payable	Note Payable	Revenue Bonds		
			Series 1993	Series 1988	Series 1984
2002	\$ 68,835	\$ 782,965	\$ 360,634	\$ 684,142	\$ -
2003	68,753	782,964	361,009	685,187	-
2004	68,667	782,964	365,439	682,375	-
2005	68,577	688,910	359,129	685,000	-
2006	68,481	406,745	362,054	685,000	-
2007	-	406,745	339,627	660,000	1,265,000
2008	-	406,746	370,700	580,000	-
2009	-	406,744	379,350	575,000	-
2010	-	406,745	381,650	570,000	-
2011	-	406,745	382,750	570,000	-
2012	-	237,268	382,650	570,000	-
2013	-	-	468,660	485,000	-
<b>Total</b>	<b>\$ 343,313</b>	<b>\$ 5,715,541</b>	<b>\$ 4,513,652</b>	<b>\$ 7,431,704</b>	<b>\$ 1,265,000</b>

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<b>1994</b>			
<b>Obligation Under</b>			
<b>Utility Agreement</b>		<b>Total</b>	
\$	611,995	\$	2,508,571
	589,896		2,487,809
	602,722		2,502,167
	609,883		2,411,499
	619,841		2,142,121
	-		2,671,372
	-		1,357,446
	-		1,361,094
	-		1,358,395
	-		1,359,495
	-		1,189,918
	-		953,660
<b>\$</b>	<b>3,034,337</b>	<b>\$</b>	<b>22,303,547</b>

**VILLAGE OF PALM SPRINGS, FLORIDA**  
*\$530,000 Promissory Note, 1997*

Fiscal Year Ending September 30,	Principal		Interest		Total	Interest Rate
	March 1	March 1	September 1			
2002	\$ 53,800	\$ 8,257	\$ 6,778	\$ 68,835	5.50%	
2003	56,759	6,778	5,216	68,753	5.50%	
2004	59,880	5,217	3,570	68,667	5.50%	
2005	63,174	3,545	1,858	68,577	5.50%	
2006	66,648	1,833	-	68,481	5.50%	
<b>Total</b>	<b>\$ 300,261</b>	<b>\$ 25,630</b>	<b>\$ 17,422</b>	<b>\$ 343,313</b>		

**VILLAGE OF PALM SPRINGS, FLORIDA**  
*\$6,700,000 Promissory Note, dated April 11, 1997*

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<b>Fiscal Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2002	\$ 555,285	\$ 227,680	\$ 782,965
2003	585,291	197,673	782,964
2004	616,919	166,045	782,964
2005	555,609	133,301	688,910
2006	294,060	112,685	406,745
2007	310,061	96,684	406,745
2008	326,932	79,814	406,746
2009	344,720	62,024	406,744
2010	363,477	43,268	406,745
2011	383,254	23,491	406,745
2012	233,125	4,143	237,268
<b>Total</b>	<b>\$ 4,568,733</b>	<b>\$ 1,146,808</b>	<b>\$ 5,715,541</b>

**VILLAGE OF PALM SPRINGS, FLORIDA***\$4,225,000 Water and Sewer Revenue Refunding Bonds, Series 1993*

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<b>Fiscal Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>		<b>Total Interest</b>	<b>Total</b>
		<b>October 1</b>	<b>April 1</b>		
2002	\$ 180,000	\$ 92,612	\$ 88,022	\$ 180,634	\$ 360,634
2003	190,000	88,022	82,987	171,009	361,009
2004	205,000	82,987	77,452	160,439	365,439
2005	210,000	77,452	71,677	149,129	359,129
2006	225,000	71,677	65,377	137,054	362,054
2007	215,000	65,377	59,250	124,627	339,627
2008	260,000	59,250	51,450	110,700	370,700
2009	285,000	51,450	42,900	94,350	379,350
2010	305,000	42,900	33,750	76,650	381,650
2011	325,000	33,750	24,000	57,750	382,750
2012	345,000	24,000	13,650	37,650	382,650
2013	455,000	13,660	-	13,660	468,660
<b>Total</b>	<b>\$ 3,200,000</b>	<b>\$ 703,137</b>	<b>\$ 610,515</b>	<b>\$ 1,313,652</b>	<b>\$ 4,513,652</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 Ending September 30,</b>	<b>Principal</b>		<b>Interest</b>		<b>Total</b>
	<b>October 1</b>	<b>April 1</b>	<b>October 1</b>	<b>April 1</b>	
2002	\$ 285,000	\$ 295,000	\$ 57,277	\$ 46,865	\$ 684,142
2003	305,000	320,000	35,812	24,375	685,187
2004	330,000	101,983	12,375	238,017	682,375
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>\$ 1,523,872</b>	<b>\$ 1,220,984</b>	<b>\$ 2,446,592</b>	<b>\$ 2,240,256</b>	<b>\$ 7,431,704</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 Ending 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**

