



# THE VILLAGE OF PALM SPRINGS, FLORIDA



## Comprehensive Annual Financial Report

Fiscal Year Ended  
September 30, 2019

I selected this photo for the front of our Comprehensive Annual Financial Report (CAFR) this year to memorialize what the Police Department Building looks like today. The Village has engaged architects to design the expansion and redesign of this building to better meet the growing needs of our Police Department. It is hard to believe this facility was built just 15 years ago, but the good news is through the positive growth of the Village we need to expand this facility to house the additional personnel and improve the functionality for not only our Police department personnel but also improve public access and the impact of this expanded facility and how it will relate to the rest of the Village buildings on this campus site. I am excited to see the new designs and the positive impact on our Police Department and Village.

This photo was taken by one of our newer members of the Police Department, Yisandra Albuquerque, Crime Scene Investigator. Thank you Yisandra!

Rebecca L. Morse  
Chief Financial Officer

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

**THE VILLAGE OF  
PALM SPRINGS, FLORIDA**

Comprehensive Annual  
Financial Report

**Fiscal Year Ended  
September 30, 2019**

**Prepared by:  
Finance Department**

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

# VILLAGE OF PALM SPRINGS, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2019

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# VILLAGE OF PALM SPRINGS, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2019

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**VILLAGE OF PALM SPRINGS, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT**

SEPTEMBER 30, 2019

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# **INTRODUCTORY SECTION**

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# *Village of Palm Springs*

## *Department of Finance*

*226 Cypress Lane,*

*Palm Springs, Fl. 33461-1699*

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

March 18, 2020

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

The Finance Department is pleased to present the Village's Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2019, which also includes the Independent Auditors' Report. The CAFR has been prepared in accordance with the Village Charter, Florida State Statutes and U.S. generally accepted accounting principles (GAAP) for governments. All disclosures necessary to enable the reader to gain an understanding of the Village's financial condition and activities have been included.

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Village. The Village's financial operations are designed with a comprehensive system of internal controls established to safeguard assets from loss, theft or misuse. The Village's internal control system is designed to provide reasonable, reliable financial records for use in preparing financial statements in accordance with U.S. generally accepted accounting principles. To the best of our knowledge and belief the presented data is accurate in all material respects, and is organized in a manner designed to fairly present the financial position and results of operations of the Village as measured by the financial activity of its various funds and the Village as a whole.

Florida Statutes require an annual audit by independent certified public accountants. Caler, Donten, Levine, Cohen, Porter & Veil, P.A. Certified Public Accountants, have issued an unmodified ("clean") opinion on the Village of Palm Springs' financial statements for the year ended September 30, 2019. The independent auditor's report on the basic financial statements and combining fund financial statements and debt schedules is located at page 1 in the financial section of this report.

### **Report Format**

This report has been prepared and organized to meet the requirements of the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program. By following the guidelines of this program, the report's format facilitates understanding by the residents as well as providing information needed by financial professionals.

The report is presented in four sections; Introductory, Financial, Statistical and Compliance. The Management's Discussion and Analysis (MD&A) located in the Financial Section following the independent audit report, together with this transmittal letter contain valuable information for the user of the financial statements and should be read in conjunction with them.

### **Village profile**

The Village of Palm Springs was incorporated in 1957 and is centrally located in Palm Beach County. As part of South Florida's Gold Coast, Palm Beach County is well recognized for its unique lifestyle with a comfortable average year-around temperature of 76 degrees, 45 miles of beaches, 160 challenging golf courses and many cultural attractions. These elements and many more combine to create an unequalled quality of life that has attracted a diverse population from retirees to young professionals.



Palm Springs is an attractive, affordable community offering a mix of single family homes, townhomes and condominiums combined with all the services working families and retirees look for. As a full-service municipality, the Village strives to meet the needs and desires of the entire spectrum of residents by providing law enforcement, a public library, parks and recreation facilities and activities, sanitation and recycling services, water and sewer services, road and street maintenance and beautification as well as general government support services.

The Village's enterprise operation consists of two water treatment plants. The first plant, located within the Village, is a 6 million gallon treatment facility. The second plant, dedicated to former Public Service Director Robert L. Pratt, is located in unincorporated Palm Beach County and is a 3 million gallon treatment facility with expansion capabilities to 4 million gallons.

The Village's sewer treatment is handled through two connections to the East Central Regional Wastewater Treatment Facilities. The Village has agreements with Palm Beach County for one connection and with the City of Lake Worth for the second. As of September 30, 2019, our utility system had 20,251 water customers and 19,274 sewer customers. Approximately 49% of total connections serve our residents; the other 51% of our connections are in the unincorporated area.

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

**Economic outlook and financial planning**

The Village’s population has increased 47%, from 15,831 in 2010 to the current estimate of 23,250. Over the same ten-year period the Village’s assessed taxable value grew from \$694,482,029 in 2010 to a new high of \$1.2 billion this year an increase of \$526,897,095 or 75.9%. The taxable values increased by \$112 million or 10.1% over fiscal year 2018. We believe the taxable values are back on the rise reflecting the stronger economy, on-going redevelopment and annexation efforts.

Future growth will require the Village to continue to annex surrounding areas that include commercial properties and potential areas of development or re-development. The Village has proposed two community redevelopment districts (CRA) to Palm Beach County for their approval. The CRA’s are for the Lake Worth Road area and Congress Ave. The Village expects to spur re-development and new developments in these areas using tax increment financing.

As of September 30, 2019, the General Fund had a total fund balance of \$16,756,633. The components of fund balance, in accordance with GASB 54, are detailed as follows.

Total fund balance	\$ 16,756,633
Nonspendable - Inventory	85,456
Restricted for sales tax infrastructure capital projects	3,488,534
Assigned to:	
Disaster recovery	3,000,000
Future capital projects	1,500,000
Library operations	36,651
Subsequent year’s budget	<u>2,338,399</u>
Unassigned fund balance	<u>\$ 6,307,593</u>

Fortunately, the Village has been very conservatively managed, the Village has assigned \$3.0 million for disaster recovery and together with the \$1.5 million assigned for large capital acquisitions or replacements

prudently providing for the on-going operations of the Village and preparing for potential disasters or economic downturn.

The General Fund's unassigned fund balance represents 22% of the General Fund budget for fiscal year 2020. Our goal is to maintain this unassigned fund balance in the 20-25% range. The Village's purpose for building our fund balance to this level is to have adequate resources during the "rainy days." The Village will always seek to balance the budget with current resources, but we have prudently provided funds for the potential economic fluctuations and provide a financial hedge of protection for our community.

The Village's 5-Year Capital Improvement Budget includes updates for the proposed years through FY 2023 and new capital items were added for FY 2024.

The Village evaluates one third of our roads and streets annually using a pavement rating system, based on this evaluation the Village budgets funds to maintain the roads and street network with at least 80% of the system rated at a good or better condition based on the pavement rating system. A schedule showing the annual expenditures for the last ten years to maintain this network is located on page 77 of this report.

The Village Council legally adopts a formal budget for the General Fund. The Village maintains budgetary control at the department level of expenditure. All expenditures in excess of \$5,000 or more require the Village Manager's authorization, and expenditures over \$25,000 require approval by the Village Council and/or competitive bid. Budget transfers within a department are handled administratively. The Village Council must approve budget transfers between departments or budget amendments, which increase or decrease the total fund.

A schedule comparing the original budget, revised budget and actual revenues and expenditures is located on pages 72 – 76 of this report.

### **Major initiatives**

In December, the Police department held its 8th annual "Stuff-A-Cruiser" toy drive. The event was held to collect new, unused and unwrapped toys to benefit local and needy families during the holidays and was held on the Village's ballfields. Several members represented the department including individuals from the Community Policing Unit, the Criminal Investigation Division, the Support Services Division, Reserve Officers, the Police Explorers and PBSC Crime Scene students. Unfortunately, due to inclement weather, only a little over 500 people attended, however, this was our best year ever for donations. More than \$10,000 was raised to conduct the event and to donate to Adopt-A-Family and the Salvation Army. In addition, several hundred toys were donated and given to Adopt-A-Family and the Salvation Army for needy families.

The Police department migrated to new Computer Aided Dispatch (CAD) /Records Management software. The old system was over fifteen years old, but fortunately our vendor was able to transfer all the prior data into the new system at no additional cost.

Parks and Recreation completed Areca Palm Park, through a Community Development Block Grant, which includes as its major component, outdoor accessible fitness equipment to further enhance the Village's commitment to wellness. The department was also fortunate to purchase two new school buses and one 30 passenger bus to transport program participants to offsite activities. All three buses have air conditioning and seat belts. The two new school buses replaced two buses that were over 24 years old. These buses were purchased with the one-cent sales tax funds.

The Library planned and implemented a major renovation project this year. Old carpets were replaced with vinyl plank flooring to match the Meeting Room and walls were painted in fresh new colors. The library added new audio-visual technology, new security features and began the project of automating. New furniture adorns the rearranged public areas to encourage quiet study as well as collaboration and engagement with library materials.

To promote economic development, the Village continued its popular Property Improvement Grant Program. This is a matching grant of up to 50% (up to \$5,000) for improvements to residential and commercial property structures. The improvement project must include construction/renovation of the street facing façade of the building or driveway. Now in its fifth year, the Village granted 27 awards totaling \$304,219 in improvements and \$117,113 was distributed as the Village match.

The Village Council re-initiated efforts in 2019 to create a Community Redevelopment Agency (CRA). To administer the activities and programs that can be offered within community redevelopment areas pursuant to Chapter 163, Part III, Florida Statutes, the Village adopted Finding of Necessity reports for two proposed CRA districts on March 28, 2019. On September 16, 2019, the Palm Beach County Board of County Commissioners delegated redevelopment powers conferred by these statutes to the Palm Springs Village Council, with conditions that are outlined in an interlocal agreement. On November 14, 2019, the Village Council created a CRA with two districts (Congress Avenue and Lake Worth Road) via Ordinance 2019-19. The CRA, as a dependent special district, will be included in the Village's budget as a major fund. The first of tax increment revenues will not be received by the CRA until January 2021. The Village Council approved the CRA's request to fund initial expenses, such as the annual special district fee.

### **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, 2018.

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 U.S. 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 thirty-one consecutive years (fiscal years ended 1988-2018). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

### **Acknowledgements**

In the last 32 years I have watched the Village grow and been blessed to work with some devoted individuals that have served this community bringing exceptional skill, professionalism and dedication, and always giving their best to our residents and businesses. This report shows the financial results of that dedication having a solid foundation to continue to build this evolving community, and ensure a safe place to work, play and call home.

I am most privileged to work with four talented women that begin each day with a commitment to provide the highest quality of financial services to the Village. Assistant Director, Mariana Ortega-Sanchez, Accountant, Sylvia Ward, and Accounting Technicians, Nataly Cintron and Pisurki Rodriguez are the pillars of this solid foundation leading with personal and professional integrity and exceptional character. Thank you again for setting the bar high.

Respectfully submitted,



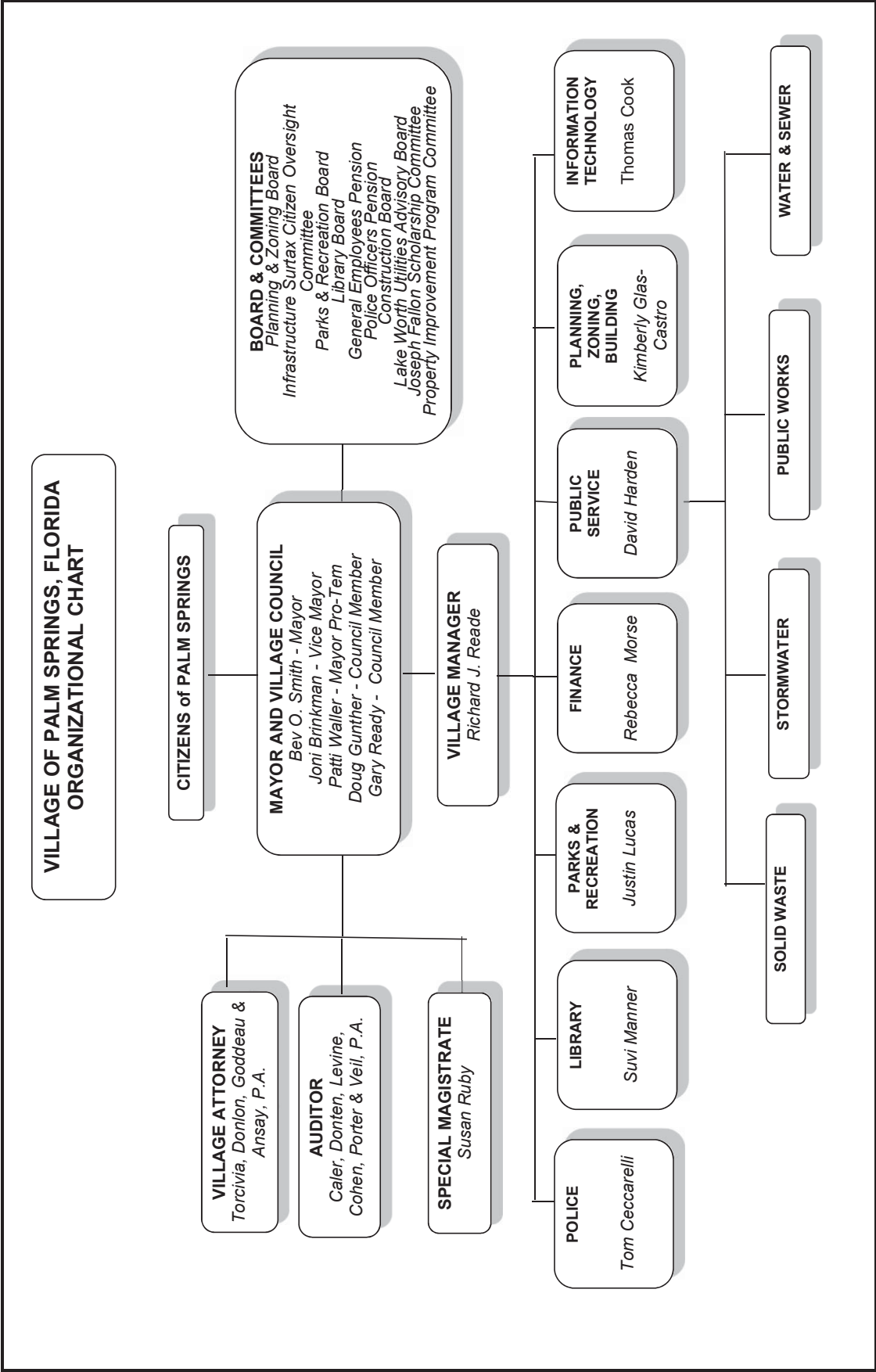
Rebecca L. Morse, CGFO, CPFO  
Chief Financial Officer

# VILLAGE OF PALM SPRINGS, FLORIDA

## LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2019

<u>Title</u>	<u>Name</u>
Mayor	Bev O. Smith
Vice Mayor	Joni Brinkman
Mayor Pro-Tem	Patti Waller
Council Member	Doug Gunther
Council Member	Gary Ready
Village Manager	Richard J. Reade
Chief Financial Officer	Rebecca L. Morse
Public Services Director	David Harden
Public Safety Director	Tom Ceccarelli
Village Clerk	Kimberly Wynn
Library Director	Suvi Manner
Parks & Recreation Director	Justin Lucas
Planning, Zoning and Building Director	Kim Glas-Castro
Information Technology Director	Thomas Cook
Village Attorney	Glen J. Torcivia





Government Finance Officers Association

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, 2018**

*Christopher P. Morill*

Executive Director/CEO

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## **FINANCIAL SECTION**

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

WILLIAM K CALER, JR., CPA  
LAURA E CLARK, CPA  
LOUIS M COHEN, CPA  
JOHN C COURTNEY, CPA, JD  
DAVID S DONTEN, CPA  
JAMES B HUTCHISON, CPA  
JOEL H LEVINE, CPA  
JAMES F MULLEN, IV, CPA  
MICHAEL J NALEZYTY, CPA  
THOMAS A PENCE, JR., CPA  
SCOTT L PORTER, CPA  
MARK D VEIL, CPA  
MARTIN R WOODS, CPA

## CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900  
WEST PALM BEACH, FL 33401  
TELEPHONE: (561) 832-9292

759 SW FEDERAL HIGHWAY, SUITE 301  
STUART, FL 34994  
TELEPHONE: (772) 872-2123

info@cdlcpa.com

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Palm Springs, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Village of Palm Springs, Florida, as of September 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

## ***Other Matters***

### ***Required Supplementary Information***

U.S. generally accepted accounting principles require that the management's discussion and analysis on pages 4 through 15, the budgetary comparison information on pages 72 to 76, the condition rating of the Village's street system on page 77, the pension information on pages 78 through 90, and the other postemployment benefits information on page 91, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The introductory section, the combining fund financial statements and debt schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining fund financial statements and debt schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the combining fund financial statements and debt schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2020, on our consideration of the internal control over financial reporting of the Village of Palm Springs, Florida, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an

integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

*Cale, Dutton, Levine,  
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida  
March 17, 2020

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Village of Palm Springs, we are presenting this discussion and analysis (MD&A) to provide a narrative overview and analysis of the financial activities of the Village for the fiscal year ended September 30, 2019. Please read it in conjunction with the accompanying transmittal letter beginning on page i and the accompanying basic financial statements.

### FINANCIAL HIGHLIGHTS

- The Village's total net position at September 30, 2019 is \$86.7 million. Of this amount, \$34.0 million (unrestricted net position) may be used to meet the Village's ongoing obligations to residents and creditors.
- Governmental net position is \$20.4 million, a net increase of \$4.2 million from 2019 operations.
- Business-type net position was \$66.3 million, a net increase of \$4.6 million from 2019 operations.
- The total revenues from all sources were \$42.3 million, an increase of \$3.2 million.
- The total cost of all Village programs was \$33.6 million, an increase of \$3.1 million.
- For 2019, the Village's governmental funds revenues and other financing sources exceeded expenditures by \$2,529,857.
- Revenues in the General Fund exceeded expenditures by \$2,503,290, including other financing sources.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$6,307,593, or 32.5% of total General Fund expenditures.
- The Village's total noncurrent liabilities increased by \$1.2 million during the current fiscal year. The Village governmental activities long-term liabilities increased by \$1.2 million and the business activities long-term liabilities increased by \$38,000. The increases are primarily attributable to pension liabilities.
- The total OPEB liability increased \$25,713 to \$474,518 at September 30, 2019.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements including four components which are:

1. Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the Village as a whole.
2. Fund financial statements tell how services were financed in the short term, as well as what remains for future spending. Fund financial statements also report the Village's operations in more detail than the government-wide statements by providing information about the Village's most significant funds.
3. Notes to the financial statements.
4. Other information.

#### Government-wide Financial Statements

A frequently asked question regarding the Village's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the Village as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

These two statements report the Village's net position and changes therein. Net Position is the result of assets plus deferred outflows of resources minus liabilities and deferred inflows of resources. Net Position is one way

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

to measure the Village's financial health, or financial position. Over time, increases or decreases in net position are an indicator of whether the financial health is improving or deteriorating. The Statement of Net Position and the Statement of Activities present information about the following:

- **Governmental activities** - All of the Village's basic services are considered to be governmental activities, including the Village Council, Village Manager, Village Clerk, Finance, Planning, Zoning and Building, Police, Sanitation and Recycling, Public Works (road and street maintenance), Library and Parks and Recreation Services. The Village's capital assets and general obligation debt are also included in the governmental activities.
- **Business type activities/Enterprise Fund activities** - The Village charges a fee to customers to cover all of the cost of the services provided. The Village's Water and Sewer Utility and Stormwater Utility are reported in this category.

### Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the Village as a whole. Some funds are required to be established by State law. However, management establishes other funds, which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants and other money. The Village's three kinds of funds, *governmental, enterprise and fiduciary* use different accounting approaches as explained below.

- **Governmental funds** - Most of the Village's basic services are reported in the governmental funds. Governmental funds focus on how resources flow in and out, with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general governmental operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. The Village of Palm Springs has three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund. Data for the other two governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements on pages 92-93 of this report. The basic governmental fund financial statements can be found on pages 19-22 of this report.
- **Proprietary funds** - The Village has two enterprise funds: the Water and Sewer Utility Fund and the Stormwater Utility Fund, which was established in the prior year. The Water and Sewer Utility Fund and the Stormwater Utility Fund account for the operations of the water and wastewater utility and stormwater utility, respectively, and charge customers for the services it provides. Enterprise funds are reported on the full accrual basis of accounting in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. The basic enterprise fund financial statements can be found on pages 23-26 of this report.
- **Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The Village maintains two fiduciary funds; the General Employees Pension Fund and the Police Officers Pension Fund. The accounting used for fiduciary funds is much like that used for enterprise funds. The basic fiduciary fund financial statements can be found on pages 27-28 of this report. Individual fund data for each of the pension funds is provided in the form of combining statements on pages 94-95 of this report.

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

**Notes to the Financial Statements**

The notes to the financial statements are provided to communicate additional information that is essential to obtaining a comprehensive understanding of the data contained in the government-wide and fund financial statements. The notes to the financial statements are located on pages 29-71 of this report.

**Other Information**

In addition to the basic financial statements and notes, this annual report also presents certain required supplementary information which includes a budgetary comparison schedule for the General Fund together with notes pertaining to the budget schedule. The Village also presents information in this section concerning the condition rating of its streets, progress in funding its obligation to provide pension benefits to its employees and its other postemployment benefits. Required supplementary information can be found on pages 72-91.

The combining fund financial statements of the nonmajor governmental funds and the combining fund financial statements of the fiduciary funds are presented on pages 92-95 of this report. Immediately following the combining fund financial statements, the Village includes schedules of long-term debt. These schedules detail the principal and interest payments due by issue and fiscal year through maturity. These schedules are located on pages 96-98 of this report.

The statistical section located on pages 99-129 of this report presents schedules providing details about the financial trends, revenue capacity, debt capacity, demographic, economic and operating information to assist the user in understanding the Village's financial statements and overall financial health.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$86.7 million, approximately \$8.8 million more than fiscal year 2018. The net assets of the Village at September 30, 2019 and 2018 are summarized as follows:

Village of Palm Springs Net Position Summary						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
<b>Assets:</b>						
Current and other assets	\$ 17,910,136	\$ 15,368,068	\$ 34,325,726	\$ 31,094,660	\$ 52,235,862	\$ 46,462,728
Capital assets	16,401,001	14,860,431	47,808,434	46,857,943	64,209,435	61,718,374
<b>Total assets</b>	<b>\$ 34,311,137</b>	<b>\$ 30,228,499</b>	<b>\$ 82,134,160</b>	<b>\$ 77,952,603</b>	<b>\$ 116,445,297</b>	<b>\$ 108,181,102</b>
<b>Deferred Outflows of Resources:</b>						
Deferred amount related to pensions	\$ 4,217,657	\$ 3,938,424	\$ 1,460,950	\$ 1,329,035	\$ 5,678,607	\$ 5,267,459
Deferred amount related to OPEB	1,238	1,342	569	616	1,807	1,958
<b>Total deferred outflows of resources</b>	<b>\$ 4,218,895</b>	<b>\$ 3,939,766</b>	<b>\$ 1,461,519</b>	<b>\$ 1,329,651</b>	<b>\$ 5,680,414</b>	<b>\$ 5,269,417</b>
<b>Liabilities:</b>						
Noncurrent liabilities	\$ 15,631,314	\$ 14,477,149	\$ 14,118,263	\$ 14,080,417	\$ 29,749,577	\$ 28,557,566
Other liabilities	862,221	827,920	2,321,733	2,378,010	3,183,954	3,205,930
<b>Total liabilities</b>	<b>\$ 16,493,535</b>	<b>\$ 15,305,069</b>	<b>\$ 16,439,996</b>	<b>\$ 16,458,427</b>	<b>\$ 32,933,531</b>	<b>\$ 31,763,496</b>
<b>Deferred Inflows of Resources:</b>						
Deferred amount on refunding	\$ -	\$ -	\$ 96,576	\$ 103,686	\$ 96,576	\$ 103,686
Deferred amount related to pensions	1,645,145	2,659,044	730,659	963,212	2,375,804	3,622,256
<b>Total deferred inflows of resources</b>	<b>\$ 1,645,145</b>	<b>\$ 2,659,044</b>	<b>\$ 827,235</b>	<b>\$ 1,066,898</b>	<b>\$ 2,472,380</b>	<b>\$ 3,725,942</b>
<b>Net Position:</b>						
Net investment in capital assets	\$ 12,007,314	\$ 10,168,421	\$ 36,936,597	\$ 35,346,033	\$ 48,943,911	\$ 45,514,454
Restricted for law enforcement	54,669	44,309	-	-	54,669	44,309
Restricted for debt service	247,249	231,042	-	-	247,249	231,042
Restricted for sales tax capital projects	3,488,534	2,419,381	-	-	3,488,534	2,419,381
Unrestricted	4,593,586	3,340,999	29,391,851	26,410,896	33,985,437	29,751,895
<b>Total net position</b>	<b>\$ 20,391,352</b>	<b>\$ 16,204,152</b>	<b>\$ 66,328,448</b>	<b>\$ 61,756,929</b>	<b>\$ 86,719,800</b>	<b>\$ 77,961,081</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The largest portion of the Village's net position (56.4%) reflects its investment in capital assets (land, buildings, machinery and equipment), net of related debt used to acquire these assets. The Village uses these capital assets to provide services to citizens; therefore these assets are not available for future spending. Although the Village's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Village's net position (\$3.8 million or 4.4%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$34.0 million or 39.2%) may be used to meet the government's ongoing obligations to citizens and creditors.

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

The changes in net position of the Village for the years ended September 30, 2019 and 2018 are summarized as follows:

Village of Palm Springs Changes in Net Position							
	Governmental Activities		Business-type Activities		Total Primary Government		
	2019	2018	2019	2018	2019	2018	
<b>Revenues:</b>							
<b>Program revenues:</b>							
Charges for services	\$ 4,283,643	\$ 3,641,752	\$ 21,337,337	\$ 20,303,092	\$ 25,620,980	\$ 23,944,844	
Operating grants and contributions	541,996	174,184	-	-	541,996	174,184	
Capital grants and contributions	382,266	44,715	732,102	544,508	1,114,368	589,223	
<b>General revenues:</b>							
Property taxes	4,593,448	4,326,702	-	-	4,593,448	4,326,702	
Utility service taxes	2,782,726	2,746,260	-	-	2,782,726	2,746,260	
Franchise fees	1,547,089	1,523,434	-	-	1,547,089	1,523,434	
Sales and use taxes	4,055,851	3,984,756	-	-	4,055,851	3,984,756	
Business taxes	386,375	395,733	-	-	386,375	395,733	
Intergovernmental, unrestricted	952,709	918,574	-	-	952,709	918,574	
Investment revenues	233,021	107,903	326,288	214,215	559,309	322,118	
Miscellaneous	107,496	135,819	62,790	71,805	170,286	207,624	
<b>Total revenues</b>	<b>\$ 19,866,620</b>	<b>\$ 17,999,832</b>	<b>\$ 22,458,517</b>	<b>\$ 21,133,620</b>	<b>\$ 42,325,137</b>	<b>\$ 39,133,452</b>	
<b>Expenses:</b>							
<b>Program expenses:</b>							
General government	\$ 2,835,997	\$ 2,211,693	\$ -	\$ -	\$ 2,835,997	\$ 2,211,693	
Public safety	9,970,520	8,839,413	-	-	9,970,520	8,839,413	
Physical environment	1,075,033	1,067,111	-	-	1,075,033	1,067,111	
Transportation	2,093,367	1,787,841	-	-	2,093,367	1,787,841	
Culture/Recreation	1,986,225	1,875,636	-	-	1,986,225	1,875,636	
Interest on long-term debt	133,416	133,395	-	-	133,416	133,395	
Water and sewer utility	-	-	15,383,962	14,465,968	15,383,962	14,465,968	
Stormwater utility	-	-	87,898	125,644	87,898	125,644	
<b>Total Expenses</b>	<b>\$ 18,094,558</b>	<b>\$ 15,915,089</b>	<b>\$ 15,471,860</b>	<b>\$ 14,591,612</b>	<b>\$ 33,566,418</b>	<b>\$ 30,506,701</b>	
Change in net position before transfers	\$ 1,772,062	\$ 2,084,743	\$ 6,986,657	\$ 6,542,008	\$ 8,758,719	\$ 8,626,751	
Transfers	2,415,138	2,423,338	(2,415,138)	(2,423,338)	-	-	
Increase in net position	4,187,200	4,508,081	4,571,519	4,118,670	8,758,719	8,626,751	
Net Position - October 1	16,204,152	11,696,071	61,756,929	57,638,259	77,961,081	69,334,330	
<b>Net Position - September 30</b>	<b>\$ 20,391,352</b>	<b>\$ 16,204,152</b>	<b>\$ 66,328,448</b>	<b>\$ 61,756,929</b>	<b>\$ 86,719,800</b>	<b>\$ 77,961,081</b>	

### Governmental Activities

**Revenues:** Governmental activities increased the Village's net position by \$4,187,200. Charges for Services increased by \$641,891 over fiscal year 2018. The largest increases were in the Public Safety activities of which \$504,660 was generated by building permit fees from two new developments and a new gas station as well as

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

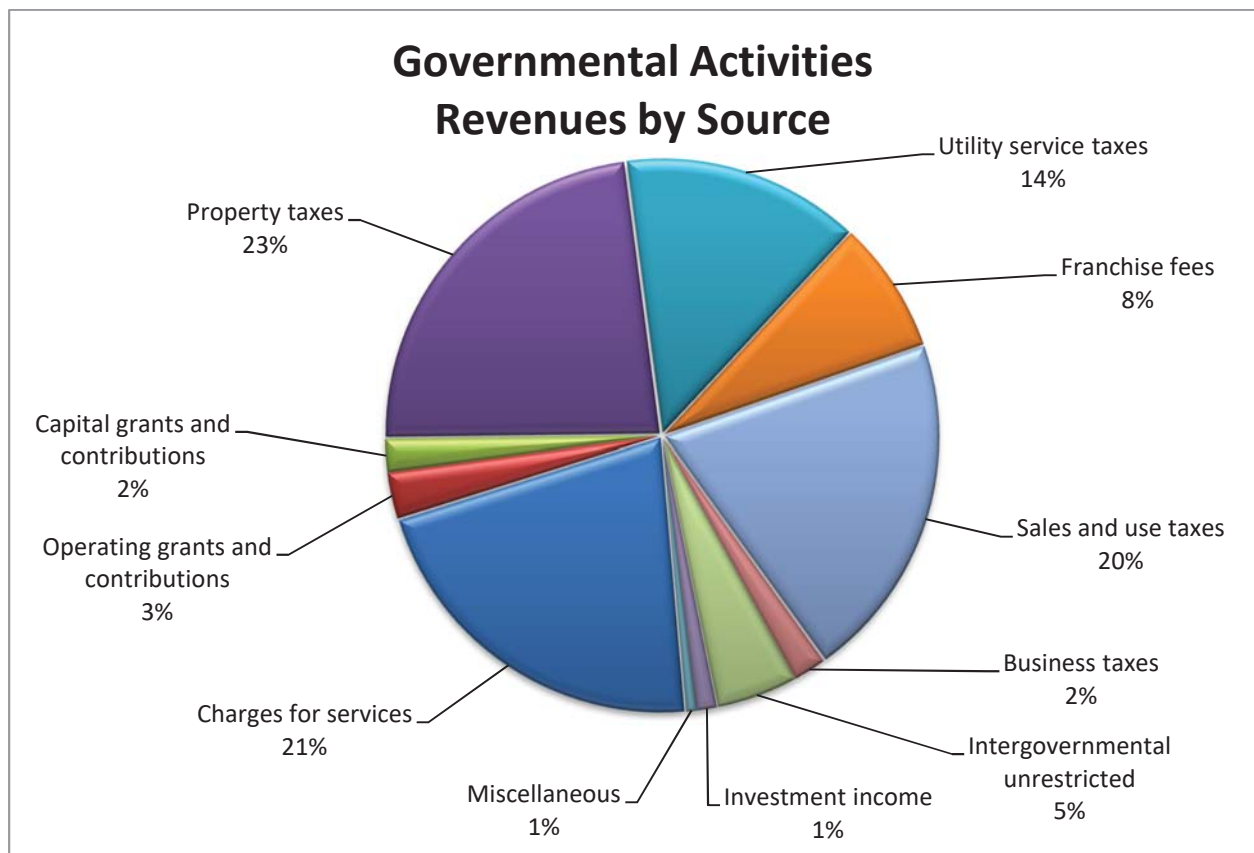
fees for providing police officers to the School District to cover the increased school security requirements. Charges for Services within General Government increased \$94,309 with a new IT service fee charged to the Water and Sewer Enterprise fund. Physical Environment increased \$24,357 due to annexed properties paying for Sanitation services. Culture/Recreation increased \$18,562 due to increased participation in the Village's camp programs compared to fiscal year 2018.

Operating grants and contributions increased \$367,812, compared to fiscal year 2018 primarily due to FEMA and State Aid grant funds received for the Village's damages from Hurricane Irma that hit in August 2017 (fiscal year 2017). The Village is still anticipating additional reimbursements for costs incurred and submitted to FEMA for Hurricane Irma.

Capital grants and contributions totaled \$382,266 in fiscal year 2019, an increase of \$337,551 compared to fiscal year 2018. This year the Village received \$247,522 in Community Development Block Grant (CDBG) funds for a new park development and \$97,305 from Palm Beach County as reimbursement for road improvements. The Village did not receive either of these funds in fiscal year 2018.

Property taxes increased by \$266,746, or 6.2% over fiscal year 2018 due to the Village's taxable value increasing by \$111,822,879 or 10% over fiscal year 2018 and the Village decided to decrease the operating millage rate from \$3.65 mills to \$3.50 mills. Other taxes (utility, franchise, sales and use and business taxes) increased \$121,858 or 1.4% primarily due to the improving economy.

The Village's governmental activities revenues by source are summarized in the chart below showing the relative percentage of each revenue source to total governmental revenues.



Ad valorem property taxes represented 23% of total governmental activity revenues this fiscal year which is 1% less than fiscal year 2018. Likewise, utility service taxes, franchise fees, and sales and use taxes all

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

decreased by 1% to to 2% in fiscal year 2019 while revenues from capital grants and contributions, operating grants and contributions and charges for service increased 1% to 2% over fiscal year 2018.

**Expenses:** The Village's programs include General Government, Public Safety, Physical Environment (sanitation and recycling), Transportation, and Culture/Recreation. General Government includes the legislative, executive, financial, information technology and other general operations of the Village. Public Safety includes police, and planning, building, zoning, licensing and code enforcement operations. Transportation includes our street maintenance and public works operations. Culture/Recreation includes our library, parks and recreation and special events.

General Government expenses increased \$624,304 with the addition of a new Information Technology department including hiring a new director and consolidating IT related costs in one department, increased professional fees for the study and creation of the community redevelopment area (CRA), contractual services for a paperless agenda solution and advance funding for the Village's Flexible Spending Accounts.

Public Safety expenses increased \$1,131,107. Planning, Zoning and Building experienced increased contractual services fees using a company to serve as the Village's Building Official, the department also used a company to scan volumes of plan documents to make them available in the Village's document imaging system. The Village saw increased participation in the Property Improvement Grant program increasing costs over \$48,600. This program will reimburse residents for 50% of certain property improvements up to \$5,000 for improvements such as new roofs and new windows that are expected to improve the properties external appearance as well as property value. The Police department experienced a large increase in repair and maintenance costs with a new maintenance contract for the new computer aided dispatch system and radio maintenance costs as part of the Palm Beach County radio system agreement.

Transportation expenses increased \$305,526 for fiscal year 2019 compared to fiscal year 2018, which reflects increased expenditures for the maintenance of the Villages Street System, resurfacing and restriping 6 roads and acquiring new signage throughout the Village. The Village has a policy to maintain at least 80% of our street system at a good or better condition as determined by the annual payment ratings. More information on the Village's Street System and condition rating can be found on page 77 of this report.

Culture and recreation experienced an increase in expenses of \$110,589 for fiscal year 2019 compared to fiscal year 2018, due to contractual service fees paid to engage a firm to assist with grant applications, increased communication and electrical costs for the camera systems added to our parks, a new rental fee paid to the School District to rent a gym for our summer basketball program (in prior years they had not charged the Village), the removal and re-sodding of Sabal Palm Park increased field repair costs, increased camp program costs with increased camp days and increased special event costs.

Below is a schedule presenting the net cost of each program (total cost, less revenues generated by the activities). The net cost shows the extent to which the Village's general revenues support each of the Village's programs.

Village of Palm Springs Governmental Activities - Net Cost of Services							
	Total Cost of Services		Program Revenues		Net Cost of Services		
	2019	2018	2019	2018	2019	2018	
General Government	\$ 2,835,997	\$ 2,211,693	\$ (1,241,747)	\$ (789,255)	\$ 1,594,250	\$ 1,422,438	
Public Safety	9,970,520	8,839,413	(2,063,287)	(1,558,823)	7,907,233	7,280,590	
Physical Environment	1,075,033	1,067,111	(1,135,863)	(1,115,222)	(60,830)	(48,111)	
Transportation	2,093,367	1,787,841	(208,473)	(107,930)	1,884,894	1,679,911	
Culture/Recreation	1,986,225	1,875,636	(558,535)	(289,421)	1,427,690	1,586,215	
Interest on long-term debt	133,416	133,395	-	-	133,416	133,395	
<b>Totals</b>	<b>\$ 18,094,558</b>	<b>\$ 15,915,089</b>	<b>\$ (5,207,905)</b>	<b>\$ (3,860,651)</b>	<b>\$ 12,886,653</b>	<b>\$ 12,054,438</b>	

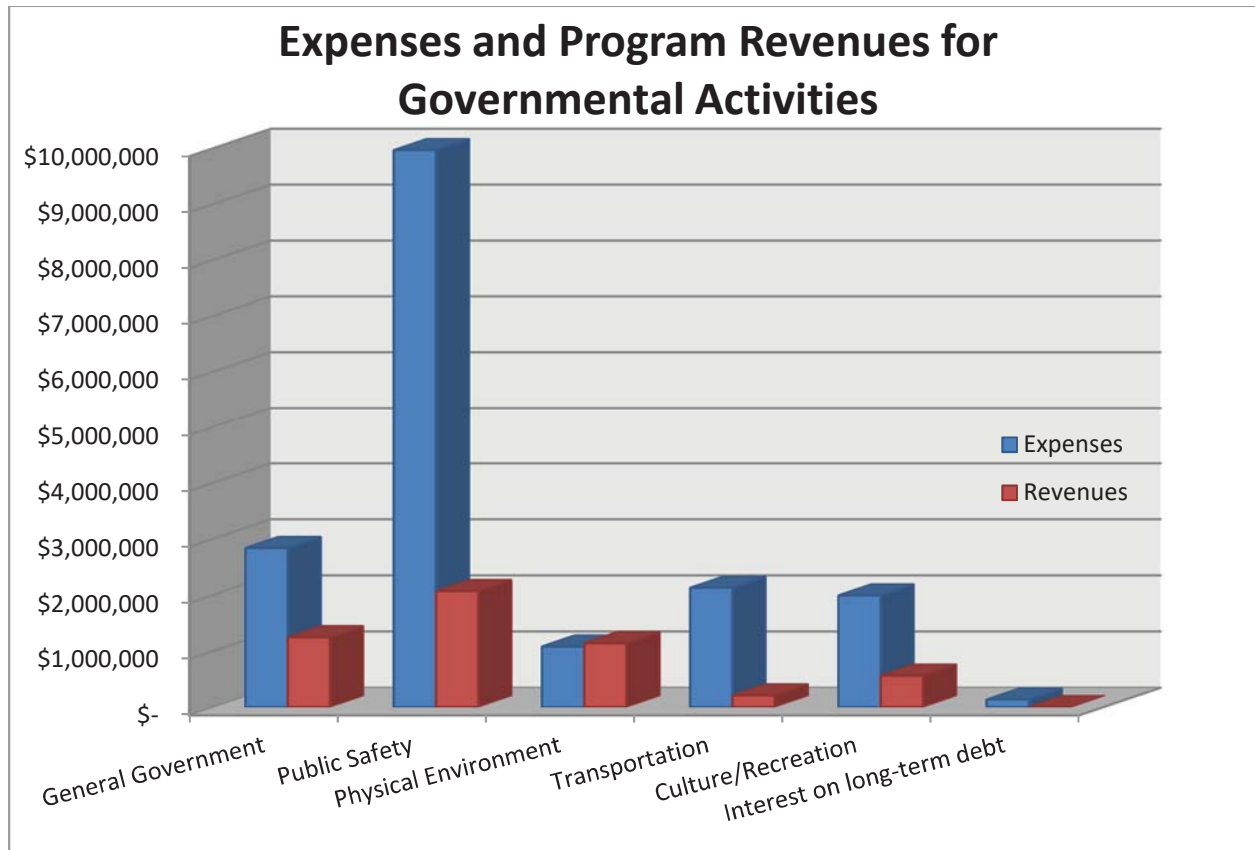


## VILLAGE OF PALM SPRINGS, FLORIDA

### MANAGEMENT’S DISCUSSION AND ANALYSIS

The total cost of all governmental activities this year was \$18.1 million, representing an increase of \$2.2 million or 13.8%. The previous schedule shows that \$5.2 million of the cost of services was paid by those who directly benefited from the programs and the remainder of \$12.9 million was financed through general revenues.

Expenses and the related program revenues are compared below:



#### Business-type Activities

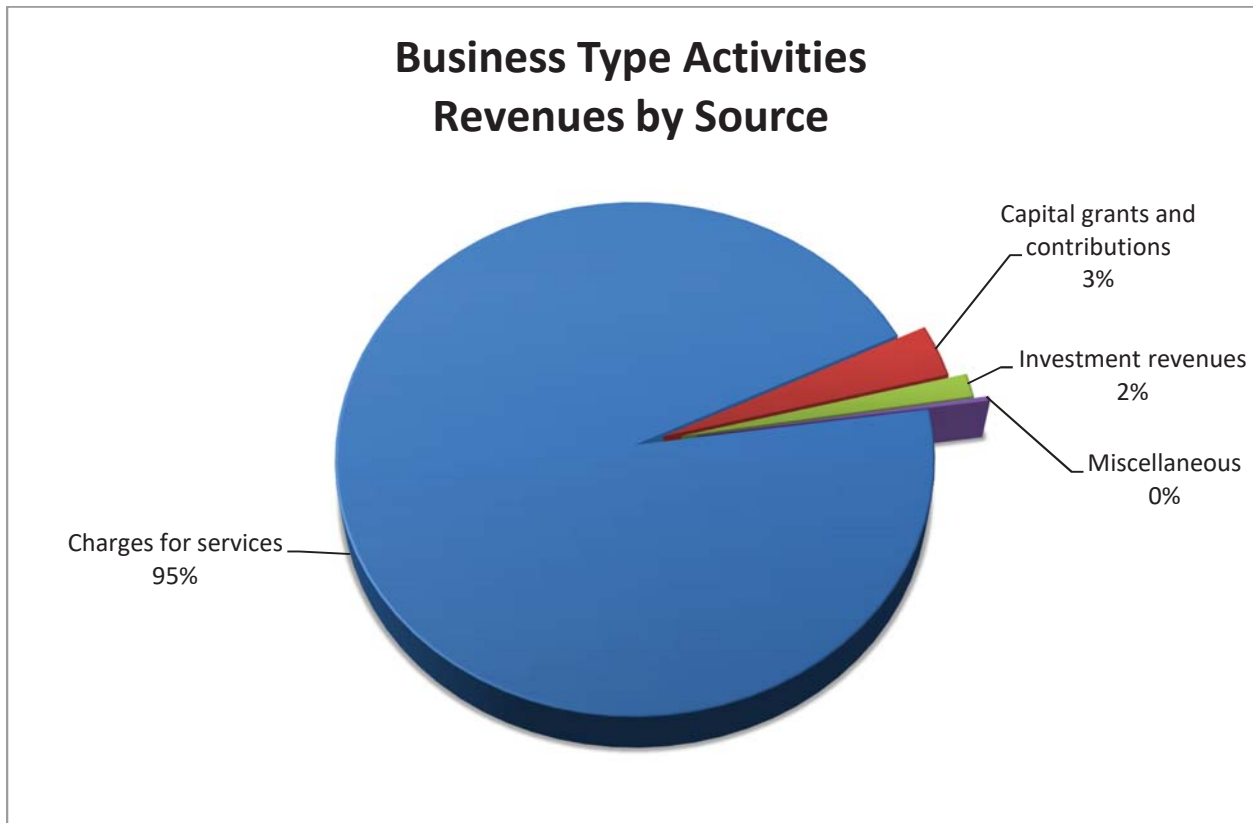
The net position of the proprietary funds (Water and Sewer Utility and Stormwater Utility) at September 30, 2019 was \$66.3 million. The cost of providing proprietary (business-type) activities this year was \$15.5 million, as shown in the Statement of Activities, this is an increase of \$880,248 compared to fiscal year 2018, which reflects an increase of \$28,993 in overtime to cover the weekend installations of new radio read meters to complete the full system upgrade to radio reads, increased utility fees of \$256,791 with additional metering of Village well sites and lift stations, \$254,135 in increased wastewater treatment/disposal fees paid to the City of Lake Worth and Palm Beach County for our two connections to the East Central Regional Sewage Treatment Plant. Repair and Maintenance increased \$185,259 including sewer line and lift station repairs. The Village also refunded \$64,854 to compensate a business for overbilling charges due to a misread meter issue that was discovered and covered numerous prior years.

The Village Stormwater Utility was established in 2017 and ended the current year with a net position of \$808,418 or \$294,355 over fiscal year 2018. This increase reflects the stormwater fees collected via non-ad valorem assessment of \$382,253 and net operating expenses of \$87,898 including \$35,939 in professional fees paid to Keshavarz & Associates for the stormwater master plan study in its third year and \$38,850 in drainage maintenance.

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Net position increased \$4,571,519 for the two enterprise funds combined. The following graph shows the source of revenues for the Water and Sewer Utility and the Stormwater Utility for the current fiscal year. Revenues derived from charges for services increased by \$1,034,245 or 5.1%, which reflects the increase in water and sewer rates implemented in November for services used in October. Capital Grants and Contributions increased \$187,594 reflecting an increase in new service connections.