*1994 Obligation Under Utility Agreement - City of Lake Worth*

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<b>Fiscal Year Ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2002	\$ 496,061	\$ 115,934	\$ 611,995
2003	493,784	96,112	589,896
2004	527,670	75,052	602,722
2005	557,879	52,004	609,883
2006	592,778	27,063	619,841
<b>Total</b>	<b>\$ 2,668,172</b>	<b>\$ 366,165</b>	<b>\$ 3,034,337</b>

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# STATISTICAL SECTION

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**VILLAGE OF PALM SPRINGS, FLORIDA**  
*General Fund Revenue by Source*  
*Last Ten Fiscal Years*

<b>Fiscal Year Ended September 30,</b>	<b>Taxes</b>	<b>Licenses and Permits</b>	<b>Intergovern- mental</b>	<b>Charges for Services</b>
1992	\$ 2,008,895	\$ 86,353	\$ 967,932	\$ 265,765
1993	1,901,621	73,544	982,162	271,107
1994	2,006,958	105,251	1,014,624	255,712
1995	1,982,048	109,921	1,081,841	254,332
1996	2,037,981	111,761	1,090,222	256,285
1997	2,086,751	135,986	1,140,160	315,043
1998	2,126,973	176,861	1,286,684	321,108
1999	2,197,899	231,549	1,349,647	336,810
2000	2,469,967	218,904	1,458,312	352,125
2001	2,748,435	175,713	1,489,623	388,708

**Table I**

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<b>Fines and Forfeitures</b>	<b>Interest on Investments</b>	<b>Contributions</b>	<b>Miscellaneous</b>	<b>Total</b>	<b>Annual Percentage Increase (Decrease)</b>
\$ 72,810	\$ 74,805	\$ -	\$ 62,616	\$ 3,539,176	25.15 %
71,958	59,709	-	25,708	3,385,809	(4.33) %
103,618	62,083	-	60,193	3,608,439	6.58 %
94,627	103,201	-	62,637	3,688,607	2.22 %
94,083	108,282	-	73,483	3,772,097	2.26 %
128,775	99,532	13,610	125,521	4,045,378	7.24 %
145,240	99,424	3,420	151,446	4,311,156	6.57 %
165,491	98,646	1,977	137,446	4,519,465	4.83 %
149,962	140,932	7,755	91,230	4,889,187	8.18 %
162,697	138,715	1,412	151,484	5,256,787	7.52 %

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**VILLAGE OF PALM SPRINGS, FLORIDA**  
*General Fund Expenditures by Function*  
*Last Ten Fiscal Years*

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<b>Fiscal Year Ended September 30,</b>	<b>General Government</b>	<b>Public Safety</b>	<b>Physical Environment</b>	<b>Transportation<sup>(1)</sup></b>
1992	\$ 623,441	\$ 1,635,233	\$ 784,416	\$ -
1993	632,348	1,688,739	341,208	471,211
1994	627,144	1,739,437	294,520	417,193
1995	620,166	1,904,265	280,692	416,316
1996	699,027	2,005,478	292,636	478,402
1997	768,554	2,272,811	292,310	471,235
1998	804,182	2,418,895	302,388	527,672
1999	804,546	2,470,866	323,777	514,062
2000	790,012	2,555,442	321,411	487,655
2001	819,386	2,871,557	327,565	552,555

<sup>(1)</sup> Transportation represents the public works division of the Public Service Department. This division was previously combined with Sanitation and Recycling under physical environment.