### FINANCIAL ANALYSIS OF THE VILLAGE'S FUNDS

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

#### Governmental Funds

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

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$17,058,551, an increase of \$2,529,857 in comparison with the prior year. Revenues increased \$1,798,352. Tax revenue increased \$249,073 due to the increased taxable value, and additional franchise and utility taxes generated by higher use of services. Building permit revenues increased by \$356,338 as the economy continues to improve and the Village is experiencing several new commercial and residential projects. Intergovernmental revenues increased \$806,960, due to an increase of \$649,987 primarily due to reimbursements from FEMA for Hurricane Irma expenses. Charges for services increased by \$459,681

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

primarily due to the new IT service fees charged to the Water and Sewer enterprise fund to pay for their share of the new consolidated Information Technology (IT) department and increased participation in our camp programs compared to fiscal year 2018.

In fiscal year 2019 expenditures for the governmental funds increased by \$3,161,917 compared to fiscal year 2018. General Government expenditures increased \$495,140 or 26.4%, this is primarily due to the addition of the new IT department consolidating expenses previously charged across departments and funds and increased professional fees related to the creation of the Community Redevelopment Agency (CRA). Public Safety experienced an increase of \$789,884 or 8.8% which reflects the cost of increased contractual services for a building official, increased maintenance costs for police radios and the new computer-aided dispatch system (CAD). Physical Environment costs increased a minimal amount of \$7,922. Expenditures for Transportation increased \$295,581 compared to fiscal year 2018 reflecting the increased funds expended in the current fiscal year to resurface 6 roads and upgrade the entire Village's street signage. Culture/Recreation experienced an increase in expenditures of \$502,180 reflecting increased contractual services engaged to assist in relocating the library temporarily during renovations, assistance to file for parks and recreation grants, increased utility costs for cameras installed around the Village parks together with increased costs for our camp program with increased participation and additional camp days.

The governmental funds had a total fund balance of \$17,058,551 comprised of non-spendable fund balance of \$85,456 for inventory; restricted fund balance of \$3,790,452 (\$54,669 for law enforcement, \$247,249 for debt service, and \$3,488,534 for infrastructure capital projects financed by the one-cent sales tax); assigned fund balances of \$3,000,000 for disaster recovery; \$1,500,000 assigned for future capital projects; \$36,651 assigned for Library operations; and, \$2,338,399 for the 2019/2020 budget. The balance of \$6,307,593 is unassigned.

The primary operating fund for the Village is the General Fund. At the end of the current fiscal year, in accordance with GASB statement 54 the unassigned fund balance of the General Fund was \$6,307,593, while the total fund balance was \$16,756,633. The unassigned fund balance in the General Fund represents 22.3% of the fiscal year 2020 budgeted expenditures. The unassigned fund balance at fiscal year-end 2018 represented 24.0% of the 2019 final budget. The Village's target balance range for unassigned fund balance is 20-25%.

### Proprietary Funds

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

Unrestricted net position for the Water and Sewer Enterprise Fund was \$29.0 million at fiscal year-end, an increase of \$3,033,802 compared to the prior fiscal year. Charges for services revenues increased \$1,034,791 reflecting the rate increase that went into effect for the services consumed in October, billed in November.

Revenues from capital contributions increased \$187,594 from new connections from the construction of new residential and commercial developments. Operating expenses increased \$939,946 which reflects increased overtime for staff working to upgrade meters to the new radio read system, professional fees for engineering services for the water and wastewater master plans and rate study, as well as increased maintenance costs due to increased sewer line and lift station repairs. Also, utility costs paid to Palm Beach County and Lake Worth increased for the treatment and disposal of wastewater. Total net position for the Water and Sewer Enterprise Fund was \$65.5 million at fiscal year-end, an increase of \$4,277,164 from the prior fiscal year. The increase in net position from operations was \$5,883,006 (operating income).

The Stormwater Utility is now in its third year of operations and had operating revenues of \$382,253 and operating expenses of \$87,898 for 2019. The Stormwater Utility net position increased by \$294,355 and ended the fiscal year at \$808,418.

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

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There were no differences between the total original budget and the final amended budget of \$23,950,547 for the current fiscal year, however there were changes in various departmental revenues and expenditures as follows:

- General Fund revenues exceeded budget by \$511,783. Revenues from taxes exceeded the budget by \$94,495 with increased property tax revenues from rising property values, new development, and annexations. Franchise and utility taxes also increased from new development and annexations. Permits generated \$301,649 more than anticipated as more projects came in during the fiscal year. Intergovernmental revenues exceeded expected revenues by \$12,977, while fines and forfeitures were less than budgeted revenues by \$146,163 due to a reduction in fines related to local ordinance violations. Charges for services were less than budget by \$52,004 primarily due to lower than anticipated participation in recreation activities. Miscellaneous income exceeded the budget by \$276,600 due to higher than expected interest income (\$106,951) from higher market interest rates and other miscellaneous revenues (\$167,146) attributable to increased impact fees from new development, sales of capital assets utilizing a new auction company and insurance reimbursements.
- General Fund expenditures were \$4,562,765 less than the budget for fiscal year 2019, General government departments in total expended \$456,925 less than budgeted due to staffing vacancies, and unexpended capital outlay. Public Safety (Police department and the Planning, Zoning and Building Department) expended \$1,933,494 less than expected due to staffing vacancies and unexpended capital outlay. Expenditures in Transportation were \$821,849 less than anticipated with savings in operating costs and unexpended capital outlay. Culture and Recreation expenditures were \$1,348,799 less than budgeted primarily due to capital projects that were not completed.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets:** The Village of Palm Springs' investment in capital assets for its governmental and business type activities as of September 30, 2019, amounts to \$64,209,435 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, machinery and equipment, library books, software, roads, sidewalks, bridges, drainage and intangible assets. The governmental activities investment in capital assets increased by \$1,540,570, or 9.2% compared to fiscal year 2018. The net change includes an increase in assets of \$2,221,340 less an increase of \$680,770 in accumulated depreciation.

Improvements other than buildings increased \$413,237 for two fishing piers at our parks, the new Areca Palm Park featuring outdoor ADA compliant exercise equipment, and new sidewalks on Reo Lane and Lakewood Road.

Machinery and equipment increased \$874,998, including \$360,943 in police vehicles, \$312,175 for two new school buses and one activity bus for parks and recreation, \$137,775 for a new clam truck and the remaining purchases represent replacement items including desktops, laptops, and security cameras.

Infrastructure increased \$334,130 including park improvements, sidewalk improvements, new roadway improvements and a pedestrian bridge that were all completed in 2019.

Construction in progress increased \$334,516, including roadway, park and library improvements that were all in progress at fiscal year-end. A total of 10 projects were in progress at fiscal year-end.

The Village uses the modified approach for infrastructure reporting of its street system. The Village's policy is to maintain at least 80% of its street system in *good* or *better* condition using the Asphalt Pavement Rating categories of the Asphalt Institute. The rating completed through the most recent year continues to meet or

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

exceed Village policy. For 2019 the estimated maintenance costs were \$474,600 and the actual were \$308,997. More information on the Village's Street System and condition rating can be found on page 77 of this report.

Business-type activities net investment in capital assets increased by \$950,491 or 2.0% from fiscal year 2018. This amount is net of an increase of \$2,827,212 in accumulated depreciation. The increase includes \$1.2 million in radio read meters installed to upgrade our meter reading system from touch read meters to radio read meters, \$675,835 in monitoring equipment for wells and lift stations, \$310,412 in water treatment equipment, \$244,273 in vehicle replacements, \$51,637 in technology improvements, \$24,850 for two portable outdoor messaging boards and \$223,514 for Cypress Lane Stormwater improvements. Construction in progress increased \$250,004 or 19.1% with 21 projects in progress at fiscal year-end.

Additional detailed information on capital assets is presented in Note 4 to the financial statements. Capital assets at September 30, 2019 and 2018 are summarized as follows:

Village of Palm Springs Capital Assets Net of Depreciation						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
Land	\$ 729,641	\$ 729,641	\$ 379,987	\$ 379,987	\$ 1,109,628	\$ 1,109,628
Buildings	9,287,055	9,251,075	3,512,106	3,464,406	12,799,161	12,715,481
Improvements other than buildings	3,508,865	3,095,628	89,439,750	86,675,150	92,948,615	89,770,778
Machinery, equipment & software	6,629,959	5,754,961	6,084,760	5,548,977	12,714,719	11,303,938
Library materials & software	646,154	417,675	-	-	646,154	417,675
Infrastructure	4,656,627	4,322,497	-	-	4,656,627	4,322,497
Intangible assets	-	-	7,174,063	7,174,063	7,174,063	7,174,063
Construction in progress	856,122	521,606	1,562,072	1,312,068	2,418,194	1,833,674
Total assets	26,314,423	24,093,083	108,152,738	104,554,651	134,467,161	128,647,734
Less accumulated depreciation	(9,913,422)	(9,232,652)	(60,344,304)	(57,696,708)	(70,257,726)	(66,929,360)
<b>Total</b>	<b>\$ 16,401,001</b>	<b>\$ 14,860,431</b>	<b>\$ 47,808,434</b>	<b>\$ 46,857,943</b>	<b>\$ 64,209,435</b>	<b>\$ 61,718,374</b>

**Debt:** At fiscal year end, the Village had total long-term debt outstanding of \$16,117,742 (excluding other postemployment benefits of \$474,518 and net pension liability of \$13,157,317), a decrease of \$940,875, or 5.5% as compared to fiscal year 2018. Detailed information on the Village's long-term liabilities is presented in Notes 5, 9 and 10 to the financial statements. Long-term liabilities at September 30, 2019 and 2018 are summarized as follows:

Village of Palm Springs Long-Term Liabilities						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
General Obligation Note	\$ 4,393,687	\$ 4,692,010	-	-	\$ 4,393,687	\$ 4,692,010
Promissory Note Payable	-	-	10,775,261	11,408,224	10,775,261	11,408,224
Compensated Absences	738,722	711,435	210,072	246,948	948,794	958,383
Other postemployment benefits	325,253	307,611	149,265	141,194	474,518	448,805
Net pension liability	10,173,652	8,766,093	2,983,665	2,284,051	13,157,317	11,050,144
<b>Total</b>	<b>\$ 15,631,314</b>	<b>\$ 14,477,149</b>	<b>\$ 14,118,263</b>	<b>\$ 14,080,417</b>	<b>\$ 29,749,577</b>	<b>\$ 28,557,566</b>

The water and sewer 2003 revenue bonds were refinanced in April 2013 with a 20-year bank loan that also provided additional funds of \$5 million for expansion of our wastewater lines. The interest rates on the 2003 revenue bonds ranged from 4.5% to 5.25% compared to the 2013 bank loan interest rate of 2.905%. Additional information on the Village's noncurrent liabilities can be found in Note 5, beginning on page 48 of this report.

In accordance with GASB Statement No. 68 the Village reported a net pension liability of \$13,157,317, of which \$10,173,652 is related to governmental activities and \$2,983,665 is for business-type activities. For additional information on the Village's pension plans see Note 9, beginning on page 52 of this report.

# VILLAGE OF PALM SPRINGS, FLORIDA

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The liability for other postemployment benefits (OPEB) increased \$25,713 in 2019 to a total of \$474,518, and represents the implicit rate subsidy in retiree health insurance rates. The increase reflects the latest actuarial valuation dated October 1, 2017 performed in accordance with GASB Statement No. 75. Additional information on other postemployment benefits can be found in Note 10, beginning on page 67 of this report.

### NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

The Village's assessed taxable value increased for the sixth consecutive year since the fiscal year 2008 recession. In fiscal year 2010 the total taxable value was \$694,482,029 and declined each year thereafter reaching a low of \$579,568,060 in fiscal year 2013. This fiscal year our taxable value increased \$111,822,879 or 10.1% over fiscal year 2018 for a total assessed value of \$1,221,379,124 and now surpassing our record high value obtained in 2008 prior to the recession. We expect this trend to continue, but at a slower rate.

The Village Council lowered the 2019 operating millage rate from 3.65 mills to 3.50 mills (4.1%) and lowered the debt service millage rate by 7.0%. Property tax collections increased \$266,746 or 6.2% over fiscal year 2018, while the taxable value increased 10.1%.

Although property taxes increased for 2019, property taxes decreased from 24% to 23% as a percentage of total revenue due to growth of 10.3% in total revenue. Similarly, revenue from utility service taxes, franchise fees, and sales and use taxes all increased in amount for 2019, but decreased to 1% to 2% as a percentage of total revenue and revenue from capital grants and contributions, operating grants and contributions and charges for service increased 1% to 2% as a percentage of total revenue over fiscal year 2018. Overall, the revenue growth for the Village reflects a steady increase sufficient to keep pace with Village expenditure growth.

Effective October 1, 2009 (fiscal year 2010) the Village transferred fire rescue services to Palm Beach County Fire Rescue. Palm Beach County Fire Rescue MSTU (municipal services taxing unit) now taxes Village property owners \$3.4581 mills per \$1,000 of taxable value. This millage rate is deducted from the Village's legal millage rate limit of 10 mills, limiting our millage rate to \$6.5419.

The General Fund's unassigned fund balance of \$6,307,593 at September 30, 2019 represents 22.3% of the 2020 adopted budget of \$28,347,038, which is within our target range of 20-25%. The Village Council has prudently assigned \$3.0 million dollars of the General Fund's fund balance for disaster recovery and \$1.5 million for future capital needs.

### CONTACTING THE VILLAGE'S FINANCIAL MANAGEMENT

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

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

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# **BASIC FINANCIAL STATEMENTS**

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## VILLAGE OF PALM SPRINGS, FLORIDA

### Statement of Net Position

September 30, 2019

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 16,656,787	\$ 30,015,772	\$ 46,672,559
Receivables:			
Accounts, net of allowance	73,000	3,413,954	3,486,954
Utility taxes	218,309	-	218,309
Franchise fees	327,932	-	327,932
Intergovernmental	357,926	-	357,926
Grants	190,726	-	190,726
Inventory	85,456	896,000	981,456
Capital assets:			
Capital assets, not being depreciated	6,242,390	1,942,059	8,184,449
Capital assets being depreciated	20,072,033	106,210,679	126,282,712
Accumulated depreciation	(9,913,422)	(60,344,304)	(70,257,726)
<b>Total assets</b>	<b>\$ 34,311,137</b>	<b>\$ 82,134,160</b>	<b>\$ 116,445,297</b>
<b>Deferred outflows of resources</b>			
Deferred amount related to pensions	\$ 4,217,657	\$ 1,460,950	\$ 5,678,607
Deferred amount related to OPEB	1,238	569	1,807
<b>Total deferred outflows of resources</b>	<b>\$ 4,218,895</b>	<b>\$ 1,461,519</b>	<b>\$ 5,680,414</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 415,925	\$ 595,322	\$ 1,011,247
Contract retainage payable	21,055	35,607	56,662
Accrued interest payable	10,636	130,415	141,051
Deposits	116,467	1,560,389	1,676,856
Unearned revenue	298,138	-	298,138
Noncurrent liabilities			
Due within one year			
Notes payable	305,496	633,811	939,307
Compensated absences	77,866	13,616	91,482
Due in more than one year			
Notes payable	4,088,191	10,141,450	14,229,641
Compensated absences	660,856	196,456	857,312
Other postemployment benefits payable	325,253	149,265	474,518
Net pension liability	10,173,652	2,983,665	13,157,317
<b>Total liabilities</b>	<b>\$ 16,493,535</b>	<b>\$ 16,439,996</b>	<b>\$ 32,933,531</b>
<b>Deferred inflows of resources</b>			
Deferred amount related to debt refunding	\$ -	\$ 96,576	\$ 96,576
Deferred amount related to pensions	1,645,145	730,659	2,375,804
<b>Total deferred inflows of resources</b>	<b>\$ 1,645,145</b>	<b>\$ 827,235</b>	<b>\$ 2,472,380</b>
<b>Net position</b>			
Net investment in capital assets	\$ 12,007,314	\$ 36,936,597	\$ 48,943,911
Restricted for law enforcement	54,669	-	54,669
Restricted for debt service	247,249	-	247,249
Restricted for sales tax capital projects	3,488,534	-	3,488,534
Unrestricted	4,593,586	29,391,851	33,985,437
<b>Total net position</b>	<b>\$ 20,391,352</b>	<b>\$ 66,328,448</b>	<b>\$ 86,719,800</b>

See notes to financial statements.



# VILLAGE OF PALM SPRINGS, FLORIDA

## Statement of Activities

Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,835,997	\$ 866,346	\$ 368,408	\$ 6,993
Public safety	9,970,520	1,997,624	35,217	30,446
Physical environment	1,075,033	1,133,848	2,015	-
Transportation	2,093,367	-	111,168	97,305
Culture/recreation	1,986,225	285,825	25,188	247,522
Interest on long-term debt	133,416	-	-	-
<b>Total governmental activities</b>	<b>18,094,558</b>	<b>4,283,643</b>	<b>541,996</b>	<b>382,266</b>
Business-type activities:				
Water and sewer utility	15,383,962	20,955,084	-	732,102
Stormwater utility	87,898	382,253	-	-
<b>Total business-type activities</b>	<b>15,471,860</b>	<b>21,337,337</b>	<b>-</b>	<b>732,102</b>
<b>Total</b>	<b>\$ 33,566,418</b>	<b>\$ 25,620,980</b>	<b>\$ 541,996</b>	<b>\$ 1,114,368</b>

General revenues:

Taxes:

Property taxes

Utility service taxes

Franchise fees

Sales and use taxes

Business taxes

Intergovernmental, unrestricted

Investment revenues

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

**Net position, end of year**

<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (1,594,250)	\$ -	\$ (1,594,250)
(7,907,233)	-	(7,907,233)
60,830	-	60,830
(1,884,894)	-	(1,884,894)
(1,427,690)	-	(1,427,690)
(133,416)	-	(133,416)
<b>(12,886,653)</b>	<b>-</b>	<b>(12,886,653)</b>
-	6,303,224	6,303,224
-	294,355	294,355
-	<b>6,597,579</b>	<b>6,597,579</b>
<b>(12,886,653)</b>	<b>6,597,579</b>	<b>(6,289,074)</b>
4,593,448	-	4,593,448
2,782,726	-	2,782,726
1,547,089	-	1,547,089
4,055,851	-	4,055,851
386,375	-	386,375
952,709	-	952,709
233,021	326,288	559,309
107,496	62,790	170,286
2,415,138	(2,415,138)	-
<b>17,073,853</b>	<b>(2,026,060)</b>	<b>15,047,793</b>
4,187,200	4,571,519	8,758,719
16,204,152	61,756,929	77,961,081
<b>\$ 20,391,352</b>	<b>\$ 66,328,448</b>	<b>\$ 86,719,800</b>

See notes to financial statements.

# VILLAGE OF PALM SPRINGS, FLORIDA

Balance Sheet  
 Governmental Funds  
 September 30, 2019

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 16,354,869	\$ 301,918	\$ 16,656,787
Receivables:			
Accounts, net of allowance for uncollectibles	73,000	-	73,000
Utility taxes	218,309	-	218,309
Franchise fees	327,932	-	327,932
Intergovernmental	357,926	-	357,926
Grants	190,726	-	190,726
Inventory	85,456	-	85,456
<b>Total assets</b>	<b>\$ 17,608,218</b>	<b>\$ 301,918</b>	<b>\$ 17,910,136</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	\$ 415,925	\$ -	\$ 415,925
Contract retainage payable	21,055	-	21,055
Deposits	116,467	-	116,467
<b>Total liabilities</b>	<b>\$ 553,447</b>	<b>\$ -</b>	<b>\$ 553,447</b>
<b>Deferred inflows of resources</b>			
Unavailable revenues	\$ 298,138	\$ -	\$ 298,138
<b>Fund balances</b>			
Nonspendable:			
Inventory	\$ 85,456	\$ -	\$ 85,456
Restricted for:			
Law enforcement	-	54,669	54,669
Debt service	-	247,249	247,249
Sales tax capital projects	3,488,534	-	3,488,534
Assigned to:			
Disaster recovery	3,000,000	-	3,000,000
Capital projects	1,500,000	-	1,500,000
Library	36,651	-	36,651
Subsequent year's budget	2,338,399	-	2,338,399
Unassigned:			
General fund	6,307,593	-	6,307,593
<b>Total fund balances</b>	<b>\$ 16,756,633</b>	<b>\$ 301,918</b>	<b>\$ 17,058,551</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 17,608,218</b>	<b>\$ 301,918</b>	<b>\$ 17,910,136</b>

See notes to financial statements.

**VILLAGE OF PALM SPRINGS, FLORIDA**  
*Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
September 30, 2019*

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Total governmental fund balances (page 19) \$ 17,058,551

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

Cost of assets	\$ 26,314,423	
Accumulated depreciation	<u>(9,913,422)</u>	
		16,401,001

Deferred outflows/inflows of resources related to defined benefit pension and OPEB plans are reported in the statement of net position but are not reported in the governmental funds.

Deferred outflows of resources related to pensions	\$ 4,217,657	
Deferred inflows of resources related to pensions	(1,645,145)	
Deferred outflows of resources related to OPEB	<u>1,238</u>	
		2,573,750

Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities at year-end consist of:

Note payable	\$ (4,393,687)	
Accrued interest payable on long-term debt	(10,636)	
Compensated absences payable	(738,722)	
Other postemployment benefits payable	(325,253)	
Net pension liability	<u>(10,173,652)</u>	
		(15,641,950)

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**Total net position (page 16) \$ 20,391,352**

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## VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

Year Ended September 30, 2019

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Taxes	\$ 8,883,782	\$ 448,668	\$ 9,332,450
Permits	1,265,557	-	1,265,557
Intergovernmental	5,983,674	-	5,983,674
Confiscated property	-	10,357	10,357
Charges for services	2,400,465	-	2,400,465
Fines and forfeitures	220,837	-	220,837
Contributions and donations	36,729	-	36,729
Investment income	233,021	-	233,021
Facility rental	274,923	-	274,923
Miscellaneous	131,416	3	131,419
<b>Total revenues</b>	<b>19,430,404</b>	<b>459,028</b>	<b>19,889,432</b>
<b>Expenditures</b>			
Current:			
General government	2,370,836	-	2,370,836
Public safety	9,725,185	-	9,725,185
Physical environment	1,075,033	-	1,075,033
Transportation	1,903,355	-	1,903,355
Culture/recreation	1,683,120	-	1,683,120
Capital outlay	2,630,253	-	2,630,253
Debt service:			
Principal	-	298,323	298,323
Interest and other fiscal charges	-	134,138	134,138
<b>Total expenditures</b>	<b>19,387,782</b>	<b>432,461</b>	<b>19,820,243</b>
Excess of revenues over expenditures	42,622	26,567	69,189
<b>Other financing sources</b>			
Proceeds from sale of capital assets	45,530	-	45,530
Transfers in	2,415,138	-	2,415,138
<b>Total other financing sources</b>	<b>2,460,668</b>	<b>-</b>	<b>2,460,668</b>
Change in fund balances	2,503,290	26,567	2,529,857
Fund balances, beginning of year	14,253,343	275,351	14,528,694
<b>Fund balances, end of year</b>	<b>\$ 16,756,633</b>	<b>\$ 301,918</b>	<b>\$ 17,058,551</b>

See notes to financial statements.