**Table II**

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<b>Culture/ Recreation</b>	<b>Total</b>	<b>Capital Outlay</b>	<b>Total</b>	<b>Annual Percentage Increase (Decrease)</b>
\$ 582,285	\$ 3,625,375	\$ 315,516	\$ 3,940,891	3.38 %
586,178	3,719,684	212,613	3,932,297	(0.22) %
598,509	3,676,803	333,806	4,010,609	1.99 %
645,670	3,867,109	350,161	4,217,270	5.15 %
677,564	4,153,107	278,473	4,431,580	5.08 %
692,863	4,497,773	322,968	4,820,741	8.78 %
747,766	4,800,903	372,894	5,173,797	7.32 %
746,052	4,859,303	153,823	5,013,126	(3.11) %
736,746	4,891,266	373,193	5,264,459	5.01 %
656,960	5,228,023	277,259	5,505,282	4.57 %

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**VILLAGE OF PALM SPRINGS, FLORIDA**

*Computation of Direct and Overlapping General Obligation Debt  
September 30, 2001*

**Table III**

	<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	\$ 300,261	100.00%	\$ 300,261
Overlapping:			
Palm Beach County	267,485,000	0.33%	882,701
Palm Beach County School District	221,080,000	0.33%	729,564
<b>Total direct and overlapping debt payable from ad valorem taxes</b>	<b>\$ 488,865,261</b>		<b>\$ 1,912,526</b>
Estimated population			12,351
Total direct and overlapping debt per capita			\$ 154.85

<sup>(1)</sup> Estimates based on 2000 ratio of assessed taxable values.

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

**VILLAGE OF PALM SPRINGS, FLORIDA**  
*Property Tax Levies and Collections*  
*Last Ten Fiscal Years*

**Table IV**

<b>Fiscal Year Ended 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>
1992	\$ 928,064	\$ 889,282	95.82 %	\$2,968	\$ 892,250	96.14 %
1993	924,503	866,046	93.68 %	3,143	869,189	94.02 %
1994	948,274	917,045	96.71 %	2,391	919,436	96.96 %
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 %

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

\* Tax levy, net of allowable discounts.

**VILLAGE OF PALM SPRINGS, FLORIDA**  
*Assessed Value of Taxable Property*  
*Last Ten Fiscal Years*

**Table V**

<b>Fiscal Year Ended September 30,</b>	<b>Assessed Values</b>		<b>Total</b>
	<b>Real Property</b>	<b>Personal Property</b>	
1992	\$ 172,925,392	\$ 8,337,197	\$ 181,262,589
1993	168,145,202	9,609,594	177,754,796
1994	164,425,427	9,537,861	173,963,288
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

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*

**Table VI**

<b>Fiscal Year Ended 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>
1992	5.1200	0.4330	5.5530	9.7850	4.6440	2.3965	22.3785
1993	5.2010	0.4550	5.6560	9.6030	4.3178	2.7836	22.3604
1994	5.4510	0.4510	5.9020	10.0630	4.5499	2.5541	23.0690
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	9.6820	4.8582	2.2343	22.4061
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

- Tax rate limits - Ten mills per Florida Statute 200.081 (one mill equals \$1 per \$1,000 of assessed valuation).
- Scope of tax rate limits - 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 delinquency - 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 Taxpayers*  
*January 1, 2000*

**Table VII**

<b>Taxpayers</b>	<b>Assessed Valuation</b>	<b>Taxes</b>	<b>Percentage of Total Taxes Levied</b>
IRT Property Co.	\$ 12,300,000	\$ 304,764	24.65 %
CSC - Village Club Apartments, Ltd.	8,838,103	208,159	16.84 %
Woodhaven Ltd Partnership	5,803,145	139,494	11.28 %
EQR - Village Green Vistas, Inc.	5,829,512	134,077	10.84 %
Phillips Lake Worth	5,144,504	131,853	10.66 %
Aurora Homes, Inc.	5,707,984	130,049	10.52 %
Waterton Esprimir	4,937,838	116,298	9.41 %
Jerjo Inc.	4,000,000	92,393	7.47 %
Acquiport Amsdell IV	3,260,383	73,563	5.95 %
Rex Prop Palm Springs Ltd Co.	2,866,000	67,214	5.44 %

Source: Palm Beach County Tax Collector's Office.