## VILLAGE OF PALM SPRINGS, FLORIDA

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
Year Ended September 30, 2019*

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Net change in fund balances - total governmental funds (page 21) \$ 2,529,857

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

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

Expenditures for capital assets	\$ 2,630,253	
Less current year depreciation expense	<u>(1,061,372)</u>	
		1,568,881

Some revenues reported in the statement of activities are not available to pay current period expenditures and therefore are not reported as revenue in the governmental funds. (22,812)

In the statement of activities, only the gain or loss on the sale of capital assets is reported, whereas in the governmental funds the proceeds from the sale increases financial resources. The change in net position differs from the change in fund balance by the net book value of the assets retired. (28,311)

Some expenses reported in the statement of activities are not reported in the governmental funds because they have no effect on current financial resources:

Compensated absences	\$ (27,287)	
Other postemployment benefits	(17,746)	
Pension expense	<u>(114,427)</u>	
		(159,460)

Net effect of accrued interest on long-term debt (difference between amount accrued in prior year and current year accrual) 722

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:

Principal payments on long-term debt	298,323
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**Change in net position of governmental activities (pages 17-18) \$ 4,187,200**

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# VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Net Position

Enterprise Funds

September 30, 2019

	<u>Major Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
	Water and Sewer Utility	Stormwater Utility	Enterprise Funds
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 29,562,539	\$ 453,233	\$ 30,015,772
Accounts receivable, net	3,411,578	2,376	3,413,954
Inventory	896,000	-	896,000
<b>Total current assets</b>	<b>33,870,117</b>	<b>455,609</b>	<b>34,325,726</b>
Noncurrent assets:			
Capital assets:			
Capital assets not being depreciated	1,781,204	160,855	1,942,059
Capital assets being depreciated	105,986,054	224,625	106,210,679
Accumulated depreciation	(60,344,244)	(60)	(60,344,304)
<b>Total noncurrent assets</b>	<b>47,423,014</b>	<b>385,420</b>	<b>47,808,434</b>
<b>Total assets</b>	<b>\$ 81,293,131</b>	<b>\$ 841,029</b>	<b>\$ 82,134,160</b>
<b>Deferred outflows of resources</b>			
Deferred amount related to pensions	\$ 1,460,950	\$ -	\$ 1,460,950
Deferred amount related to OPEB	569	-	569
<b>Total deferred outflows of resources</b>	<b>\$ 1,461,519</b>	<b>\$ -</b>	<b>\$ 1,461,519</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 562,711	\$ 32,611	\$ 595,322
Contract retainage payable	35,607	-	35,607
Accrued interest on note payable	130,415	-	130,415
Current portion of note payable	633,811	-	633,811
Current portion of compensated absences payable	13,616	-	13,616
<b>Total current liabilities</b>	<b>1,376,160</b>	<b>32,611</b>	<b>1,408,771</b>
Noncurrent liabilities:			
Customer deposits	1,560,389	-	1,560,389
Note payable	10,141,450	-	10,141,450
Compensated absences payable	196,456	-	196,456
Other postemployment benefits payable	149,265	-	149,265
Net pension liability	2,983,665	-	2,983,665
<b>Total noncurrent liabilities</b>	<b>15,031,225</b>	<b>-</b>	<b>15,031,225</b>
<b>Total liabilities</b>	<b>\$ 16,407,385</b>	<b>\$ 32,611</b>	<b>\$ 16,439,996</b>
<b>Deferred inflows of resources</b>			
Deferred amount on refunding	\$ 96,576	\$ -	\$ 96,576
Deferred amount related to pensions	730,659	-	730,659
<b>Total deferred inflows of resources</b>	<b>\$ 827,235</b>	<b>\$ -</b>	<b>\$ 827,235</b>
<b>Net position</b>			
Net investment in capital assets	\$ 36,551,177	\$ 385,420	\$ 36,936,597
Unrestricted	28,968,853	422,998	29,391,851
<b>Total net position</b>	<b>\$ 65,520,030</b>	<b>\$ 808,418</b>	<b>\$ 66,328,448</b>

See notes to financial statements.

## VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Revenues, Expenses and Changes in Net Position

Enterprise Funds

Year Ended September 30, 2019

	<u>Major Fund</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Water and</u>	<u>Fund</u>	<u>Enterprise</u>
	<u>Sewer Utility</u>	<u>Stormwater</u>	<u>Funds</u>
		<u>Utility</u>	
<b>Operating revenues</b>			
Water revenues	\$ 8,562,872	\$ -	\$ 8,562,872
Wastewater revenues	11,363,707	-	11,363,707
Stormwater revenues	-	382,253	382,253
Other operating revenues	1,028,505	-	1,028,505
<b>Total operating revenues</b>	<b>20,955,084</b>	<b>382,253</b>	<b>21,337,337</b>
<b>Operating expenses</b>			
Personal services	4,990,912	-	4,990,912
Operating expenses	7,254,014	87,838	7,341,852
Depreciation	2,827,152	60	2,827,212
<b>Total operating expenses</b>	<b>15,072,078</b>	<b>87,898</b>	<b>15,159,976</b>
Operating income	5,883,006	294,355	6,177,361
<b>Nonoperating revenues (expenses)</b>			
Investment income	326,288	-	326,288
Miscellaneous revenues	44,505	-	44,505
Gain on disposal of capital assets	18,285	-	18,285
Interest expense and fiscal charges	(311,884)	-	(311,884)
<b>Total nonoperating revenues (expenses)</b>	<b>77,194</b>	<b>-</b>	<b>77,194</b>
<b>Income before contributions and transfers</b>	<b>5,960,200</b>	<b>294,355</b>	<b>6,254,555</b>
Capital contributions	732,102	-	732,102
Transfers out	(2,415,138)	-	(2,415,138)
Change in net position	4,277,164	294,355	4,571,519
Net position, beginning of year	61,242,866	514,063	61,756,929
<b>Net position, end of year</b>	<b>\$ 65,520,030</b>	<b>\$ 808,418</b>	<b>\$ 66,328,448</b>

See notes to financial statements.



# VILLAGE OF PALM SPRINGS, FLORIDA

## Statement of Cash Flows

### Enterprise Funds

Year Ended September 30, 2019

	<u>Major Fund</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Water and</u>	<u>Fund</u>	<u>Enterprise</u>
	<u>Sewer Utility</u>	<u>Stormwater</u>	<u>Funds</u>
	<u>Utility</u>		
<b>Cash flows from operating activities</b>			
Cash received from customers	\$ 21,334,588	\$ 382,114	\$ 21,716,702
Cash paid to suppliers for goods and services	(7,761,426)	(83,413)	(7,844,839)
Cash paid to employees for services	(4,684,524)	-	(4,684,524)
Other receipts	44,505	-	44,505
<b>Net cash provided by operating activities</b>	<b>8,933,143</b>	<b>298,701</b>	<b>9,231,844</b>
<b>Cash flows from noncapital financing activity</b>			
Transfers out	(2,415,138)	-	(2,415,138)
<b>Net cash used in noncapital financing activity</b>	<b>(2,415,138)</b>	<b>-</b>	<b>(2,415,138)</b>
<b>Cash flows from capital and related financing activities</b>			
Principal paid on loan	(632,963)	-	(632,963)
Interest paid on long-term debt	(326,447)	-	(326,447)
Acquisition and construction of capital assets	(3,411,268)	(347,262)	(3,758,530)
Proceeds from sale of capital assets	19,804	-	19,804
Capital contributions from customers	732,102	-	732,102
<b>Net cash used in capital and related financing activities</b>	<b>(3,618,772)</b>	<b>(347,262)</b>	<b>(3,966,034)</b>
<b>Cash flows from investing activity</b>			
Investment income	326,288	-	326,288
<b>Net cash provided by investing activity</b>	<b>326,288</b>	<b>-</b>	<b>326,288</b>
Net increase (decrease) in cash and cash equivalents	3,225,521	(48,561)	3,176,960
Cash and cash equivalents, beginning of year	26,337,018	501,794	26,838,812
<b>Cash and cash equivalents, end of year</b>	<b>\$ 29,562,539</b>	<b>\$ 453,233</b>	<b>\$ 30,015,772</b>

Continued

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Statement of Cash Flows (Continued)*

*Enterprise Funds*

*Year Ended September 30, 2019*

	<u>Major Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
	<u>Water and Sewer Utility</u>	<u>Stormwater Utility</u>	<u>Enterprise Funds</u>
<b>Cash flows from operating activities</b>			
Operating income	\$ 5,883,006	\$ 294,355	\$ 6,177,361
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	2,827,152	60	2,827,212
Provision for uncollectible accounts	(2,230)	-	(2,230)
Miscellaneous revenues	44,505	-	44,505
Change in operating assets and liabilities:			
Accounts receivable	324,928	(139)	324,789
Inventory	(376,665)	-	(376,665)
Deferred outflows related to pensions	(131,915)	-	(131,915)
Accounts payable and accrued liabilities	(130,747)	4,425	(126,322)
Compensated absences payable	(36,876)	-	(36,876)
Customer deposits	56,806	-	56,806
Other postemployment benefits payable	8,071	-	8,071
Net pension liability	699,614	-	699,614
Deferred outflows related to OPEB	47	-	47
Deferred inflows related to pensions	(232,553)	-	(232,553)
Total adjustments	3,050,137	4,346	3,054,483
<b>Net cash provided by operating activities</b>	<b>\$ 8,933,143</b>	<b>\$ 298,701</b>	<b>\$ 9,231,844</b>
<b>Supplemental disclosure of noncash capital and related financing activities</b>			
Amortization of deferred amount on refunding	\$ 7,110	\$ -	\$ 7,110

*See notes to financial statements.*

# VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Fiduciary Net Position

Fiduciary Funds

September 30, 2019

	<b>Employee Pension Funds</b>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,341,673
Receivables:	
Accounts receivable	39
Interest and dividends	77,291
Investments:	
U.S. Treasury securities	3,346,086
U.S. Government agencies	3,271,569
Mortgage and asset-backed securities	241,348
Domestic corporate bonds	4,863,455
International fixed income mutual fund	2,478,531
Domestic equity securities and mutual fund	20,673,580
Foreign equity securities and mutual fund	17,243,556
Real estate investment account	5,546,055
Total investments	57,664,180
<b>Total assets</b>	<b>\$ 59,083,183</b>
<b>Liabilities</b>	
Accounts payable	\$ 28,546
<b>Total liabilities</b>	<b>\$ 28,546</b>
<b>Net position</b>	
Net position restricted for pension benefits	\$ 59,054,637
<b>Total net position</b>	<b>\$ 59,054,637</b>

See notes to financial statements.

## VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended September 30, 2019

	<b>Employee Pension Funds</b>
<b>Additions</b>	
Contributions:	
Employer	\$ 2,253,216
Plan members	159,936
State of Florida	154,472
<b>Total contributions</b>	<b>2,567,624</b>
Investment income:	
Interest	288,285
Dividends	1,636,348
Net increase in fair value of investments	449,777
Investment expenses	(68,029)
<b>Net investment income</b>	<b>2,306,381</b>
<b>Total additions</b>	<b>4,874,005</b>
<b>Deductions</b>	
Administration	124,509
Benefits	2,127,437
<b>Total deductions</b>	<b>2,251,946</b>
Change in plan net position	2,622,059
Net position restricted for pension benefits, beginning of year	56,432,578
<b>Net position restricted for pension benefits, end of year</b>	<b>\$ 59,054,637</b>

See notes to financial statements.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Palm Springs, Florida (the “Village”), was incorporated in 1957 pursuant to Chapter 57-1698, Laws of Florida and is located in central Palm Beach County, Florida. The Village operates under the Council-Manager form of government and provides a wide range of community services including public safety, planning and zoning, water, wastewater and stormwater systems, sanitation, streets and roads, parks, recreation, and library. The Village Council (“The Council”) is responsible for legislative and fiscal control of the Village.

The basic financial statements of the Village have been prepared in conformity with U.S. generally accepted accounting principles (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The significant Village accounting policies are described below.

#### **Financial Reporting Entity**

As required by U.S. generally accepted accounting principles, the basic financial statements present the primary government and its component units. Component units are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the Village’s financial statements to be misleading or incomplete. The primary government is considered financially accountable if it appoints a voting majority of an organization’s governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization’s governing board.

Based on the application of the criteria set forth by GASB, management has determined that no component units exist which would require inclusion in this report. Further, the Village is not aware of any entity that would consider the Village to be a component unit.

#### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Village. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on user fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Village considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Franchise taxes, utility service taxes, business taxes, and interest revenues associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the Village.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

For purposes of measuring the net pension liability, deferred inflows/outflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Village's defined benefit pension plans and Florida Retirement System (FRS) and the additions to/deductions from the fiduciary net position, have been determined on the same basis as they are reported by the Village's defined benefit pension plans and FRS. For purposes of measuring the total OPEB liability, deferred inflows/outflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as reported by the Village. For this purpose, pension and OPEB benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

The Village reports one major governmental fund as follows:

#### General Fund

The General Fund is the primary operating fund of the Village. All general revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. The general operating expenditures and capital improvement costs that are not paid through other funds are paid from the General Fund.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

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

The Village reports one major enterprise fund as follows:

##### Water and Sewer Utility 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 Water and Sewer Utility Fund is used to account for water and sewer services provided by the Village to residents and other users.

Additionally, the Village reports the following fund types:

#### **Nonmajor Governmental Funds**

##### Special Revenue Fund

Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) requiring separate accounting because of legal or regulatory provisions or administrative action. The special revenue fund used by the Village is the *Law Enforcement Fund* which accounts for proceeds from law enforcement forfeitures. Expenditures from this fund are legally restricted for law enforcement.

##### Debt Service Fund

The Village has one debt service fund used to account for assets held for the repayment of principal and interest on general obligation debt.

#### **Nonmajor Enterprise Fund**

The Village has one nonmajor enterprise fund, the *Stormwater Fund* that is used to account for stormwater fees and related expenses for stormwater management.

#### **Fiduciary Funds**

Pension trust funds are used to account for assets held in a trustee capacity for retirement pensions. Pension trust funds are fiduciary funds. The Village has two defined benefit pension funds; one for General Employees and one for Police Officers.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the Village's utility functions and various other functions of the Village. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the enterprise funds' principal ongoing operations. The principal operating revenues of the Village's Water and Sewer and Stormwater Utility Funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

#### **Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balances**

##### **a. Pooled Cash, Cash Equivalents and Investments**

Pooled cash, cash equivalents and investments consist of cash on hand, restricted and unrestricted interest-bearing cash accounts and investments with Florida Prime, a local government investment pool administered by the Florida State Board of Administration (“SBA”). Cash balances and the requirements of all funds are considered in determining the amount to be invested.

Investments are reported at fair value, which is determined by using various third party pricing sources. The Florida Prime investment pool is operated as a “2a-7 like” pool and the fair value of this investment is considered to be the same as the Village’s account balance (amortized cost) in the pool. The SBA administers the Florida Prime investments pursuant to Chapter 19-7 of the Florida Administrative Code which provides guidance and establishes the general operating procedures for the administration of Florida Prime.

Cash and cash equivalents, for purposes of the statement of cash flows, include pooled cash and investments which are defined as short-term, highly liquid investments with original maturities of three months or less.

##### **b. Inventory**

Inventory consists of materials and supplies which are carried at cost in the governmental funds and at the lower of cost (first-in, first-out) or market in the enterprise fund. The Village uses the consumption method, wherein all inventories are maintained by perpetual records, expensed when used, and adjusted by an annual physical count.

##### **c. Unbilled Service Receivables**

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

##### **d. Concentration of Credit Risk**

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

##### **e. Capital Assets**

Capital assets, which include property, plant, and equipment, intangible assets and infrastructure assets (e.g., roads, bridges, sidewalks, drainage, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Village as assets with an initial individual cost of \$1,000 or more and an estimated life in excess of one year.



# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

#### Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balances (Continued)

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

Purchased or constructed assets are recorded at actual cost or estimated historical cost if actual cost is unavailable. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the date of acquisition. General governmental infrastructure assets acquired or constructed since incorporation in 1957 have been capitalized.

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are the assets of the Village as a whole. When purchased, such assets are recorded as expenditures in the governmental funds and capitalized as assets in the government-wide statement of net position. General capital assets are carried at historical cost. Where cost cannot be determined from the available records, estimated historical cost has been used to record the estimated value of the assets. The street network was valued based on current construction costs discounted by consumer price indices for highway construction.

Capital assets of the enterprise fund are capitalized in the fund and in the government-wide statement of net position. The valuation basis for enterprise fund capital assets is the same as that used for general capital assets. Interest cost was capitalized on enterprise fund capital assets during the construction period prior to adoption of GASB Statement No. 89 in 2018. Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

In the government-wide financial statements and in the enterprise fund financial statements, the cost of property sold or retired, together with the related accumulated depreciation, is removed from the appropriate accounts and any resulting gain or loss is included in the change in net position.

Capital assets of the Village are depreciated using the straight-line method over the following estimated useful lives:

Buildings	30-50 years
Improvements	10-50 years
Intangible assets	22-40 years
Software / library materials	3-5 years
Equipment and vehicles	3-20 years

The street network (pavement, drainage, sidewalks, and curbs) is not depreciated. The Village has elected to use the modified approach in accounting for its streets. The modified approach allows governments to report as expenses in lieu of depreciation, infrastructure expenditures which maintain the asset but do not add to or improve the asset. Additions and improvements to the street network are capitalized. The Village uses a pavement rating system to rate street condition and quantify the results of maintenance efforts. The condition rating of the Village's street system may be found on page 77.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

#### **Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balances (Continued)**

##### **f. Unearned / Unavailable Revenue**

Unearned revenue in the Governmental Activities and unavailable revenue in the Governmental Funds includes amounts received in advance by the Village for business taxes applicable to the following fiscal year. Unavailable revenue in the Governmental Funds also includes amounts due in future years that were not available to pay current period expenditures under the modified accrual basis of accounting.

##### **g. Compensated Absences**

The Village's employees earn personal leave time based on their years of continuous service as follows: 160 hours after 1 year; 200 hours after 6 years; 240 hours after 11 years; and 280 hours after 21 years. Personal leave may be used for vacation, illness and other time off as approved by the employee's supervisor. Employees may accumulate personal leave time up to a maximum number of hours based on years of service, but never more than 600 hours. Employees are also required to use a minimum number of hours of personal leave time annually based upon years of service, or forfeit the unused hours up to the minimum required to be used, however, employees may be compensated for unused personal leave, up to a maximum of 80 hours annually, if their unscheduled leave does not exceed certain limits each year. Upon termination, employees are compensated for accumulated personal leave at their rate of pay at termination, up to the maximum of 600 hours.

A liability for compensated absences is accrued when incurred in the government-wide and enterprise fund financial statements. In the governmental funds, a liability is recorded for compensated absences only if they have matured, for example, as a result of employee resignations and retirements, and the amount, if any, is reported with accounts payable and accrued liabilities in the governmental funds' balance sheet.

##### **h. Noncurrent Obligations**

In the government-wide financial statements and enterprise fund financial statements, long-term debt and other noncurrent obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise fund statement of net position. Long-term debt is reported net of applicable premium or discount. Debt discount, premium and deferred amount on debt refunding in the government-wide financial statements and enterprise fund are amortized using the straight-line method, which approximates the interest method, and are charged against operations over the term of the related debt issues.

In the fund financial statements, governmental fund types recognize debt premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expenditures.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

#### **Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balances (Continued)**

##### **i. Deferred Outflows / Inflows of Resources**

In addition to assets and liabilities, the government-wide and Enterprise Fund Statements of Net Position and the governmental funds Balance Sheet report a separate section for deferred outflows or deferred inflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The Village's deferred outflows of resources are related to its pension and other postemployment benefits (OPEB) liabilities.

The separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenues) until that time. The Village's deferred inflows are related to its pension obligations and a deferred amount on debt refunding, which are reported as deferred inflows of resources on the government-wide Statement of Net Position. The deferred amount on debt refunding was a gain resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, the Village has another item, unavailable revenues, which arises only under the modified accrual basis of accounting and is reported as a deferred inflow of resources on the governmental funds Balance Sheet. The unavailable revenues result from business taxes received by the Village in advance of the year for which they were levied. These amounts are deferred and recognized as an inflow of resources in the year that the amounts become available.

##### **j. Fund Balances**

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

- ❖ **Nonspendable** - Nonspendable fund balances include amounts that cannot be spent because they are either 1) not in spendable form; or, 2) legally or contractually required to be maintained intact.
- ❖ **Restricted** - Restricted fund balances include amounts that are restricted to specific purposes either by 1) constraints placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments; or, 2) imposed by law through constitutional provisions or enabling legislation.
- ❖ **Committed** - Committed fund balances include amounts that can only be used for specific purposes pursuant to constraints imposed by the Village Council through an Ordinance. The Village had no committed fund balances.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

#### **Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balances (Continued)**

##### **j. Fund Balances (Continued)**

- ❖ Assigned - Assigned fund balances include amounts that are constrained by the Village's intent to be used for specific purposes but are neither restricted nor committed. Assignments of fund balance are made by Village management based upon a Resolution adopted by the Village Council or in the Village's annual budget.
- ❖ Unassigned - Unassigned fund balance includes the General Fund amount that is spendable and has not been restricted, committed, or assigned to specific purposes.

The Village considers restricted fund balances to be spent when an expenditure is incurred for the restricted purpose. The Village considers committed, assigned or unassigned fund balances to be spent when an expenditure is incurred for purposes for which amounts in any of those fund balance classifications could be used.

Minimum Fund Balance Policy: The Village Council has not adopted a formal minimum fund balance policy. Generally, the Village strives to maintain sufficient General Fund fund balance to provide liquidity in the event of a budget shortfall or natural disaster.

##### **k. Interfund Transactions**

During the course of normal operations, it is necessary for the Village to enter into transactions among its various funds. These transactions consist of one or more of the following types:

- ❖ Reimbursements to a fund, which are generally reflected through the allocation of pooled cash accounts, for expenditures or expenses initially made from it that are properly applicable to another fund.
- ❖ Transfers in and out, as appropriate, for all other interfund transactions, which are shown as other financing sources or uses.
- ❖ Outstanding balances between funds, including noncurrent advances, are reported as "due to/from other funds". Any such balances outstanding between governmental activities and business-type activities in the government-wide financial statements are classified as "internal balances" and are subject to elimination in the government-wide financial statements.

##### **l. 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 roll meets the appropriate requirements of State law. The assessed value of property within

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

#### **Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balances (Continued)**

##### **1. Property Taxes (Continued)**

the corporate limits of the Village at January 1, 2018, upon which the 2018/2019 levy was based, was approximately \$1.2 billion. State Statutes permit municipalities to levy property taxes at a rate of up to 10 mills (1 mill equals \$1.00 for each \$1,000 of assessed value). Effective October 1, 2009 (fiscal year 2010), the Village transferred fire rescue services to Palm Beach County and the Palm Beach County Fire Rescue MSTU (municipal services taxing unit) taxes Village property owners 3.4581 mills. This millage rate is deducted from the Village's legal millage rate limit of 10 mills, thereby limiting the 2018/2019 Village millage rate to 6.5419.

The tax levy of the Village is established by the Village Council prior to October 1 of each year during the budget process. The Palm Beach County Property Appraiser incorporates the Village's millage into the total tax levy, which includes the County, County School Board, and Special District tax requirements. The operating millage rate assessed by the Village for the year ended September 30, 2019, was 3.5000 and the debt service millage was 0.3777, for a total millage of 3.8777. Taxes may be paid less a 4% discount in November or at a discount declining 1% each month through February. All unpaid taxes become delinquent on April 1 following the year in which they are assessed. Delinquent taxes on real property bear interest at 18% per year. On or prior to June 1 following the tax year, certificates are offered for sale for all delinquent taxes on real property. After sale, tax certificates bear interest at 18% per year or at any lower rate bid by the buyer. Application for a tax deed on any unredeemed tax certificates may be made by the certificate holder after a period of two years. Unsold certificates are held by the County. Delinquent taxes on personal property bear interest at 18% per year until the tax is satisfied either by seizure and sale of the property or by the five-year statute of limitations. All property taxes are collected by Palm Beach County and remitted to the Village. Property tax revenue is recognized at the time monies are received from Palm Beach County.

During 2007 the Florida Legislature passed property tax reform legislation limiting the property tax levies of local governments in the State of Florida. Local governments that adopt a property tax levy in excess of the limit under State law will lose their Half-Cent Sales Tax distribution from the State for the succeeding twelve months. For the fiscal year ending September 30, 2019, the maximum tax levy allowed by a majority vote of the governing body is generally based on a percentage change applied to the prior year (2017/2018) property tax revenue. The percentage change is calculated based on the compound annual growth rate in the per capita property taxes levied for five preceding fiscal years. The State law allows local governments to adopt a higher millage rate based on the following approval of the governing body: 1) a majority vote to adopt a rate equal to the adjusted current year rolled-back millage rate plus an adjustment for growth in per capita Florida personal income; 2) a two-thirds vote to adopt a rate equal to the adjusted current year roll back millage rate plus 10%; or, 3) any millage rate approved by unanimous vote or referendum. For the fiscal year ending September 30, 2019, the Village adopted an operating millage rate of 3.5000, resulting in a total operating tax levy of \$4,274,827 for 2019, an increase of approximately 5.3% from the operating property tax levy for 2018.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

#### **Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balances (Continued)**

##### **l. Property Taxes (Continued)**

Future legislation could have a significant impact on the future tax revenues of the Village and the current services provided to Village residents.

##### **m. On-behalf Payments**

The Village received on-behalf payments of \$154,472 from the State of Florida for the Police Officers Pension Plan for the year ended September 30, 2019. The on-behalf payments are recorded as intergovernmental revenue and public safety expenses/expenditures in the government-wide and General Fund financial statements.

##### **n. Use of Estimates**

The financial statements and related disclosures are prepared in conformity with GAAP. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, deferred inflows/outflows of resources, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenue and expenses/expenditures during the period reported. These estimates include assessing the collectability of receivables, the fair value of investments, and useful lives and possible impairment of tangible and intangible assets, among others. Estimates and assumptions are reviewed periodically and the revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from the estimates.

##### **o. Implementation of GASB Statements**

The following GASB Statements were effective for the Village for the fiscal year ended September 30, 2019:

- GASB Statement No. 83, *Certain Asset Retirement Obligations*, addresses accounting and financial reporting for certain asset retirement obligations (AROs). Statement No. 83 establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. Statement No. 83 also requires disclosure of information about the government's AROs, including the methods and assumptions used for estimating liabilities and the estimated remaining useful life of the associated tangible capital assets.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, requires the disclosure of information in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

The implementation of these GASB Statements had no impact on the Village's financial statements for the year ended September 30, 2019.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

#### **Assets, Liabilities, Deferred Outflows / Inflows of Resources, and Net Position / Fund Balances (Continued)**

##### **o. Implementation of GASB Statements (Continued)**

The Governmental Accounting Standards Board has also issued new Statements effective in future years that may apply to the Village. Management has not completed its analysis of the effects, if any, of these GASB statements on the financial statements of the Village:

- GASB Statement No. 84, *Fiduciary Activities*, establishes guidance regarding what constitutes fiduciary activities for accounting and financial reporting purposes, the recognition of liabilities to beneficiaries, and how fiduciary activities should be reported. The requirements of this Statement will be effective for the Village for the fiscal year ending September 30, 2020.
- GASB Statement No. 87, *Leases*, addresses accounting and financial reporting for leases by governments. The statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The requirements of this Statement will be effective for the Village for the fiscal year ending September 30, 2021.
- GASB Statement No. 90, *Majority Equity Interests, an amendment of GASB Statement No. 14 and No. 61*, establishes guidance regarding the reporting of a government's majority equity interest in a legally separate organization and the disclosure of financial statement information for certain component units. The requirements of this Statement will be effective for the Village for the fiscal year ending September 30, 2020.
- GASB Statement No. 91, *Conduit Debt Obligations*, provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this Statement will be effective for the Village for the fiscal year ending September 30, 2022.
- GASB Statement No. 92, *Omnibus 2020*, addresses certain practice issues identified during implementation and application of certain GASB Statements, including 1) the effective date of GASB Statement No. 87 and Implementation Guide 2019-3 related to *Leases* for interim reports; 2) reporting of intra-entity transfers between a primary government employer and component unit defined benefit pension plan; 3) the applicability of GASB Statement No. 73 to reporting assets accumulated for OPEB; 4) applicability of GASB Statement No. 84 to postemployment benefit arrangements; 5) measurement of assets and liabilities related to asset retirement obligations; 6) reporting for amounts recoverable by public entity risk pools from reinsurers or excess insurers; and 7) certain terminology references. The requirements of this Statement related to items 1) and 7) are effective for the fiscal year ending September 30, 2020 and the remaining requirements will be effective for the Village for the fiscal year ending September 30, 2021.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 2. DEPOSITS AND INVESTMENTS

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

	Cash and Cash Equivalents		Investments	Total
Governmental activities	\$	16,656,787	\$ -	\$ 16,656,787
Business-type activities		30,015,772	-	30,015,772
<b>Total statement of net position</b>		<b>46,672,559</b>	<b>-</b>	<b>46,672,559</b>
Fiduciary Funds		1,341,673	57,664,180	59,005,853
<b>Total deposits and investments</b>	<b>\$</b>	<b>48,014,232</b>	<b>\$ 57,664,180</b>	<b>\$ 105,678,412</b>

#### Deposits

In addition to insurance provided by the Federal Depository Insurance Corporation, deposits are held in banking institutions approved by the State Treasurer of the State of Florida to hold public funds as qualified public depositories. Under Florida Statutes Chapter 280, Florida Security for Public Deposits Act, the State Treasurer requires all Florida qualified public depositories to deposit eligible collateral with the State Treasurer or another banking institution. In the event of failure of a qualified public depository, all claims for government deposits would be satisfied by the State Treasurer from the proceeds of federal deposit insurance, pledged collateral of the public depository in default and, if necessary, a pro rata assessment to the other qualified public depositories participating in the collateral pool. Accordingly, the Village's deposits at year end are considered to be fully insured.

#### Investments

The Village has adopted an investment policy to establish guidelines for the efficient management of its cash reserves. Section VI of the investment policy identifies permitted instruments as follows:

- The State Board of Administration Florida Prime Fund;
- U.S. Government obligations and U.S. Government Agency obligations;
- 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;
- Certificates of deposit and savings accounts in state-certified qualified public depositories; and,
- Repurchase agreements.

Investments of the General Employees Pension Fund are limited to:

- Money Market - Money market mutual funds or short-term investment funds ("STIF") provided by the Plan's custodian must have a minimum rating of Standard & Poor's A1 or Moody's P1.



# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

#### Investments (Continued)

- b. Equities - Equities must be traded on a national exchange or electronic network; and not more than 5% of the Plan's assets, at the time of purchase, can be invested in the common stock, capital stock or convertible stock of any one issuing company, nor can the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company (this restriction does not apply to any single holding within a diversified pooled fund).
- c. Fixed Income - Fixed income investments shall have a minimum rating of investment grade or higher as reported by any Nationally Recognized Statistical Rating Organization (NRSRO) at the time of purchase; and the value of bonds issued by any single corporation cannot exceed 10% of the total fund (excluding issues from the U.S. government, or agency thereof; and this restriction does not apply to any single holding within a diversified pooled fund).
- d. Pooled Funds - Pooled funds may include mutual funds, commingled funds, and exchange-traded funds.

Investments of the Police Officers Pension Fund are limited to:

- a. Money Market - Money market mutual funds or short-term investment funds ("STIF") provided by the Plan's custodian must have a minimum rating of Standard & Poor's A1 or Moody's P1.
- b. Equities - Equities must be traded on a national exchange or electronic network; and not more than 5% of the Plan's assets, at the time of purchase, can be invested in the common stock, capital stock or convertible stock of any one issuing company, nor can the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company (this restriction does not apply to any single holding within a diversified pooled fund).
- c. Fixed Income - Fixed income investments shall have a minimum rating of investment grade or higher as reported by any Nationally Recognized Statistical Rating Organization (NRSRO) at the time of purchase; and the value of bonds issued by any single corporation cannot exceed 10% of the total fund (excluding issues from the U.S. government, or agency thereof; and this restriction does not apply to any single holding within a diversified pooled fund).
- d. Pooled Funds - Pooled funds may include mutual funds, commingled funds, and exchange-traded funds.

The fair value of the Village's cash and cash equivalents at September 30, 2019 are as follows:

	<b>Unrestricted</b>	<b>Pension</b>
Cash and cash equivalents:		
Petty cash	\$ 3,629	\$ -
Deposits with financial institutions	28,030,272	570,974
Investment in State Board of Administration		
Florida Prime Fund	18,638,658	-
Money market mutual funds	-	770,699
<b>Total cash and cash equivalents</b>	<b>\$ 46,672,559</b>	<b>\$ 1,341,673</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

#### Fair Value of Investments

The Village follows the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, which establishes a framework for measuring the fair value of investments in a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under GASB Statement No. 72 are described below:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that the Village has the ability to access at the measurement date.

Level 2: Inputs to the valuation methodology include the following:

- Quoted prices for similar assets in active markets.
- Quoted prices for identical or similar assets in inactive markets.
- Inputs other than quoted prices that are observable for the assets.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified contractual term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. These unobservable inputs reflect the entity's own estimates for assumptions that market participants would use in pricing the asset or liability. Valuation techniques would typically include discounted cash flow models and similar techniques, but may also include the use of market prices of assets that are not directly comparable to the subject asset.

The fair value measurement of an asset within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The categorization of an investment within the fair value hierarchy is based upon the pricing transparency of the investment and does not necessarily correspond to the Village's perceived risk of that investment.

*Valuation Methodologies*: The following valuation methods and assumptions were used by the Village in estimating the fair value of financial instruments that are measured at fair value on a recurring basis under GASB Statement No. 72.

*Domestic and foreign equity securities*: Valued at the closing price reported on the active exchange on which the individual securities are traded.

*International fixed income mutual fund and equity mutual funds*: Valued at the closing net asset value reported on the active exchange on which the investment fund is actively traded.

*U.S. Treasury, U.S. Government Agency, mortgage and asset-backed securities, and corporate obligations*: Valued at the closing price reported on the active exchange on which the individual securities are actively traded (Level 1). Securities that are not actively traded are valued by the independent investment custodian using a matrix-pricing technique based on the securities' relationship to quoted benchmark prices (Level 2).

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

#### Fair Value of Investments (Continued)

*Investment measured at net asset value (NAV):* The real estate investment account consists of units in the U.S. Property Separate Account (the “Account”) sponsored by the Principal Life Insurance Company and managed by Principal Real Estate Investors. The account is an open end, commingled real estate account valued at the unadjusted NAV per unit at September 30, 2019, based on the fair value of the underlying Account investments as determined by the Account manager. Real estate values are generally based upon periodic independent appraisals performed for assets held by the Account. The fair value of real estate is the price that would be received if the asset was sold to a market participant assuming the highest and best use of each asset at the measurement date. At September 30, 2019, the real estate investment account had no future funding commitments or lock-up periods and was redeemable with 90 days’ notice, subject to approval of the fund manager and fund liquidity.

The methods and assumptions described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Village believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There were no changes in the methods and assumptions used for the year ended September 30, 2019.

The financial assets measured at fair value on a recurring basis include the Village’s pension funds’ investments. There were no liabilities measured at fair value on a recurring basis at September 30, 2019. The fair value of the Village’s investments at September 30, 2019 is summarized as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Equity investments</b>				
Domestic equity securities and mutual fund	\$ 20,673,580	\$ -	\$ -	\$ 20,673,580
Foreign equity securities and mutual fund	<u>17,243,556</u>	-	-	<u>17,243,556</u>
Total equity securities	<u>37,917,136</u>	-	-	<u>37,917,136</u>
<b>Fixed Income investments</b>				
U.S. Treasury	-	3,346,086	-	3,346,086
U.S. Government Agency	-	3,271,569	-	3,271,569
Mortgage and asset-backed	-	241,348	-	241,348
Corporate obligations	-	4,863,455	-	4,863,455
International fixed income mutual fund	<u>2,478,531</u>	-	-	<u>2,478,531</u>
Total fixed income securities	<u>2,478,531</u>	<u>11,722,458</u>	-	<u>14,200,989</u>
Total investments by level	<u>\$ 40,395,667</u>	<u>\$ 11,722,458</u>	<u>\$ -</u>	<u>52,118,125</u>
<b>Investment measured at NAV</b>				
Real estate investment account				<u>5,546,055</u>
Total fair value				<u>\$ 57,664,180</u>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

#### Fair Value of Investments (Continued)

Credit Risk: Credit risk is the risk that a debt issuer will not fulfill its obligations. The Village investment policy requires that pension investments in fixed income securities must be rated as investment grade (BBB or better) by a Nationally Recognized Statistical Rating Organization (NRSRO). The money market mutual funds and fixed income mutual fund are not rated. The Village utilizes ratings from Standard and Poor's and Moody's Investor Services for its investments. The NRSRO ratings for the Village's rated investments at September 30, 2019 are summarized as follows:

Investment Type	NRSRO Rating	Fair Value
State Board of Administration Florida Prime Fund	AAAm	\$ 18,638,658
Pension fund investments:		
U.S. Treasury	AAA	3,346,086
U.S. Government Agency	AAA	3,271,569
Mortgage and asset-backed securities	Not Rated	241,348
Domestic corporate bonds	AA	262,168
Domestic corporate bonds	A	4,601,287
<b>Total</b>		<b>\$ 30,361,116</b>

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The Village does not have a formal policy that limits the maturities of its investments. The Village pension funds' investment in mortgage and asset-backed securities consist of mortgage pass-through securities based on pools of residential home mortgage loans which are subject to prepayments and therefore highly sensitive to changes in interest rates. The table below summarizes the scheduled maturities of fixed income investment securities at September 30, 2019.

Investment Type	Fair Value of Investment Maturities			
	Less Than One Year	One to Five Years	Six to Ten Years	More Than Ten Years
Pension fund investments:				
U.S. Treasury	\$ -	\$ 119,813	\$ 3,226,273	\$ -
U.S. Government Agency	1,014,249	2,257,320	-	-
Mortgage and asset-backed securities	-	32,823	79,201	129,324
Corporate bonds	146,027	4,029,099	688,329	-
<b>Total</b>	<b>\$ 1,160,276</b>	<b>\$ 6,439,055</b>	<b>\$ 3,993,803</b>	<b>\$ 129,324</b>

The SBA Florida Prime Fund had a weighted average maturity of 37 days at September 30, 2019. The fair value and weighted average maturity of the international fixed income mutual fund were \$2,478,531 and 1.1 years, respectively, at September 30, 2019.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

#### Fair Value of Investments (Continued)

Custodial Credit Risk: Custodial credit risk is defined as the risk that the Village may not recover cash and investments held by another party in the event of a financial failure. The Village investment policy requires cash and investments to be fully insured or collateralized, or held in independent custodial safekeeping accounts in the name of the Village. At September 30, 2019, all investments were held by an independent custodian in the name of the Village, except the State Board of Administration Florida Prime Fund and money market mutual funds which are considered *unclassified* pursuant to GASB Statement No. 3.

Concentration of Credit Risk: Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. For investments other than the Village pension funds, there is no specific policy for concentration of credit risk. In the Village pension funds, securities of a single issuer are limited to no more than 5% of the Plan's net position invested in common stocks and debt securities. At September 30, 2019, five mutual fund investments of the Police Officers Pension Fund represented approximately 6%, 9%, 14%, 15% and 27% of that Plan's net position and five mutual fund investments of the General Employees Pension Fund represented approximately 6%, 6%, 7%, 11% and 27% of that Plan's net position. Securities of a single issuer owned by each mutual fund are less than 5% of each Plan's net position.

Market Risk: The value, liquidity, and related income of certain investments in real estate and securities with contractual cash flows, such as mortgage and asset-backed securities, collateralized mortgage obligations and mutual funds investing in these securities or entities, are particularly sensitive to changes in economic conditions, including real estate value, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates and financial markets. Due to the various risks associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

During the first quarter of 2020, the U.S. equity markets experienced a significant decline of more than 20%. Management considers these market fluctuations to be temporary in nature, although the duration and amount of the decline in the fair value of certain investments cannot be determined at this time.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 3. RECEIVABLES

Receivables at September 30, 2019 are summarized as follows:

	Governmental Activities	Business-type Activities	Total
<b>Receivables:</b>			
Accounts and other receivables	\$ 619,241	\$ 3,498,609	\$ 4,117,850
Intergovernmental and grants	548,652	-	548,652
Gross receivables	1,167,893	3,498,609	4,666,502
Less: allowance for uncollectible accounts	-	(84,655)	(84,655)
<b>Net receivables</b>	<b>\$ 1,167,893</b>	<b>\$ 3,413,954</b>	<b>\$ 4,581,847</b>

### NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2019 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 729,641	\$ -	\$ -	\$ 729,641
Infrastructure	4,322,497	334,130	-	4,656,627
Construction in progress	521,606	522,042	(187,526)	856,122
<b>Total capital assets not being depreciated</b>	<b>5,573,744</b>	<b>856,172</b>	<b>(187,526)</b>	<b>6,242,390</b>
Capital assets being depreciated:				
Buildings	9,251,075	35,980	-	9,287,055
Improvements other than buildings	3,095,628	413,237	-	3,508,865
Machinery and equipment	5,754,961	1,246,476	(371,478)	6,629,959
Library materials and software	417,675	265,914	(37,435)	646,154
<b>Total capital assets being depreciated</b>	<b>18,519,339</b>	<b>1,961,607</b>	<b>(408,913)</b>	<b>20,072,033</b>
Less accumulated depreciation for:				
Buildings	(3,496,154)	(240,253)	-	(3,736,407)
Improvements other than buildings	(1,563,420)	(145,254)	-	(1,708,674)
Machinery and equipment	(3,904,573)	(616,692)	343,167	(4,178,098)
Library materials and software	(268,505)	(59,173)	37,435	(290,243)
<b>Accumulated depreciation</b>	<b>(9,232,652)</b>	<b>(1,061,372)</b>	<b>380,602</b>	<b>(9,913,422)</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 14,860,431</b>	<b>\$ 1,756,407</b>	<b>\$ (215,837)</b>	<b>\$ 16,401,001</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 4. CAPITAL ASSETS (Continued)

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
Capital assets not being depreciated:				
Land	\$ 379,987	\$ -	\$ -	\$ 379,987
Construction in progress	1,312,068	1,165,206	(915,202)	1,562,072
<b>Total capital assets not being depreciated</b>	<b>1,692,055</b>	<b>1,165,206</b>	<b>(915,202)</b>	<b>1,942,059</b>
Capital assets being depreciated:				
Buildings	3,464,406	47,700	-	3,512,106
Improvements other than buildings	86,675,150	2,764,600	-	89,439,750
Intangible assets	7,174,063	-	-	7,174,063
Equipment and software	5,548,977	716,918	(181,135)	6,084,760
<b>Total capital assets being depreciated</b>	<b>102,862,596</b>	<b>3,529,218</b>	<b>(181,135)</b>	<b>106,210,679</b>
Less accumulated depreciation for:				
Buildings	(2,477,700)	(56,085)	-	(2,533,785)
Improvements other than buildings	(44,474,488)	(2,420,476)	-	(46,894,964)
Intangible assets	(6,968,642)	-	-	(6,968,642)
Equipment and software	(3,775,878)	(350,651)	179,616	(3,946,913)
<b>Accumulated depreciation</b>	<b>(57,696,708)</b>	<b>(2,827,212)</b>	<b>179,616</b>	<b>(60,344,304)</b>
<b>Business-type activities</b>				
<b>Capital assets, net</b>	<b>\$ 46,857,943</b>	<b>\$ 1,867,212</b>	<b>\$ (916,721)</b>	<b>\$ 47,808,434</b>

Depreciation expense for the year ended September 30, 2019 was charged to functions as follows:

<b>Governmental Activities:</b>	
General government	\$ 210,362
Public safety	513,236
Transportation	101,843
Culture/recreation	235,931
<hr/>	
<b>Total depreciation expense- Governmental activities</b>	<b>\$ 1,061,372</b>
<hr/>	
<b>Business-type activities:</b>	
<b>Water &amp; Sewer</b>	<b>\$ 2,827,212</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 5. LONG-TERM DEBT

#### Changes in Long-Term Debt

Changes in long-term debt for the year ended September 30, 2019 are summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental Activities:</b>					
General obligation note	\$ 4,692,010	\$ -	\$ (298,323)	\$ 4,393,687	\$ 305,496
Compensated absences	711,435	888,174	(860,887)	738,722	77,866
<b>Total Governmental Activities</b>	<b>\$ 5,403,445</b>	<b>\$ 888,174</b>	<b>\$ (1,159,210)</b>	<b>\$ 5,132,409</b>	<b>\$ 383,362</b>
<b>Business-type Activities:</b>					
Promissory note	\$ 11,408,224	\$ -	\$ (632,963)	\$ 10,775,261	\$ 633,811
Compensated absences	246,948	219,984	(256,860)	210,072	13,616
<b>Total Business-type Activities</b>	<b>\$ 11,655,172</b>	<b>\$ 219,984</b>	<b>\$ (889,823)</b>	<b>\$ 10,985,333</b>	<b>\$ 647,427</b>
<b>Totals</b>	<b>\$ 17,058,617</b>	<b>\$ 1,108,158</b>	<b>\$ (2,049,033)</b>	<b>\$ 16,117,742</b>	<b>\$ 1,030,789</b>

#### Governmental Activities

The governmental activities long-term debt consisted of the following at September 30, 2019:

##### \$6,477,462 General Obligation Note, Series 2012

The Series 2012 G.O. Note is a general obligation Promissory Note dated February 24, 2012 for an original principal amount of \$6,477,462. From February 24, 2012 to December 31, 2017, the outstanding principal amount bears interest at 2.39%, and from January 1, 2018 to February 1, 2032, the outstanding principal amount bears interest at 2.905%. Payments are due in variable semi-annual installments, including interest, on each February 1<sup>st</sup> and August 1<sup>st</sup>. The Series 2012 G.O. Note is secured by the full faith, credit and taxing power of the Village. The proceeds of the Series 2012 G.O. Note were used to refund outstanding general obligation bonds of the Village. There was no gain or loss on the refunding. The refunding reduced the Village's debt service payments by approximately \$2.2 million and resulted in an economic gain of approximately \$100,000.