**VILLAGE OF PALM SPRINGS, FLORIDA****Table VIII***Ratio of Net General Obligation Debt to Assessed Value and Net Bonded Debt Per Capita**Last Ten Fiscal Years*

<b>Fiscal Year Ended September 30,</b>	<b>Population</b>	<b>Total Assessed Value</b>	<b>Net Bonded Debt</b>	<b>Ratio of Net Bonded Debt to Assessed Value</b>	<b>Net Bonded Debt per Capita</b>
1992	9,763 <sup>(1)</sup>	\$ 181,262,589	\$ 650,000	0.36%	66.58
1993	9,763 <sup>(1)</sup>	177,754,796	620,000	0.35%	63.51
1994	9,763 <sup>(1)</sup>	173,963,288	590,000	0.34%	60.43
1995	9,763 <sup>(1)</sup>	169,290,942	555,000	0.33%	56.85
1996	9,763 <sup>(1)</sup>	174,738,702	520,000	0.30%	53.26
1997	10,146 <sup>(2)</sup>	176,200,318	488,836 <sup>(3)</sup>	0.28%	48.18
1998	10,146 <sup>(2)</sup>	177,676,316	445,408	0.25%	43.90
1999	10,146 <sup>(2)</sup>	186,950,924	399,592	0.21%	39.38
2000	10,220 <sup>(2)</sup>	210,169,977	351,256	0.17%	34.37
2001	12,351 <sup>(4)</sup>	238,855,055	300,261	0.13%	24.31

<sup>(1)</sup> U.S. Department of Commerce, Bureau of Census, 1990 Census.

<sup>(2)</sup> University of Florida, Bureau of Economic Business Research.

<sup>(3)</sup> The Village refinanced general obligation bonds in 1997 with a promissory note secured by the full faith, credit and taxing power of the Village.

<sup>(4)</sup> U.S. Department of Commerce, Bureau of Census, 2000 Census.

**VILLAGE OF PALM SPRINGS, FLORIDA****Table IX**

*Ratio of Net Annual Debt Service Requirements for General Bonded Debt to Total  
General Fund Expenditures  
Last Ten Fiscal Years*

<b>Fiscal Year Ended September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Debt Service</b>	<b>Total General Fund Expenditures</b>	<b>Ratio of Debt Service to General Fund Expenditures</b>
1992	\$ 25,000	\$ 47,440	\$ 72,440	\$ 3,940,891	1.84 %
1993	30,000	46,410	76,410	3,932,297	1.94 %
1994	30,000	43,585	73,585	4,010,609	1.83 %
1995	35,000	42,132	77,132	4,217,270	1.83 %
1996	35,000	38,925	73,925	4,431,580	1.67 %
1997	41,164	29,414	70,578	4,820,741	1.46 %
1998	43,428	25,669	69,097	5,173,797	1.34 %
1999	45,816	23,200	69,016	5,013,126	1.38 %
2000	48,336	20,887	69,223	5,264,459	1.31 %
2001	50,995	17,898	68,893	5,505,282	1.25 %

**VILLAGE OF PALM SPRINGS, FLORIDA**  
*Schedule of Water and Sewer Revenue Bond Coverage*  
*Last Ten Fiscal Years*

**Table X**

<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>
1992	\$ 5,711,102	\$ 3,146,773	\$ 2,564,329	\$ 745,312	3.44
1993	6,114,513	3,262,706	2,851,807	1,070,395	2.66
1994	6,360,692	3,478,161	2,882,531	1,101,750	2.62
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

\* Includes interest income and customer contributions.