The 2012 G. O. Note includes a provision that in the event of a default under the Loan Agreement or Note, which includes any default in the due and punctual payment of an obligation in an amount in excess of \$100,000 to any other obligee, the bank may declare all obligations of the Village under the Loan Agreement and Note to be immediately due and payable.



# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

#### Governmental Activities (Continued)

Annual debt service requirements on the Note are as follows:

Year Ending September 30,	Principal	Interest	Total
2020	\$ 305,496	\$ 125,421	\$ 430,917
2021	312,840	116,494	429,334
2022	320,363	107,352	427,715
2023	328,065	97,991	426,056
2024	335,953	88,405	424,358
2025-2029	1,804,875	289,961	2,094,836
2030-2032	986,095	43,306	1,029,401
<b>Total</b>	<b>\$ 4,393,687</b>	<b>\$ 868,930</b>	<b>\$ 5,262,617</b>

General obligation debt is generally liquidated by the Debt Service Fund. Compensated absences, pension obligations and other postemployment benefit liabilities are generally liquidated by the General Fund.

#### Business-type Activities

The business-type activities long-term debt is secured by a pledge of and lien on the net revenues derived from the operations of the water and sewer system and consisted of the following for the year ended September 30, 2019:

##### \$14,352,351 Promissory Note, Series 2013

The Series 2013 Note was issued April 15, 2013 for an original principal amount of \$14,352,351. Semi-annual installments of \$471,118, including interest at 2.905% are payable on each May 1<sup>st</sup> and November 1<sup>st</sup> through maturity on May 1, 2033. Principal and interest are payable from and secured solely by a pledge of and lien upon the net revenues of the water and sewer utility system of the Village. The proceeds of the Series 2013 Note were used for the advance refunding of the outstanding Series 2003A Revenue Bonds and provided approximately \$5,000,000 for capital improvements to the water and sewer system. The advance refunding resulted in an economic gain of approximately \$142,000.

The Series 2013 Note includes a provision that in the event of a default under the Loan Agreement or Note, which includes any default in the due and punctual payment of an obligation in an amount in excess of \$100,000 to any other obligee, the bank may declare all obligations of the Village under the Loan Agreement and Note to be immediately due and payable.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

#### Business-Type Activities (Continued)

Annual debt service requirements on the Note are as follows:

Year Ending September 30,	Principal	Interest	Total
2020	\$ 633,811	\$ 308,426	\$ 942,237
2021	652,355	289,882	942,237
2022	671,443	270,794	942,237
2023	691,088	251,149	942,237
2024	711,308	230,929	942,237
2025-2029	3,881,167	830,018	4,711,185
2030-2033	3,534,089	234,863	3,768,952
<b>Total</b>	<b>\$10,775,261</b>	<b>\$ 2,416,061</b>	<b>\$13,191,322</b>

The provisions of the Series 2013 Note generally provide for:

1. Establishment of utility rates that provide net revenues which are equal to at least 125% of the principal and interest scheduled to come due in each fiscal year.
2. Prompt payment of principal and interest when due.
3. Issuance of additional debt payable from pledged revenues only if pledged revenues for the two immediately preceding fiscal years equal at least 1.25 times the largest amount of principal and interest scheduled to come due on the outstanding debt and additional debt.
4. Maintenance of the utility system in good working order.
5. Maintenance of a depository account with the lender.

At September 30, 2019 the Village was in compliance with the debt covenants.

#### Utility Pledged Revenues

The Village has pledged the future net revenues (generally all revenues and capital contributions, less expenses, excluding depreciation and amortization) of the water and sewer utility to repay the Series 2013 Note. The Series 2013 Note is payable solely from the utility net revenues and is payable through 2033. Annual principal and interest payments on the Series 2013 Note are expected to require approximately 10 percent of utility net revenues. Total principal and interest remaining to be paid on the Series 2013 Note is \$13,191,322 at September 30, 2019. Utility net revenues available for debt service (as defined by the Series 2013 Note debt resolution) were \$9,831,338.

#### Interest Expense and Arbitrage

Total interest costs incurred and paid on all Village debt for the year ended September 30, 2019 were \$133,416 and \$134,138, respectively, for governmental activities and \$311,884 and \$326,447, respectively, for business-type activities.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

#### Business-Type Activities (Continued)

The Village is subject to the arbitrage restrictions imposed by the federal government for its outstanding debt issues. No events have occurred that would cause the outstanding debt to be subject to arbitrage within the meaning of Section 148 of the Internal Revenue Code.

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

The Village entered into two contracts dated January 1, 1978, with the City of Lake Worth (the "City"), providing that the City supply the Village's 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, its existing water and wastewater facilities. The Village was obligated to pay the City its pro rata share (based on water and wastewater reserved capacity) of the debt service of these loans until October 31, 2006 when the loans were paid in full.

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

The Series R Loan was originally issued by the City on July 1, 1985, at a face value of \$8,520,000. The loan matured in varying amounts through July 1, 2006. The Village's pro rata share of the loan was 37.04%. The present value (discounted at the same rate as the Series R Loan) of the Village's obligation to the City was \$4,245,610 at issuance. Intangible water and wastewater 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 Loan and to improve the existing facilities. As a result of this refunding issue, the Village amended its original contract with the City whereby the outstanding obligation and intangible rights increased \$494,876. The amendment also required the Village to pay 125% (previously 133%) of its pro rata share of the debt service payments. The intangible rights are being amortized over 33 years (the remaining contract term).

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 Loans. As a result of this refunding issue, the Village amended its contracts with the City and the combined outstanding obligation and intangible rights increased \$353,610 and the maturity date was extended to October 31, 2006. The amendment required the Village to pay 120% (previously 133% and 125% for the Series E and Series R Loans, respectively) of its pro rata share of the debt service (20% of which was to fund renewal and replacement). The additional intangible rights are being amortized over 22 years (the remaining term of the amended contract). All outstanding obligations under the utility agreements were paid at maturity on October 31, 2006. During 2015, the Village sold a portion of its wastewater usage rights and the intangible rights were reduced by \$214,891. During 2018, the Village paid \$205,421 to the City to purchase an additional service area, which was recorded as an indefinite life intangible asset. At September 30, 2019, the intangible rights had a net book value of \$205,421 and were recorded with capital assets.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 7. INTERFUND TRANSACTIONS

Interfund transfers for the year ended September 30, 2019 were as follows:

	Transfers In	Transfers Out
<b>Governmental Activities</b>		
General Fund	\$ 2,415,138	\$ -
<b>Business-type Activities</b>		
Water and Sewer Utility Fund	-	2,415,138
<b>Total</b>	<b>\$ 2,415,138</b>	<b>\$ 2,415,138</b>

Transfers consist of payments in lieu of taxes of \$2,415,138 that are not payments for services.

### NOTE 8. 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 \$200,000 and \$300,000 in the aggregate. There were no significant reductions in insurance coverage from the prior year. There were no settlements in excess of coverage in the years ended September 30, 2019, 2018, and 2017.

### NOTE 9. EMPLOYEE RETIREMENT PLANS

The Village administers two single-employer, defined benefit pension plans, the Village of Palm Springs Police Officers Pension Plan and the Village of Palm Springs General Employees Pension Plan. The Village also participates in the Florida Retirement System (FRS) Pension Plan and the Retiree Health Insurance Subsidy (HIS) Trust Fund, both of which are multiple-employer, cost-sharing, defined benefit, public employee retirement plans administered by the State of Florida.

The net pension liability, deferred outflows and inflows of resources and pension expense related to these retirement plans at September 30, 2019 are summarized as follows:

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

	General Employees	Police Officers	FRS	HIS	Total
<b>Net pension liability</b>	\$ 1,826,810	\$ 342,820	\$ 8,634,342	\$ 2,353,345	\$ 13,157,317
<b>Deferred outflows/inflows of resources related to pensions</b>					
Deferred outflows of resources	1,358,074	32,945	3,569,675	717,913	5,678,607
Deferred inflows of resources	1,298,537	392,533	489,509	195,225	2,375,804
<b>Pension expense</b>	997,837	186,895	2,303,951	288,088	3,776,771

The Village sponsored two separate single-employer defined benefit plans for 2019: the Village of Palm Springs Police Officers Pension Plan covering all Village police officers hired prior to July 1, 2010; and, the Village of Palm Springs General Employees Pension Plan, covering substantially all other full-time Village employees hired prior to July 1, 2010. During 2010, the Village adopted ordinances closing both Plans to new members effective June 30, 2010. Participants in the Plans were given the option to remain in their respective Plan or to join the Florida Retirement System (FRS) effective July 1, 2010. Both closed Plans are reported as pension trust funds and are included as part of the Village's reporting entity. Employees hired after June 30, 2010 are required to participate in FRS.

Each Plan has its own Board of Trustees which acts as plan administrator and trustee. The Board of the General Employees Pension Plan consists of five members, two of which are elected by Village employees (excluding police officers) for a four year term, one member of the Village Council, the Village Finance Director and one resident chosen by a majority of the other four trustees and appointed by the Village Council. The Board of the Police Officers Pension Plan consists of five members, two of which are elected by police officers, two of which are residents of the Village appointed by the Village Council and one member chosen by a majority of the other four trustees and appointed by the Village Council. Each Trustee serves a two year term with no term limits.

Each Plan's assets may only be used for the payment of benefits to the members and beneficiaries of the Plan in accordance with the terms of each plan document. The costs of administering each Plan are paid by the pension fund. Plan provisions are established by and may be amended by the Village Council. Village contribution requirements are determined by each Plan's actuary and are paid by the General Fund and Water and Sewer Utility Fund. Employee contribution requirements are established by and may be amended by the Village Council. There are no legal or contractual maximum contribution rates. The Florida Constitution requires local governments to make the actuarially determined contribution. The Florida Division of Retirement reviews and approves each local government's actuarial report prior to its being approved for use for funding purposes.

The following summary of the significant provisions of each Plan was obtained from the respective actuarial reports and Village information for the two Village pension plans as of October 1, 2019 (the latest actuarial valuation date):

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### Village Pension Plans

	General Employees	Police Officers		
<b>Accounting Policies and Plan Assets:</b>				
Authority	Village Ordinance	Village Ordinance/State Statute		
Basis of Accounting	Accrual	Accrual		
Asset Valuation				
Reporting	Fair Value	Fair Value		
Actuarial Valuation	5-year smoothed market	4-year smoothed market		
Plan Reserves	None	None		
Long-Term Receivables	None	None		
<b>Membership and Plan Provisions:</b>				
<b>Members:</b>				
Active Participants	31	15		
Retirees and Beneficiaries	54	33		
Terminated Vested	43	13		
<b>Normal Retirement Benefits:</b>				
Retirement Age	62	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>
Years of Service (minimum)	5	50	55	Any
Accrual	2.5%	15	10	20
Maximum	62.5%	3.0%	3.0%	3.0%
Years to Vest	10	None	None	None
		10	10	10
<b>Actuarial Contributions</b> (as a percentage of covered payroll):				
Village	46.3%	88.4%		
State	N/A	9.6%		
Participants	3.0%	6.6%		
Required contributions	\$ 809,354	\$ 1,029,719		
Contributions made	\$ 831,216	\$ 1,576,472		

#### Summary of Significant Accounting Policies

The financial statements of each Plan are prepared using the economic resources measurement focus and the accrual basis of accounting. Employee and employer contributions are recognized in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan. Other expenses are recognized when the corresponding liabilities are incurred. Investment income is recognized as revenue when earned. Investments are reported at fair value and are managed by third party money managers.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### Village Pension Plans (Continued)

##### Summary of Significant Accounting Policies (Continued)

The Village's independent custodians and money managers determine the fair value of securities, which is generally based upon the mean of the most recent bid and ask prices of each instrument using various third party pricing sources. The net appreciation (depreciation) in fair value of investments is recorded as an increase (decrease) to investment income based on the valuation of investments. Investment earnings are reduced for investment related expenses, such as management fees, portfolio evaluation and custodial services. Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms.

##### Investments

Investment Policy: The policy in regard to the allocation of invested assets is established and may be amended by a majority vote of the Board of each pension plan. It is the policy of each pension plan Board to pursue an investment strategy that reduces risk through the prudent diversification of the investment portfolio across a broad selection of distinct asset classes. The investment policy of each pension plan discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. There were no changes in the investment policy of either pension plan for the year ended September 30, 2019. The asset allocation policy adopted by each pension plans' Board at September 30, 2019 was as follows:

<u>Asset Class</u>	<u>General Employees</u>	<u>Police Officers</u>
Domestic equity	50%	55%
International equity	15	10
Domestic fixed income	20	20
International fixed income	5	5
Real estate	10	10
<b>Total</b>	<b>100%</b>	<b>100%</b>

Concentrations: At September 30, 2019, five mutual fund investments of the Police Officers Pension Fund represented approximately 6%, 9%, 14%, 15% and 27% of that Plan's net position and five mutual fund investments of the General Employees Pension Fund represented 6%, 6%, 7%, 11% and 27% of that Plan's net position.

Rate of Return: For the year ended September 30, 2019, the annual money-weighted rate of return on each pension plans' investments, net of investment expenses, was 2.86% and 4.84% for the General Employees Pension Plan and Police Officers Pension Plan, respectively. The money-weighted rate of return expresses investment performance, net of investment expenses, adjusted for the changing amounts actually invested.

##### Deferred Retirement Option Program (DROP)

The Police Officers Pension Plan members are eligible to participate in DROP upon attainment of normal retirement date. DROP allows Plan members to retire while continuing employment for up to 60 months and the member's retirement benefits accumulate in the Plan. The amount held in DROP at September 30, 2019 was \$472,723. The General Employees Pension Plan has no DROP.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### Village Pension Plans (Continued)

##### Net Pension Liability

The components of the net pension liability for the General Employees and Police Officers Pension Plans for the most recent valuation as of October 1, 2019, were as follows:

	<b>General Employees</b>	<b>Police Officers</b>
Total pension liability	\$ 28,902,543	\$ 32,321,724
Plan fiduciary net position	(27,075,733)	(31,978,904)
<b>Net pension liability</b>	<b>\$ 1,826,810</b>	<b>\$ 342,820</b>
<b>Plan fiduciary net position as a percentage of the total pension liability</b>	<b>93.7%</b>	<b>98.9%</b>

Actuarial Assumptions: The total pension liabilities for the General Employees and Police Officers Pension Plans were determined by actuarial valuations as of October 1, 2019, using the following actuarial assumptions, applied to all periods included in the measurement:

	<b>General Employees</b>	<b>Police Officers</b>
<b>Actuarial Valuation:</b>		
Frequency	Annual	Annual
Latest Valuation	10/1/2019	10/1/2019
Measurement date	9/30/2019	9/30/2019
Basis for Contribution	10/1/2017	10/1/2017
Cost Method	Entry age normal	Entry age normal
<b>Assumptions:</b>		
Investment Earnings		
(with inflation, net of expenses)	6.25% / year	7.30% / year
Salary Increases (with inflation)	4.6% - 8.3% / year	4.0% - 5.25% / year
Inflation	2.0% / year	2.75% / year
Cost of living adjustments	3.0%	3.0%
Mortality Rates	RP-2000 Fully Generational Scale BB	RP-2000 Mortality Table with Blue Collar Adjustment
<b>Amortization:</b>		
Method	Level dollar	Level percent of payroll
Period	5 years	15 years for gains (losses) 20 years for assumption, plan and method changes
Open/Closed	Closed	Closed

The long-term expected rate of return on investments of the pension plans was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by



# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### Village Pension Plans (Continued)

#### Net Pension Liability (Continued)

adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plans' target allocation as of September 30, 2019 (see the discussion of each pension plan's investment policy) are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	
	General Employees	Police Officers
Domestic equity	7.5%	7.5%
International equity	8.5	8.5
Domestic fixed income	2.5	2.5
International fixed income	3.5	3.5
Real estate	4.5	4.5

Discount Rate: The discount rate used to measure the total pension liability of the General Employees Pension Plan was 6.25% (6.50% in 2018) and the Police Officers Pension Plan was 7.30% (7.35% in 2018). The discount rates were based on the expected rate of return on investments of each plan. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rates and that Village contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plans' fiduciary net positions were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments of the pension plans was applied to all periods of projected benefit payments to determine the projected total pension liability.

#### Changes in the Net Pension Liability

The changes in the net pension liability of the Village's General Employees Pension Plan were as follows for the year ended September 30, 2019:

General Employees Pension Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balances at October 1, 2018</b>	\$ 27,501,283	\$ 26,551,744	\$ 949,539
<b>Changes for the Current Year</b>			
Service cost	379,392	-	379,392
Interest	1,776,251	-	1,776,251
Difference between expected and actual experience	(561,920)	-	(561,920)
Change of assumptions	913,998	-	913,998

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### Village Pension Plans (Continued)

#### Changes in the Net Pension Liability (Continued)

General Employees Pension Plan (Continued)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Contributions – Village	\$ -	\$ 831,216	\$ (831,216)
Contributions – employee	-	53,804	(53,804)
Net investment income	-	808,284	(808,284)
Benefit payments, including refunds of employee contributions	(1,106,461)	(1,106,461)	-
Administrative expenses	-	(62,854)	62,854
Net Changes	1,401,260	523,989	877,271
<b>Balances at September 30, 2019</b>	<b>\$ 28,902,543</b>	<b>\$ 27,075,733</b>	<b>\$ 1,826,810</b>

The changes in the net pension liability of the Village's Police Officers Pension Plan were as follows for the year ended September 30, 2019:

Police Officers Pension Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
<b>Balances at October 1, 2018</b>	<b>\$ 30,865,052</b>	<b>\$ 29,880,834</b>	<b>\$ 984,218</b>
<b>Changes for the Current Year</b>			
Service cost	339,484	-	339,484
Interest	2,205,109	-	2,205,109
Difference between expected and actual experience	(264,614)	-	(264,614)
Change of assumptions	197,669	-	197,669
Contributions – Village	-	1,422,000	(1,422,000)
Contributions – State of Florida	-	154,472	(154,472)
Contributions – employee	-	106,132	(106,132)
Net investment income	-	1,498,097	(1,498,097)
Benefit payments, including refunds of employee contributions	(1,020,976)	(1,020,976)	-
Administrative expenses	-	(61,655)	61,655
Net Changes	1,456,672	2,098,070	(641,398)
<b>Balances at September 30, 2019</b>	<b>\$ 32,321,724</b>	<b>\$ 31,978,904</b>	<b>\$ 342,820</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### Village Pension Plans (Continued)

#### Changes in the Net Pension Liability (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following table presents the net pension liability of the General Employees Pension Plan and the Police Officers Pension Plan at September 30, 2019, calculated using the current discount rates of 6.25% and 7.30%, respectively, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1.0% Decrease	Current Discount Rate	1.0% Increase
General Employees Pension Plan	\$ 5,987,117	\$ 1,826,810	\$ (1,578,018)
Police Officers Pension Plan	\$ 4,863,183	\$ 342,820	\$ (3,321,707)

#### Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions

General Employees Pension Plan: For the year ended September 30, 2019, the Village recognized pension expense of \$997,837. At September 30, 2019, the Village reported deferred inflows/outflows of resources related to General Employees pensions from the following sources:

	Deferred Outflows	Deferred Inflows
<b>General Employees Pension Plan</b>		
Differences between expected and actual experience	\$ -	\$ 328,659
Net difference between projected and actual investment earnings on pension plan investments	734,972	969,878
Change of assumptions	623,102	-
<b>Balances at September 30, 2019</b>	<b>\$ 1,358,074</b>	<b>\$ 1,298,537</b>

Police Officers Pension Plan: For the year ended September 30, 2019, the Village recognized pension expense of \$186,895. At September 30, 2019, the Village reported deferred inflows/outflows of resources related to Police Officers pensions from the following sources:

	Deferred Outflows	Deferred Inflows
<b>Police Officers Pension Plan</b>		
Differences between expected and actual experience	\$ -	\$ 44,102
Net difference between projected and actual investment earnings on pension plan investments	-	348,431
Change of assumptions	32,945	-
<b>Balances at September 30, 2019</b>	<b>\$ 32,945</b>	<b>\$ 392,533</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### Village Pension Plans (Continued)

#### Pension Expense and Deferred Inflows/Outflows of Resources Related to Pensions (Continued)

The amounts reported as deferred inflows/outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending September 30,	General Employees	Police Officers
2020	\$ (25,323)	\$ (307,811)
2021	(154,840)	(218,065)
2022	55,957	23,368
2023	183,743	142,920

#### Financial Statements

The General Employees Pension Plan and the Police Officers Pension Plan do not issue stand-alone GAAP financial reports. Financial statements for the General Employees Pension Plan and the Police Officers Pension Plan as of and for the year ended September 30, 2019, are as follows:

Statements of Fiduciary Net Position		
	General Employees	Police Officers
<b>Assets</b>		
Cash and cash equivalents	\$ 625,569	\$ 716,104
Receivables:		
Accounts receivable	39	-
Interest and dividends receivable	35,062	42,229
Investments:		
U.S. Treasury securities	1,576,023	1,770,063
U.S. Government agencies	1,788,058	1,483,511
Mortgage and asset-backed securities	78,275	163,073
Domestic corporate bonds	2,209,323	2,654,132
International fixed income mutual fund	1,123,599	1,354,932
Domestic equity securities and mutual fund	2,739,887	17,933,693
Foreign equity securities and mutual fund	14,327,558	2,915,998
Real estate investment account	2,587,151	2,958,904
<b>Total assets</b>	<b>27,090,544</b>	<b>31,992,639</b>
<b>Liabilities</b>		
Accounts payable	14,811	13,735
<b>Total liabilities</b>	<b>14,811</b>	<b>13,735</b>
<b>Net position restricted for pension benefits</b>	<b>\$ 27,075,733</b>	<b>\$ 31,978,904</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### Village Pension Plans (Continued)

#### Financial Statements (Continued)

Statements of Changes in Fiduciary Net Position			
	General Employees		Police Officers
<b>Additions</b>			
Contributions:			
Employer	\$ 831,216	\$	1,422,000
Plan members	53,804		106,132
State contributions	-		154,472
<b>Total contributions</b>	<b>885,020</b>		<b>1,682,604</b>
Investment income:			
Interest	147,394		140,891
Dividends	482,424		1,153,924
Net increase in fair value of investments	219,810		229,967
Investment expenses	(41,344)		(26,685)
Net investment income	808,284		1,498,097
<b>Total additions</b>	<b>1,693,304</b>		<b>3,180,701</b>
<b>Deductions</b>			
Administration	62,854		61,655
Benefits	1,106,461		1,020,976
<b>Total deductions</b>	<b>1,169,315</b>		<b>1,082,631</b>
Net increase in plan net position	523,989		2,098,070
Net position restricted for pension benefits at October 1, 2018	26,551,744		29,880,834
<b>Net position restricted for pension benefits at September 30, 2019</b>	<b>\$ 27,075,733</b>	<b>\$</b>	<b>31,978,904</b>

#### State of Florida Pension Plans

All regular, full-time employees of the Village, including police officers, hired after June 30, 2010 are required to participate in the Florida Retirement System (FRS) Pension Plan and the Retiree Health Insurance Subsidy (HIS) Trust Fund administered by the Florida Department of Management Services, Division of Retirement. FRS and HIS are cost-sharing, multiple-employer defined benefit pension plans with approximately 1,000 participating employers. FRS and HIS were established and are administered in accordance with Chapter 121 and Section 112.363, Florida Statutes, respectively.

FRS includes a Deferred Retirement Option Program (DROP) available for eligible employees. Retirees receive a lifetime pension benefit with joint and survivor payment options. FRS membership is compulsory for employees filling regularly established positions in a state agency, county agency, state university, state community college, or district school board, unless restricted from FRS membership under sections 121.053 and 121.122, Florida Statutes, or allowed to participate in a defined contribution plan in lieu of FRS membership. Participation is optional for cities, municipalities, special districts, charter schools and metropolitan planning organizations.

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### State of Florida Pension Plans (Continued)

HIS membership is optional and available to all retirees under a state-administered retirement system, provided the retiree provides proof of health insurance coverage, which can include Medicare. Participation is compulsory for cities, municipalities, special districts, charter schools and metropolitan planning organizations that participate in FRS.

Benefits Provided: FRS provides retirement, survivor and disability benefits to plan members and beneficiaries. Pension benefits of FRS are established by Florida Statutes, Chapter 121, and may be amended by the Florida Legislature. Retirement benefits are computed on the basis of age and/or years of service, average final compensation and service credit. Members initially enrolled prior to July 1, 2011, vest after six years of service. Members initially enrolled on or after July 1, 2011, vest after eight years of creditable service. HIS provides retirees and beneficiaries a monthly benefit equal to the number of years of creditable service completed at the time of retirement multiplied by \$5. The monthly benefit payment is established by Section 112.363, Florida Statutes and is at least \$30, but not more than \$150.

Village Contributions: FRS members are required to contribute 3.0% and no contribution is required for HIS members. Participating governments, including the Village, contribute to FRS at actuarially determined rates for various classes of employees, which are presently 8.47% of annual covered payroll for employees covered in the regular class, 25.41% for senior management class, 25.48% for special risk class (police officers), 48.82% for elected officials and 14.60% for employees covered in the FRS DROP program. Participating governments, including the Village, contribute to HIS based on a percentage of gross compensation for all active FRS members, which is presently 1.66%. The Village's contributions to FRS and HIS for the year ended September 30, 2019 were \$919,509, which was equal to 100% of the required contributions for the year.

Funding Policy: FRS funding policy provides for monthly employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due based upon plan assumptions. HIS uses a pay-as-you-go funding policy based on monthly employer contributions at a flat percentage of gross compensation for all active FRS members. Employer and employee contribution rates are established by State law as a level percentage of payroll. Employer contribution rates are determined using the entry-age actuarial cost method. The consulting actuary recommends rates based on the annual valuation, but actual contribution rates are established by the Florida Legislature.

Publicly Available Financial Report: The State of Florida issues a publicly available financial report for FRS and HIS that includes financial statements and required supplementary information. The complete financial report is available on the Publications page of the Division of Retirement's website at [www.frs.myflorida.com](http://www.frs.myflorida.com) or by writing to the Research and Education Section at P.O. Box 9000, Tallahassee, Florida, 32315-9000 or by calling toll free 877-377-1737 or 850-488-5706.

Summary of Significant Accounting Policies: The financial statements of FRS and HIS are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Employee contributions are recognized in the period of time for which the contributions are assessed. Employer contributions are recognized in the period in which employee services are performed. Benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the terms of FRS and HIS. Other expenses are recognized when

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### State of Florida Pension Plans (Continued)

the corresponding liabilities are incurred. Investment income is recognized as revenue when earned. Investments are reported at fair value and are managed by external investment managers. The independent investment custodian for FRS and HIS determines the fair value of securities using various third party pricing sources. For private market investments, where no readily ascertainable market value exists, fair values are based on net asset value (capital account balance) provided by investment managers at the closest available reporting period and adjusted for subsequent contributions and distributions. The net appreciation (depreciation) in fair value of investments is recorded as an increase (decrease) to investment income based on the valuation of investments. Investment earnings are net of investment related expenses, such as management fees, portfolio evaluation and custodial services. For purposes of measuring the net pension liability, deferred inflows/outflows of resources related to pensions, and pension expense, information about the fiduciary net position of FRS and HIS and the additions to/deductions from the fiduciary net position have been determined on the same basis as they are reported by FRS and HIS.

#### Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources Related to Pensions

At September 30, 2019, the Village reported a liability of \$8,634,342 and \$2,353,345 for its proportionate share of the net pension liability of FRS and HIS, respectively. The net pension liability of each plan was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019 for FRS and HIS. The Village's proportion of the net pension liability was based on a projection of the Village's long-term share of contributions to the pension plan relative to the projected contributions of all participating governments, as actuarially determined. At June 30, 2019, the Village's FRS proportion was .025071694 percent, which was an increase of .001616705 percent from its proportion measured as of June 30, 2018. The HIS proportion was .021032668 percent at June 30, 2019, which was an increase of .001648678 percent from its proportion measured as of June 30, 2018.

For the year ended September 30, 2019, the Village recognized pension expense of \$2,592,039 for FRS and HIS. At September 30, 2019, the Village reported deferred outflows and inflows of resources related to FRS pensions from the following sources:

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Differences between expected and actual experience	\$ 512,128	\$ 5,358
Changes in assumptions	2,217,671	-
Net difference between projected and actual investment earnings on pension plan investments	-	477,697
Changes in proportion and differences between Village contributions and proportionate share of contributions	639,107	6,454
Village contributions subsequent to the measurement date	200,769	-
<b>Total</b>	<b>\$ 3,569,675</b>	<b>\$ 489,509</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### State of Florida Pension Plans (Continued)

#### Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources Related to Pensions (Continued)

At September 30, 2019 the Village reported deferred outflows and inflows of resources related to HIS pensions from the following sources:

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Differences between expected and actual experience	\$ 28,584	\$ 2,882
Changes in assumptions	272,495	192,343
Net difference between projected and actual investment earnings on pension plan investments	1,519	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	385,002	-
Village contributions subsequent to the measurement date	30,313	-
<b>Total</b>	<b>\$ 717,913</b>	<b>\$ 195,225</b>

Deferred outflows of resources related to FRS and HIS pensions of \$231,082 resulting from Village contributions subsequent to the measurement date of June 30, 2019 will be recognized as a reduction of the net pension liability in the year ended September 30, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ending September 30,</b>	<b>FRS Amount</b>	<b>HIS Amount</b>
2020	\$ 1,044,239	\$ 209,830
2021	315,015	167,936
2022	761,106	91,929
2023	574,151	(66,753)
2024	148,071	12,124
Thereafter	36,815	77,309



# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### State of Florida Pension Plans (Continued)

#### Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources Related to Pensions (Continued)

Actuarial Assumptions: The total pension liability for FRS and HIS in the most recent actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	FRS	HIS
Valuation date	July 1, 2019	July 1, 2019
Measurement date	June 30, 2019	June 30, 2019
Actuarial cost method	Individual Entry Age	Individual Entry Age
Amortization method	Level percent of pay, closed	Level percent of pay, closed
Equivalent single amortization period	30 years	30 years
Asset valuation method	5-year smoothed	Market value
Discount rate	6.90%	3.50%
Inflation	2.60%	2.60%
Salary increases, including inflation	3.25%	3.25%
Long-term expected rate of return, net of investment expenses	6.90%	N/A
Municipal bond rate	N/A	3.50%
Payroll growth	3.25%	3.25%
Cost of living adjustments	3.0% pre-July 2011 0% thereafter	N/A
Mortality rates	Mortality rates PUB-2010 base table with Scale MP-2018	Mortality rates PUB-2010 base table with Scale MP-2018

The actuarial assumptions used in the July 1, 2019 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2013. As a result of the actuarial experience study, the expectation of life after disability was adjusted in the July 1, 2014 actuarial valuation to more closely reflect actual experience.

Changes in Actuarial Assumptions: The discount rate for FRS changed from 7.00% for 2018 to 6.90% for 2019. The discount rate for HIS changed from 3.87% for 2018 to 3.50% for 2019. The mortality assumption for FRS and HIS was changed from Generational RP-2000 with Projection Scale BB to PUB-2010 base table with Scale MP-2018.

Long-term Expected Rate of Return: The long-term expected rate of return on FRS investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### State of Florida Pension Plans (Continued)

#### Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources Related to Pensions (Continued)

developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class are as follows:

Asset Class	Long-Term Expected Real Rate of Return
Cash equivalents	3.3%
Fixed income	4.1
Global equities	8.0
Private equity	11.2
Real estate	6.7
Strategic investments	5.9

Discount Rate: The discount rate used to measure the total pension liability of FRS at June 30, 2019 was 6.90% for FRS and 3.50% for HIS. The FRS discount rate was based on the expected rate of return on FRS investments. The HIS discount rate was based on the municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rates and that member contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate. Based on those assumptions, the fiduciary net position of FRS was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on investments of FRS was applied to all periods of projected benefit payments to determine the projected total pension liability. Because HIS uses a pay-as-you-go funding structure, a municipal bond rate of 3.50% was used to determine the total pension liability.

Sensitivity of the Village's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following table presents the Village's proportionate share of the net pension liability of FRS and HIS at September 30, 2019, calculated using the current discount rate, as well as what the Village's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

FRS			HIS		
1.0% Decrease (5.90%)	Current Discount Rate (6.90%)	1.0% Increase (7.90%)	1.0% Decrease (2.50%)	Current Discount Rate (3.50%)	1.0% Increase (4.50%)
\$ 14,925,903	\$ 8,634,342	\$ 3,379,825	\$ 2,686,464	\$ 2,353,345	\$ 2,075,895

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

#### State of Florida Pension Plans (Continued)

#### Pension Liabilities, Pension Expense, and Deferred Inflows/Outflows of Resources Related to Pensions (Continued)

Pension Plan Fiduciary Net Position: Detailed information about the fiduciary net position of FRS and HIS is available in a separately issued financial report, which is available on the Publications page of the Division of Retirement's website at [www.frs.myflorida.com](http://www.frs.myflorida.com) or by writing to the Research and Education Section at P.O. Box 9000, Tallahassee, Florida, 32315-9000 or by calling toll free 877-377-1737 or 850-488-5706.

#### Payables to FRS

There were no amounts payable to FRS by the Village at September 30, 2019.

### NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

#### Plan Description

The Village administers a single-employer defined benefit health care plan (the "Plan") that provides health care benefits to eligible retired employees and their beneficiaries. The Village Council has the authority to establish and amend the premiums for and the benefit provisions of the Plan. The Plan is financed on a "pay-as-you-go" basis and is not administered as a formal qualifying trust. The Plan does not issue a publicly available financial report.

#### Funding Policy

The Village is required by Florida Statute 112.0801 to allow retirees to buy healthcare coverage at the same *group insurance rates* that current employees are charged resulting in an *implicit* healthcare benefit. The State of Florida prohibits the Plan from separately rating retirees and active employees. The Plan therefore charges both groups an equal, blended rate premium. Although both groups are charged the same blended rate premium, GAAP requires the actuarial figures to be calculated using age adjusted premiums approximating claim costs for retirees separate from active employees. The use of age adjusted premiums results in the addition of the implicit rate subsidy into the actuarial accrued liability. Plan members receiving benefits contribute 100% of the monthly premium ranging from a minimum of \$602 to a maximum of \$1,258.

#### Plan Membership

Membership in the Plan was comprised of the following at October 1, 2017, the date of the latest actuarial valuation:

Active employees	158
Retirees and beneficiaries receiving benefits	5
Inactive employees	<u>0</u>
Total	<u>163</u>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

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

#### Total OPEB Liability

The Village's total OPEB liability of \$474,518 was measured as of September 30, 2018, and was determined by an actuarial valuation as of October 1, 2017.

Actuarial Methods and Significant Assumptions: The actuarial methods and significant assumptions used to determine the Village's total OPEB liability for the current year are summarized as follows:

<b>Actuarial Valuation:</b>	
Valuation Date	10/1/2017 with 9/30/2018 measurement date
Actuarial Cost Method	Entry age normal, level percent of pay
<b>Assumptions:</b>	
Asset Valuation Method	N/A <sup>(1)</sup>
Discount Rate	3.64% <sup>(2)</sup>
Post-retirement Benefit Increases	None
Health Care Cost Trend Rate	8.0% per year initially, reduced annually by .5% to an ultimate rate of 5.0%
Inflation Rate	3.0%
Projected Salary Increases	3.0%
Mortality Rates	RP-2014 Mortality Table with MP2016 projection
<b>Amortization:</b>	
Method	Average of expected future working lifetime of the active group
Remaining Amortization Period	13 years

(1) The plan is funded on a pay-as-you-go basis and is not administered as a formal qualifying trust. There were no plan assets as of September 30, 2019.

(2) Since there are currently no invested plan assets held in trust to finance the OPEB obligation, the discount rate is the long-term expected rate of return on tax-exempt, high quality municipal bonds based on the S&P Municipal Bond 20-year High Grade Rate Index as of September 30, 2018.

#### Changes in the Total OPEB Liability

The changes in the total OPEB liability were as follows for the year ended September 30, 2019:

<b>Total OPEB Liability at October 1, 2018</b>	\$	448,805
<b>Changes for the Current Year</b>		
Service cost		25,178
Interest		16,054
Benefit payments		(15,519)
	Net Changes	25,713
<b>Balances at September 30, 2019</b>	<b>\$</b>	<b>474,518</b>

**VILLAGE OF PALM SPRINGS, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

**NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**Changes in the Total OPEB Liability (Continued)**

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate: The following table presents the total OPEB liability of the Village calculated using the current discount rate of 3.64%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.64%) or one percentage point higher (4.64%) than the current rate:

<b>1.0% Decrease (2.64%)</b>	<b>Current Discount Rate (3.64%)</b>	<b>1.0% Increase (4.64%)</b>
\$ 543,495	\$ 474,518	\$ 405,541

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate: The following table presents the total OPEB liability of the Village calculated using the current healthcare cost trend rate of 8.0%, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (7%) or one percentage point higher (9%) than the current rate:

<b>1.0% Decrease (7.0%)</b>	<b>Current Discount Rate (8.0%)</b>	<b>1.0% Increase (9.0%)</b>
\$ 416,870	\$ 474,518	\$ 543,464

**OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB**

For the year ended September 30, 2019, the Village recognized OPEB expense of \$41,383. At September 30, 2019, the Village reported deferred inflows/outflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows</b>	<b>Deferred Inflows</b>
Differences between expected and actual experience	\$ 1,807	\$ -
<b>Balances at September 30, 2019</b>	<b>\$ 1,807</b>	<b>\$ -</b>

**VILLAGE OF PALM SPRINGS, FLORIDA**

NOTES TO FINANCIAL STATEMENTS

September 30, 2019

**NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)**

**OPEB Expense and Deferred Inflows/Outflows of Resources Related to OPEB (Continued)**

The amounts reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year Ending September 30,</b>	<b>Amount</b>
2020	\$ (151)
2021	(151)
2022	(151)
2023	(151)
2024	(151)
Thereafter	(1,052)

**NOTE 11. COMMITMENTS AND CONTINGENCIES**

**Contract Commitments**

Construction contracts of the governmental activities consist of the following at September 30, 2019:

	<b>Total Project Authorization</b>	<b>Expended through September 30, 2019</b>	<b>Contract Retainage Payable at September 30, 2019</b>	<b>Balance to Complete</b>
Task #206 - Canal 11 Road Paving	\$ 852,425	\$ 461,107	\$ 14,183	\$ 377,135
Task #N/A- Library Re-flooring Project	71,124	61,852	6,872	2,400
Task #N/A- Library Fire Suppression System	29,514	17,456	-	12,058
Task #N/A- Library Security Access Imp.	11,652	11,077	-	575
Task #N/A- Library Furniture & Shelving	93,303	55,214	-	38,089
Task #253 - Pre-Fab Restroom SPP	80,616	4,744	-	75,872
Task #228 - Foxtail Park	57,696	49,801	-	7,895
Task #251 - Shade Structure RPP	22,276	13,176	-	9,100
Task #252 - RPP Fishing Dock	22,025	17,965	-	4,060
Task #255 - Pathway Park Phase I-III	232,019	156,742	-	75,277
	<b>\$ 1,472,650</b>	<b>\$ 849,134</b>	<b>\$ 21,055</b>	<b>\$ 602,461</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO FINANCIAL STATEMENTS

September 30, 2019

### NOTE 11. COMMITMENTS AND CONTINGENCIES (Continued)

#### Contract Commitments (Continued)

Construction contracts of the business-type activities consist of the following at September 30, 2019::

	Total Project Authorization	Expended through September 30, 2019	Contract Retainage Payable at September 30, 2019	Balance to Complete
Task #216 - Replace Spiractors	\$ 974,427	\$ 158,158	\$ 7,673	\$ 808,596
Task #217 - Pump Station S. Congress	24,200	16,226	-	7,974
Task #218 - L/S Rehabilitation	696,944	94,272	-	602,672
Task #236 - Kent/Sussex to Kivey L/S	655,606	615,541	27,934	12,131
Task #234 - Prairie W&WW Line	43,222	38,722	-	4,500
Task #226 - SCADA Pratt WTP	93,966	60,144	-	33,822
Task #227 - SCADA Main WTP	93,966	60,144	-	33,822
Task #233 - L/S Rehabilitation	116,954	52,757	-	64,197
Task #238 - MIEX Regen Pratt WTP	248,899	89,437	-	159,462
Task #240 - Vacuum Station #1	29,282	15,435	-	13,847
Task #242 - Water Well #10	118,510	41,807	-	76,703
Task #243 - Well #11 Rehabilitation	60,084	35,041	-	25,043
Task #244 - Well #16 Rehabilitation	60,084	58,161	-	1,923
Task #247 - Utility Relocation Kudza	35,063	27,288	-	7,775
Task #272- Advanced Metering	212,140	1,765	-	210,375
Task #N/A- Tyler Cashing	12,480	4,800	-	7,680
Task #213 - Miller Road Drainage	92,390	17,904	-	74,486
Task #214 - Alameda Drive Drainage	105,480	94,564	-	10,916
Task #248 - Frost Lake SW Imp	24,640	19,060	-	5,580
Task #249 - Lakewood Road SW Imp	23,098	15,187	-	7,911
Task #250 - Carol & Rex Ave SW Imp	71,230	14,140	-	57,090
	<b>\$ 3,792,665</b>	<b>\$ 1,530,553</b>	<b>\$ 35,607</b>	<b>\$ 2,226,505</b>

#### Contingencies

The Village is subject to a variety of lawsuits occurring in the normal course of business, the ultimate outcome of which is not presently determinable. In the opinion of management, after consultation with legal counsel, the resolution of any pending matters is not expected to have a significant impact on the financial condition of the Village.

#### Grants

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

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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# VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund

Year Ended September 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues</b>				
<b>Taxes:</b>				
Ad valorem taxes	\$ 4,106,334	\$ 4,106,334	\$ 4,144,780	\$ 38,446
Franchise fees	1,516,385	1,516,385	1,565,493	49,108
Utility service taxes	2,753,568	2,753,568	2,787,134	33,566
Business taxes	413,000	413,000	386,375	(26,625)
<b>Total taxes</b>	<b>8,789,287</b>	<b>8,789,287</b>	<b>8,883,782</b>	<b>94,495</b>
<b>Permits:</b>				
Building permits	953,908	953,908	1,253,340	299,432
Other permits	10,000	10,000	12,217	2,217
<b>Total permits</b>	<b>963,908</b>	<b>963,908</b>	<b>1,265,557</b>	<b>301,649</b>
<b>Intergovernmental:</b>				
State revenue sharing	943,737	943,737	952,709	8,972
Alcoholic beverage licenses	13,700	13,700	10,317	(3,383)
Municipal fuel tax refund	9,000	9,000	9,247	247
Local option gas tax	437,419	437,419	442,791	5,372
County occupational licenses	50,000	50,000	53,551	3,551
Half-cent sales tax	1,884,338	1,884,338	1,885,894	1,556
Local option sales tax	1,784,742	1,784,742	1,707,602	(77,140)
Grant revenue	793,761	793,761	754,000	(39,761)
Other intergovernmental revenue	54,000	54,000	167,563	113,563
<b>Total intergovernmental</b>	<b>5,970,697</b>	<b>5,970,697</b>	<b>5,983,674</b>	<b>12,977</b>
<b>Charges for services:</b>				
General government	544,019	544,019	566,472	22,453
Public safety	521,839	521,839	483,500	(38,339)
Physical environment	1,111,801	1,111,801	1,133,848	22,047
Transportation	7,000	7,000	7,100	100
Culture/recreation	257,810	257,810	209,380	(48,430)
Nonresident fees	10,000	10,000	165	(9,835)
<b>Total charges for services</b>	<b>2,452,469</b>	<b>2,452,469</b>	<b>2,400,465</b>	<b>(52,004)</b>
<b>Fines and forfeitures:</b>				
Judgements and fines	82,000	82,000	75,046	(6,954)
Other	285,000	285,000	145,791	(139,209)
<b>Total fines and forfeitures</b>	<b>367,000</b>	<b>367,000</b>	<b>220,837</b>	<b>(146,163)</b>
<b>Contributions and donations</b>	<b>12,500</b>	<b>12,500</b>	<b>36,729</b>	<b>24,229</b>

Continued

# VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Miscellaneous:</b>				
Investment income	\$ 126,070	\$ 126,070	\$ 233,021	\$ 106,951
Facility rental	272,420	272,420	274,923	2,503
Miscellaneous revenue	9,800	9,800	176,946	167,146
<b>Total miscellaneous</b>	<b>408,290</b>	<b>408,290</b>	<b>684,890</b>	<b>276,600</b>
<b>Total revenues</b>	<b>18,964,151</b>	<b>18,964,151</b>	<b>19,475,934</b>	<b>511,783</b>
<b>Other financing sources</b>				
Transfer in	2,415,138	2,415,138	2,415,138	-
Subsequent year appropriation	1,471,258	1,471,258	-	(1,471,258)
Appropriated from restricted for sales tax	1,100,000	1,100,000	-	(1,100,000)
<b>Total revenues and other financing sources</b>	<b>\$ 23,950,547</b>	<b>\$ 23,950,547</b>	<b>\$ 21,891,072</b>	<b>\$ (2,059,475)</b>
<b>Expenditures</b>				
<b>General government:</b>				
Legislative:				
Personal services	\$ 53,786	\$ 53,786	\$ 51,167	\$ 2,619
Operating	161,787	159,787	136,932	22,855
Nonoperating	206,000	28,000	8,000	20,000
Total legislative	421,573	241,573	196,099	45,474
Executive:				
Personal services	815,489	815,489	728,548	86,941
Operating	88,501	88,501	68,380	20,121
Capital outlay	3,300	3,300	-	3,300
Total executive	907,290	907,290	796,928	110,362
Financial administration:				
Personal services	580,450	580,450	566,652	13,798
Operating	27,667	28,567	19,950	8,617
Capital outlay	9,800	8,900	5,012	3,888
Total financial administration	617,917	617,917	591,614	26,303
Legal:				
Operating	181,000	206,000	177,605	28,395
Information technology:				
Personal services	384,185	384,185	238,547	145,638
Operating	201,152	212,852	181,315	31,537
Capital outlay	92,100	80,400	37,880	42,520
Total information technology	677,437	677,437	457,742	219,695
Other general government:				
Personal services	2,500	2,500	-	2,500
Operating	216,236	217,936	193,740	24,196
Total other general government	218,736	220,436	193,740	26,696
<b>Total general government</b>	<b>3,023,953</b>	<b>2,870,653</b>	<b>2,413,728</b>	<b>456,925</b>

Continued

# VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2019

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Public safety:</b>				
Planning, zoning and building:				
Personal services	\$ 783,459	\$ 783,459	\$ 576,907	\$ 206,552
Operating	180,284	278,164	259,747	18,417
Capital outlay	49,150	49,150	14,178	34,972
Nonoperating	100,000	117,120	117,113	7
Total planning, zoning and building	1,112,893	1,227,893	967,945	259,948
Law enforcement:				
Personal services	9,182,120	9,182,120	8,073,107	1,109,013
Operating	690,953	838,653	695,023	143,630
Capital outlay	1,371,460	1,221,460	800,569	420,891
Nonoperating	1,000	3,300	3,288	12
Total law enforcement	11,245,533	11,245,533	9,571,987	1,673,546
<b>Total public safety</b>	<b>12,358,426</b>	<b>12,473,426</b>	<b>10,539,932</b>	<b>1,933,494</b>
<b>Physical environment:</b>				
Sanitation services:				
Operating	1,071,731	1,076,731	1,075,033	1,698
Total sanitation services	1,071,731	1,076,731	1,075,033	1,698
<b>Total physical environment</b>	<b>1,071,731</b>	<b>1,076,731</b>	<b>1,075,033</b>	<b>1,698</b>
<b>Transportation:</b>				
Personal services	1,234,147	1,264,147	1,162,409	101,738
Operating	1,067,187	1,036,787	740,946	295,841
Capital outlay	1,118,000	1,118,400	694,130	424,270
<b>Total transportation</b>	<b>3,419,334</b>	<b>3,419,334</b>	<b>2,597,485</b>	<b>821,849</b>
<b>Culture/recreation:</b>				
Library:				
Personal services	656,762	656,762	604,385	52,377
Operating	187,392	216,167	110,044	106,123
Capital outlay	465,200	463,925	307,372	156,553
Total library	1,309,354	1,336,854	1,021,801	315,053
Parks and recreation:				
Personal services	568,238	565,833	514,268	51,565
Operating	412,328	414,733	392,762	21,971
Capital outlay	1,724,650	1,724,650	771,112	953,538
Total parks and recreation	2,705,216	2,705,216	1,678,142	1,027,074

Continued

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Budgetary Comparison Schedule*

*General Fund (Continued)*

*Year Ended September 30, 2019*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Special events:				
Operating	\$ 62,533	\$ 68,333	\$ 61,661	\$ 6,672
Total special events	62,533	68,333	61,661	6,672
<b>Total culture/recreation</b>	<b>4,077,103</b>	<b>4,110,403</b>	<b>2,761,604</b>	<b>1,348,799</b>
<b>Total expenditures</b>	<b>\$ 23,950,547</b>	<b>\$ 23,950,547</b>	<b>19,387,782</b>	<b>\$ 4,562,765</b>
Net change in fund balance			2,503,290	
Fund balance, beginning of year			14,253,343	
<b>Fund balance, end of year</b>			<b>\$ 16,756,633</b>	

# VILLAGE OF PALM SPRINGS, FLORIDA

## NOTES TO BUDGETARY COMPARISON SCHEDULE

SEPTEMBER 30, 2019

### NOTE 1. BUDGETARY ACCOUNTING

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

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

The adopted budgets are prepared on the modified accrual basis in accordance with U.S. generally accepted accounting principles. The reported budgetary data represents the final appropriated budget after amendments adopted by the Council. There were no supplemental appropriations adopted for the year ended September 30, 2019. Unexpended appropriations lapse at year end.