\*\* Excludes depreciation and amortization expense.

**VILLAGE OF PALM SPRINGS, FLORIDA**  
*Demographic Statistics*  
*Last Ten Fiscal Years*

**Table XI**

<b>Fiscal Year Ended September 30,</b>	<b>Population<sup>(1)</sup></b>	<b>Per Capita Income<sup>(2)</sup></b>	<b>Median Age<sup>(2)</sup></b>	<b>Unemployment Rate<sup>(2)</sup></b>
1992	9,763	\$ 25,621	N/A	9.8%
1993	9,763	26,798	N/A	8.5%
1994	9,763	28,097	N/A	8.3%
1995	9,763	30,901	N/A	N/A
1996	9,763	33,518	N/A	7.0%
1997	10,146	33,852	N/A	6.4%
1998	10,146	36,057	N/A	5.8%
1999	10,146	36,057	N/A	5.7%
2000	10,220	40,044	N/A	4.7%
2001	12,351	41,907	N/A	6.0%

(1)

The population for the years 1992 through 1996 is the same data as the 1990 U.S. Census Bureau count. The population for 1997 through 2000 was obtained from the University of Florida, Bureau of Economic Business Administration. The population for 2001 was obtained from the 2000 U.S. Census Bureau count.

(2) 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**  
*Property Value, Construction and Bank Deposits*  
*Last Ten Fiscal Years*

**Table XII**

Fiscal Year Ended September 30,	Property Value <sup>(1)</sup>	Building Permits <sup>(2)</sup>		Bank <sup>(3)</sup>
		Number Issued	Value of Permits	Deposits (in thousands)
1992	\$ 181,262,589	720	\$ 29,087	\$ 7,955,346
1993	177,754,796	509	22,523	7,727,879
1994	173,963,288	587	47,514	8,196,595
1995	169,290,942	558	47,589	9,055,476
1996	174,738,702	588	50,822	9,545,424
1997	176,200,318	940	71,555	9,911,930
1998	177,676,316	1,090	107,453	10,715,610
1999	186,950,924	1,074	153,275	13,283,898
2000	210,169,977	1,209	131,206	12,711,003
2001	238,855,055	1,112	82,550	12,927,182

<sup>(1)</sup> Based on assessed value.

<sup>(2)</sup> Source: Building Department.

<sup>(3)</sup> Florida Bankers Association (deposits for Palm Beach County) as of September 30 of the preceding year.

**VILLAGE OF PALM SPRINGS, FLORIDA**  
*Schedule of Insurance in Force*  
*September 30, 2001*

**Table XIII**

<b>Company</b>	<b>Policy Number</b>	<b>Type of Coverage</b>	<b>Property Covered</b>	<b>Amount of Coverage</b>
The Travelers	Bind159263	Fiduciary liability (hazardous & general employees)	Pension trustees	\$ 1,000,000
Coregis Insurance Company	POD100064	Public officials errors and omissions	Public officials	\$ 1,000,000
Coregis Insurance Company	651-006832	Automobile liability/physical damage	Any auto Owned vehicles	\$ 100,000/200,000 \$ 900,000 excess physical actual cash value
Preferred Government Insurance Trust	001000000130100	Workers compensation	Village employees	Florida Statutory
Coregis Insurance Company	651-006832	Property/boiler and machinery	Village property	\$ 5,500,000
AIG Life Insurance Company	SRG0008047915	AD & D	Village employees	\$ 25,000/75,000
United Pacific Insurance	6024582	Public official bond	Village finance director	\$ 25,000
United Pacific Insurance	6705220	Public official bond	Village manager	\$ 25,000
Coregis Insurance Company	651-006832	Property, inland marine and crime coverage	Village property	\$ 14,793,071
Commerce & Industry Ins. Company	FPL7509356	Petroleum storage tank liability	Fuel tanks	\$ 1,000,000 per inc. \$ 2,000,000 aggre.
Coregis Insurance Company	651-006832	General liability Law Enforcement liability		\$ 100,000/200,000 \$ 900,000 excess

<b>Date of Incorporation:</b>	1957
<b>Form of Government:</b>	Village Council – Manager, with a mayor and four council members elected for two-year overlapping terms. The Village Manager is appointed by the council.
<b>Location and Area:</b>	The Village of Palm Springs encompasses 2.0 square miles and is located six miles west of the Atlantic Ocean and five miles south of West Palm Beach, which is the county seat of Palm Beach County.
<b>Public Safety:</b>	Public Safety employs 32 full time dual certified Public Safety Officers, 4 Fire-Medics, 15 part-time and reserve personnel, 8 full time civilian employees, and 3 crossing guards. Public Safety personnel maintain certification as Police/Fire and EMT/Paramedics. The Department has a fleet consisting of 26 patrol vehicles, a 1500 GPM pumper, a mini-attack pumper, an 80 ft. aerial truck, and 3 advanced life support ambulances. All Public Safety activities are conducted from a central Village location.
<b>Recreation Facilities:</b>	Ballfields – four (all lighted) Basketball courts – two Soccer fields – three (all lighted) Tennis courts – four lighted Community centers with meeting rooms and kitchen Park with various recreational facilities, playgrounds, and heart trail
<b>Library:</b>	<p>The collection includes 34,924 books (12,310 for children), 1,823 video cassettes, 228 audio cassettes, 344 CDs, 151 DVDs, and subscriptions to 130 periodicals and newspapers.</p> <p>Circulation for fiscal year 2000-01 was 59,277. The library offered 364 programs, attended by 5,436 people. The library has 2,601 cardholders (390 children), including 354 nonresidents.</p>
<b>Water System:</b>	As of September 30, 2001, the number of metered water customers was 11,931. For the fiscal year ended September 30, 2001, the number of gallons (in thousands) that passed through the master meter was 1,485,862.

*Continued on the following page...*

**VILLAGE OF PALM SPRINGS, FLORIDA***Miscellaneous Statistical Data (Continued)**September 30, 2001***Water Rates:**

The schedules of rates and charges imposed for water service during the fiscal year were as follows:

	<b>Inside Village</b>	<b>Outside Village</b>
Customer service charge/month (based on meter size):		
5/8 inch meter	\$ 4.68	\$ 5.85
1 inch meter	11.70	14.63
1 1/2 inch meter	23.40	29.25
2 inch meter	46.80	58.50
3 inch meter	93.60	117.00
4 inch meter	140.40	175.50
6 inch meter	280.80	351.00
8 inch meter	421.20	526.50
Consumption charge (per 1,000 gallons):		
Residential	1.49	1.86
Commercial	1.44	1.80
Multifamily	1.19	1.49
Large user	-	1.79

**Sewer System:**

As of September 30, 2001, the number of properties connected to the sewer system and/or being billed for sewer services was 9,018. As it is the responsibility of the property owner to connect to the sewer lines, charges by the Village begin during the month following the availability of this system.

**Sewer Rates:**

The monthly rates and charges imposed for sewer service during the fiscal year were as follows:

	<b>Inside Village</b>	<b>Outside Village</b>
Customer service charge/month (based on meter size):		
5/8 inch meter	\$ 2.82	\$ 3.53
1 inch meter	7.05	8.81
1 1/2 inch meter	14.10	17.63
2 inch meter	28.20	35.25
3 inch meter	56.40	70.50
4 inch meter	84.60	105.75
6 inch meter	169.20	211.50
8 inch meter	253.80	317.25
Volume charge (per 1,000 gallons)	3.23	4.04

# REQUIRED REPORTS



Haas, Diaz & Co.  
Certified Public Accountants

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

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

We have audited the general purpose financial statements of the Village of Palm Springs, Florida, as of and for the year ended September 30, 2001, and have issued our report thereon dated January 23, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Palm Springs, Florida's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Palm Springs, Florida's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance 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 over financial reporting that might be material weaknesses. A material weakness is a 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 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. However, we noted other matters involving the internal control over financial reporting that we have reported to management of The Village of Palm Springs in a separate letter dated January 23, 2002.

This report is intended for the information and use of management and members of the Village Council and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in dark ink that reads "Haas, Diaz &amp; Co." in a cursive style.

Haas, Diaz & Co.  
Certified Public Accountants

January 23, 2002

1601 Belvedere Road  
Suite 200, East  
West Palm Beach, FL 33406-1595  
(561) 686-1551 Fax: (561) 471-1210



## MANAGEMENT LETTER

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

We have audited the general purpose financial statements of the Village of Palm Springs, Florida, for the year ended September 30, 2001, and have issued our report thereon dated January 23, 2002.

We have issued our Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting dated January 23, 2002. Disclosures in that report, if any, should be considered in conjunction with this management letter.

We conducted our audit in accordance with generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554 (1) (g) 1. a) require that we comment as to whether or not inaccuracies, shortages, defalcations, fraud, and violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no such instances disclosed in the preceding annual financial audit report.

The Rules of the Auditor General (Section 10.554 (1) (g) 1. b) require that we comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendations made in the preceding annual financial audit report have been followed except as discussed below.

The Rules of the Auditor General (Section 10.554 (1) (g) 2.) require that we comment as to whether or not the Village complied with Section 218.415, Florida Statutes, regarding the investment of public funds. The Village has adopted a written investment policy and was in compliance with the provisions of that policy for the year ended September 30, 2001.

As required by the Rules of the Auditor General (Section 10.554 (1) (g) 6. a), the scope of our audit included a review of the provisions of Section 218.503 (1), Florida Statutes, "Determination of Financial Emergency." In connection with our audit, we determined that the Village of Palm Springs, Florida is not in a state of financial emergency as a consequence of the conditions described by Section 218.503 (1), Florida Statutes. The scope of our audit included the use of financial condition assessment procedures to assist in the detection of deteriorating financial conditions pursuant to Section 218.39 (5), Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554 (1) (g) 6. b), we determined that the annual financial report for the Village of Palm Springs, Florida for the year ended September 30, 2001, was filed with the Department of Banking Finance pursuant to Section 218.32 (1) (a), Florida Statutes, and is in agreement with the annual financial audit report for the year ended September 30, 2001.

The Rules of Auditor General (Sections 10.554 (1) (g) 3., 4.) require disclosure in the management letter of the following matters if not already addressed in the auditor's report on compliance and internal control over financial reporting: recommendations to improve financial management, accounting procedures, and internal controls; recommendations addressing deteriorating financial conditions; violations of laws, rules, regulations and contractual provisions; illegal or improper expenditures which may or may not materially affect the financial statements; improper or inadequate accounting procedures; failures to properly record financial transactions; and other inaccuracies, shortages, defalcations and instances of fraud discovered by the auditor. Our audit disclosed the following matter required to be disclosed by Rules of Auditor General (Sections 10.554 (1) (g) 3., 4.):

### **BUILDING PERMIT FEE CALCULATIONS (Repeat Comment)**

#### **Criteria**

Building permit fees should be calculated pursuant to Resolution 98-61.

#### **Condition**

Resolution 98-61 sets forth the methodology for calculating building permit fees. Fees for principal structures should be based on the following formula: *Unit rate x floor area x percentage x 1.03*, as described in the resolution. However, the Village uses the *Estimated Value x percent* formula for all building related projects. The two principal structure projects (new constructions) sampled indicated a substantial difference between the permit fees charged using the "*Estimated Value*" method and the fees required using the "*Unit rate*" method.

#### **Perspective**

Building permit fees were inaccurately calculated in three of the five permits examined.

#### **Effect**

Building permit fees were not being calculated as described in Resolution 98-61 during fiscal year ended September 30, 2001.

#### **Recommendation**

We recommend that management review the fees calculated by the clerk prior to issuing the building permits and collecting the fees.

#### **Management's Response**

Effective October 1, 2001, the Village is using a calculation sheet to determine the permit fee, signed by the reviewer and then provided to the permit technician to collect the appropriate fee. Once the fee is paid, the calculation sheet is attached to the permit application and remains on file.

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



Haas, Diaz & Co.  
Certified Public Accountants

January 23, 2002