### NOTE 2. ENCUMBRANCES

Encumbrance accounting, in which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is utilized by the Village during the year. However, all encumbrances outstanding at year end lapse and, accordingly, there is no fund balance assigned for encumbrances at September 30, 2019.

### NOTE 3. BUDGET AND ACTUAL COMPARISON

The budgetary comparison schedule is prepared on the basis of accounting used in preparing the appropriated budget. For budgetary purposes, proceeds from the sale of capital assets are included in budgeted revenues, but are considered “other financing sources” for GAAP. As a result, the General Fund revenues reported in the budgetary comparison schedule are \$45,530 more than the revenues reported on the basis of GAAP due to \$45,530 of proceeds from the sale of capital assets reported as an other financing source under GAAP.

## VILLAGE OF PALM SPRINGS, FLORIDA

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

SEPTEMBER 30, 2019

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

Percentage of lane miles in substandard condition: 0%

Comparison of needed-to-actual maintenance/preservation:

	<b>Needed</b>	<b>Actual</b>	<b>Difference</b>
2010	\$ 124,900	\$ 119,735	\$ 5,165
2011	125,000	110,127	14,873
2012	42,950	25,029	17,921
2013	124,000	122,145	1,855
2014	144,805	141,553	3,252
2015	170,000	151,463	18,537
2016	540,500	523,022	17,478
2017	845,822	611,980	233,842
2018	370,000	99,409	270,591
2019	474,600	308,997	165,603
<b>Total</b>	<b>\$ 2,962,577</b>	<b>\$ 2,213,460</b>	<b>\$ 749,117</b>

The condition of street pavement is rated using the Asphalt Pavement Rating Form as developed by the Asphalt Institute. The Asphalt Pavement Rating Form is based on a weighted average of thirteen defects found in pavement services. The form uses a measurement scale that is based on a condition index rating from zero for failed pavement to 100 for pavement in perfect condition. The condition index is used to classify roads in seven categories: excellent (100-85), very good (84-70), good (69-55), fair (54-40), poor (39-25), very poor (24-10), and failed (9-0). It is the Village's policy to maintain at least 80% of its street system at a good or better condition. Needed maintenance is calculated based upon inspections and the condition assessment index.

In accordance with GASB Statement No. 34, the Village was required to report at least one complete condition assessment at transition using the modified approach. The condition assessment was completed by the Village in 2003 and documented that eligible infrastructure assets are being preserved at or above the condition level established by the Village. The Village evaluates 1/3 of the network each year. In FY 2019, the Village is in year 1 of the sixth cycle of assessments. The assessments continue to indicate that the Village has maintained the network in accordance with Village policy.

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

## VILLAGE OF PALM SPRINGS, FLORIDA

Required Supplementary Information

Schedule of Changes in the Net Pension Liability and Related Ratios - General Employees Pension Fund

Last Six Fiscal Years

	<b>Measurement Date September 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Total Pension Liability</b>		
Service cost	\$ 379,392	\$ 371,772
Interest	1,776,251	1,728,787
Differences between expected and actual experience	(561,920)	(205,918)
Changes of assumptions	913,998	866,043
Benefit payments, including refunds	(1,106,461)	(1,004,991)
<b>Net change in total pension liability</b>	<b>1,401,260</b>	<b>1,755,693</b>
Total pension liability, beginning of fiscal year	27,501,283	25,745,590
<b>Total pension liability, end of fiscal year (a)</b>	<b>\$ 28,902,543</b>	<b>\$ 27,501,283</b>
<b>Plan Fiduciary Net Position</b>		
Contributions		
Employer	\$ 831,216	\$ 862,047
Plan members	53,804	59,854
Net investment income (loss)	808,284	2,291,631
Benefit payments, including refunds	(1,106,461)	(1,004,991)
Administration expense	(62,854)	(63,308)
<b>Net change in plan fiduciary net position</b>	<b>523,989</b>	<b>2,145,233</b>
Plan fiduciary net position, beginning of fiscal year	26,551,744	24,406,511
<b>Plan fiduciary net position, end of fiscal year (b)</b>	<b>\$ 27,075,733</b>	<b>\$ 26,551,744</b>
<b>Net Pension Liability, end of fiscal year [(a)-(b)]</b>	<b>\$ 1,826,810</b>	<b>\$ 949,539</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>93.7%</b>	<b>96.5%</b>
<b>Covered Payroll</b>	<b>\$ 1,793,426</b>	<b>\$ 1,995,144</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>101.9%</b>	<b>47.6%</b>

### Notes to Schedule:

Effective June 30, 2010, the General Employees Pension Plan was closed to new members and current employees were given the option to remain in the Plan or join the Florida Retirement System (FRS). A total of 38 active participants of the General Employees Pension Plan elected to join FRS and the remaining participants stayed in the Village plan. New employees hired after June 30, 2010 are required to join FRS.

Information prior to adoption of GASB Statement No. 67 in fiscal year 2014 is not available.

<b>Measurement Date September 30,</b>			
<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 364,562	\$ 339,321	\$ 366,097	\$ 366,898
1,685,440	1,583,402	1,572,611	1,487,114
(325,072)	(429,411)	(930,661)	(498,125)
777,414	2,358,552	-	1,199,760
(950,966)	(877,324)	(811,678)	(708,034)
<b>1,551,378</b>	<b>2,974,540</b>	<b>196,369</b>	<b>1,847,613</b>
24,194,212	21,219,672	21,023,303	19,175,690
<b>\$ 25,745,590</b>	<b>\$ 24,194,212</b>	<b>\$ 21,219,672</b>	<b>\$ 21,023,303</b>
\$ 828,922	\$ 1,088,264	\$ 1,061,229	\$ 1,158,775
64,047	72,094	80,731	86,400
2,674,644	2,139,230	(110,389)	1,485,554
(950,966)	(877,324)	(811,678)	(708,035)
(63,858)	(66,848)	(58,933)	(54,383)
<b>2,552,789</b>	<b>2,355,416</b>	<b>160,960</b>	<b>1,968,311</b>
21,853,722	19,498,306	19,337,346	17,369,035
<b>\$ 24,406,511</b>	<b>\$ 21,853,722</b>	<b>\$ 19,498,306</b>	<b>\$ 19,337,346</b>
<b>\$ 1,339,079</b>	<b>\$ 2,340,490</b>	<b>\$ 1,721,366</b>	<b>\$ 1,685,957</b>
<b>94.8%</b>	<b>90.3%</b>	<b>91.9%</b>	<b>92.0%</b>
<b>\$ 2,134,889</b>	<b>\$ 2,403,161</b>	<b>\$ 2,691,095</b>	<b>\$ 2,880,000</b>
<b>62.7%</b>	<b>97.4%</b>	<b>64.0%</b>	<b>58.5%</b>



**VILLAGE OF PALM SPRINGS, FLORIDA**

*Required Supplementary Information*

*Schedule of Changes in the Net Pension Liability and Related Ratios - Police Officers Pension Fund*

*Last Six Fiscal Years*

	<b>Measurement Date September 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>Total Pension Liability</b>		
Service cost	\$ 339,484	\$ 403,228
Interest	2,205,109	2,143,645
Differences between expected and actual experience	(264,614)	(279,697)
Changes of assumptions	197,669	124,812
Benefit payments, including refunds	(1,020,976)	(965,601)
<b>Net change in total pension liability</b>	<b>1,456,672</b>	<b>1,426,387</b>
Total pension liability, beginning of fiscal year	30,865,052	29,438,665
<b>Total pension liability, end of fiscal year (a)</b>	<b>\$ 32,321,724</b>	<b>\$ 30,865,052</b>
<b>Plan Fiduciary Net Position</b>		
Contributions		
Employer and State	\$ 1,576,472	\$ 1,552,848
Plan members	106,132	103,813
Net investment income (loss)	1,498,097	2,590,957
Benefit payments, including refunds	(1,020,976)	(965,601)
Administration expense	(61,655)	(74,187)
<b>Net change in plan fiduciary net position</b>	<b>2,098,070</b>	<b>3,207,830</b>
Plan fiduciary net position, beginning of fiscal year	29,880,834	26,673,004
<b>Plan fiduciary net position, end of fiscal year (b)</b>	<b>\$ 31,978,904</b>	<b>\$ 29,880,834</b>
<b>Net Pension Liability, end of fiscal year [(a)-(b)]</b>	<b>\$ 342,820</b>	<b>\$ 984,218</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>98.9%</b>	<b>96.8%</b>
<b>Covered Payroll</b>	<b>\$ 1,608,072</b>	<b>\$ 1,572,925</b>
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>21.3%</b>	<b>62.6%</b>

**Notes to Schedule:**

Effective October 1, 2009, the Village contracted with Palm Beach County for fire protection and emergency medical services. As a result, the existing Hazardous Employees Pension Plan was renamed the Police Officers Pension Plan and was closed to new Firefighter members and the benefits of current Firefighter members were frozen. Effective June 30, 2010, the Police Officers Pension Plan was closed to new members and current employees were given the option to remain in the Plan or join the Florida Retirement System (FRS). Nine police officers elected to join FRS on July 1, 2010 and the remaining participants stayed in the Village plan. New police officers hired after June 30, 2010 are required to join FRS.

Information prior to adoption of GASB Statement No. 67 in fiscal year 2014 is not available.

<b>Measurement Date September 30,</b>			
<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 427,032	\$ 410,669	\$ 360,751	\$ 375,327
2,068,372	1,944,254	1,850,070	1,763,202
216,592	(181,834)	81,981	391,759
80,318	76,322	-	-
(938,666)	(888,548)	(878,850)	(1,443,990)
<b>1,853,648</b>	<b>1,360,863</b>	<b>1,413,952</b>	<b>1,086,298</b>
27,585,017	26,224,154	24,810,202	23,723,904
<b>\$ 29,438,665</b>	<b>\$ 27,585,017</b>	<b>\$ 26,224,154</b>	<b>\$ 24,810,202</b>
\$ 1,543,986	\$ 1,540,740	\$ 1,499,908	\$ 1,424,890
116,150	123,992	117,695	122,123
2,948,909	1,951,061	(33,224)	1,966,660
(938,666)	(888,548)	(878,850)	(1,443,991)
(65,525)	(75,264)	(59,585)	(50,689)
<b>3,604,854</b>	<b>2,651,981</b>	<b>645,944</b>	<b>2,018,993</b>
23,068,150	20,416,169	19,770,225	17,751,232
<b>\$ 26,673,004</b>	<b>\$ 23,068,150</b>	<b>\$ 20,416,169</b>	<b>\$ 19,770,225</b>
<b>\$ 2,765,661</b>	<b>\$ 4,516,867</b>	<b>\$ 5,807,985</b>	<b>\$ 5,039,977</b>
<b>90.6%</b>	<b>83.6%</b>	<b>77.9%</b>	<b>79.7%</b>
<b>\$ 1,759,837</b>	<b>\$ 1,878,665</b>	<b>\$ 1,783,252</b>	<b>\$ 1,868,460</b>
<b>157.2%</b>	<b>240.4%</b>	<b>325.7%</b>	<b>269.7%</b>

**VILLAGE OF PALM SPRINGS, FLORIDA**

Required Supplementary Information  
 Schedule of Village Contributions - Pension Trust Funds  
 Last Ten Fiscal Years

	Fiscal Year Ended September 30,			
	2019	2018	2017	2016
<b>General Employees Pension Fund</b>				
Actuarially determined contribution	\$ 809,354	\$ 801,394	\$ 777,969	\$ 948,927
Contributions in relation to actuarially determined contribution	831,216	862,047	828,922	1,088,264
Contribution deficiency (excess)	\$ (21,862)	\$ (60,653)	\$ (50,953)	\$ (139,337)
Covered payroll	\$ 1,793,426	\$ 1,995,144	\$ 2,134,889	\$ 2,403,161
Contributions as a percentage of covered payroll	46.3%	43.2%	38.8%	45.3%
<b>Police Officers Pension Fund</b>				
Actuarially determined contribution	\$ 1,029,719	\$ 1,235,835	\$ 1,284,202	\$ 1,341,587
Contributions in relation to actuarially determined contribution	1,576,472	1,552,848	1,543,986	1,540,740
Contribution deficiency (excess)	\$ (546,753)	\$ (317,013)	\$ (259,784)	\$ (199,153)
Covered payroll	\$ 1,608,072	\$ 1,572,925	\$ 1,759,837	\$ 1,878,665
Contributions as a percentage of covered payroll	98.0%	98.7%	87.7%	82.0%

Notes to Schedule:	General Employees	Police Officers
Actuarial valuation date	10/1/2019	10/1/2019
Actuarial measurement date	9/30/2019	9/30/2019
<b>Actuarial methods and assumptions used to determine contribution rates:</b>		
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level Dollar, Closed	Level Percent of Payroll, Closed
Amortization period:		
Gains and losses	5 years	15 years
Assumption, method and plan changes	5 years	20 years
Asset valuation method	5-Year Smoothed	4-Year Smoothed
Inflation, per year	2.00%	2.75%
Salary increases (with inflation), per year	4.6% - 8.3%	4.0% - 5.25%
Investment rate of return (net of expenses, with inflation), per year	6.25%	7.30%
Cost of living adjustments	3.0%	3.0%
Retirement age	Age 62 with 5 years service	Experience-based rates specific to eligibility
Mortality	RP-2000 Fully Generational BB	RP-2000 Blue Collar Adj.

**Actuarial Assumption Changes**

**General Employees** - In 2014, the discount rate was reduced from 7.75% to 7.5% and the RP-2000 Combined Mortality Table was adopted on a fully generational basis using Scale AA. In 2016, the discount rate was reduced from 7.5% to 7.0%. In 2017, the discount rate was reduced from 7.0% to 6.75%. In 2018, the discount rate was reduced from 6.75% to 6.50%. In 2019, the discount rate was reduced from 6.5% to 6.25% and the inflation rate was reduced from 2.5% to 2.0%.

**Police Officers** - In 2016, the discount rate was reduced from 7.5% to 7.45%. In 2017, the discount rate was reduced from 7.45% to 7.40%. In 2018 the discount rate was reduced from 7.4 % to 7.35%. In 2019 the discount rate was reduced from 7.35 % to 7.30%.

<b>Fiscal Year Ended September 30,</b>					
<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
\$ 963,970	\$ 1,017,458	\$ 978,877	\$ 875,999	\$ 718,424	\$ 1,018,543
<u>1,061,229</u>	<u>1,158,775</u>	<u>1,027,980</u>	<u>939,845</u>	<u>763,780</u>	<u>1,109,644</u>
<u>\$ (97,259)</u>	<u>\$ (141,317)</u>	<u>\$ (49,103)</u>	<u>\$ (63,846)</u>	<u>\$ (45,356)</u>	<u>\$ (91,101)</u>
<u>\$ 2,691,095</u>	<u>\$ 2,880,000</u>	<u>\$ 3,085,966</u>	<u>\$ 3,074,143</u>	<u>\$ 3,150,980</u>	<u>\$ 4,358,141</u>
<u>39.4%</u>	<u>40.2%</u>	<u>33.3%</u>	<u>30.6%</u>	<u>24.2%</u>	<u>25.5%</u>
\$ 1,455,934	\$ 1,421,664	\$ 1,343,382	\$ 1,194,290	\$ 1,008,995	\$ 952,994
<u>1,499,908</u>	<u>1,424,890</u>	<u>1,343,382</u>	<u>1,194,290</u>	<u>1,008,995</u>	<u>952,994</u>
<u>\$ (43,974)</u>	<u>\$ (3,226)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 1,783,252</u>	<u>\$ 1,868,460</u>	<u>\$ 1,666,560</u>	<u>\$ 1,850,308</u>	<u>\$ 1,734,067</u>	<u>\$ 2,256,082</u>
<u>84.1%</u>	<u>76.3%</u>	<u>80.6%</u>	<u>64.5%</u>	<u>58.2%</u>	<u>42.2%</u>

**Notes to Schedule (Continued):**

**Actuarial Assumption Changes - Police Officers Pension Fund**

In 2012, inflation was updated to 3.5%, salary increases were updated to 4.5% to 7.5% depending on age (including inflation) and the net rate of return was updated to 7.5%, compounded annually net of investment expense. In 2017 inflation was updated from 3.5% to 2.75% and salary increases updated from 4.5% - 7.5% to 4.0% - 5.25%.

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Required Supplementary Information*

*Schedule of the Village's Proportionate Share of the Net Pension Liability -*

*Florida Retirement System (FRS) Pension Plan*

*Last Six Fiscal Years*

	<b>Measurement Date June 30,</b>	
	<b>2019</b>	<b>2018</b>
Village's proportion of the net pension liability	0.025071694%	0.023454989%
Village's proportionate share of the net pension liability	\$ 8,634,342	\$ 7,064,764
Village covered payroll	\$ 7,035,255	\$ 6,322,362
Village's proportionate share of the net pension liability as a percentage of Village covered payroll	122.73%	111.74%
Plan fiduciary net position as a percentage of the total pension liability	82.6%	84.3%

**Notes to Schedule:**

<b>Actuarial valuation date</b>	7/1/2019
<b>Actuarial measurement date</b>	6/30/2019
<b>Actuarial methods and assumptions used to determine contribution rates:</b>	
Discount rate - 2019	6.90%
Discount rate - 2018	7.00%
Discount rate - 2017	7.10%
Discount rate - 2016	7.60%
Discount rate - 2014-2015	7.65%
Actuarial cost method	Individual Entry Age
Amortization method	Level Percent of Payroll, Closed
Amortization period:	
Gains and losses	30 years
Assumption, method and plan changes	30 years
Asset valuation method	Fair Market Value 5-year smoothed
Inflation, per year	2.60%
Salary increases (with inflation), per year	3.25%
Investment rate of return (net of expenses, with inflation), per year	6.90%
Payroll growth	3.25%
Cost of living adjustments	3.0% pre-July 2011, 0% thereafter
Retirement age	Varies by tier and member class
Mortality	PUB-2010 base table with Scale MP-2018

Information prior to adoption of GASB Statement No. 67 by FRS in fiscal year 2014 is not available.

<b>Measurement Date June 30,</b>			
<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<u>0.023345965%</u>	<u>0.022078733%</u>	<u>0.018711284%</u>	<u>0.016576782%</u>
<u>\$ 6,905,580</u>	<u>\$ 5,574,897</u>	<u>\$ 2,416,813</u>	<u>\$ 1,011,427</u>
<u>\$ 6,039,789</u>	<u>\$ 5,488,748</u>	<u>\$ 4,800,805</u>	<u>\$ 4,411,337</u>
<u>114.33%</u>	<u>101.57%</u>	<u>50.34%</u>	<u>22.93%</u>
<u>83.9%</u>	<u>84.9%</u>	<u>92.0%</u>	<u>96.1%</u>

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Required Supplementary Information*

*Schedule of the Village's Proportionate Share of the Net Pension Liability -*

*Florida Retiree Health Insurance Subsidy (HIS) Trust Fund*

*Last Six Fiscal Years*

	<b>Measurement Date June 30,</b>	
	<b>2019</b>	<b>2018</b>
Village's proportion of the net pension liability	0.021032668%	0.019383990%
Village's proportionate share of the net pension liability	\$ 2,353,345	\$ 2,051,623
Village covered-employee payroll	\$ 7,035,255	\$ 6,322,362
Village's proportionate share of the net pension liability as a percentage of Village covered-employee payroll	33.45%	32.45%
Plan fiduciary net position as a percentage of the total pension liability	2.6%	2.1%

**Notes to Schedule:**

<b>Actuarial valuation date</b>	7/1/2019
<b>Actuarial measurement date</b>	6/30/2019
<b>Actuarial methods and assumptions used to determine contribution rates:</b>	
Discount rate - 2019	3.50%
Discount rate - 2018	3.87%
Discount rate - 2017	3.58%
Discount rate - 2016	2.85%
Discount rate - 2014-2015	3.80%
Actuarial cost method	Individual Entry Age
Amortization method	Level Percent of Payroll, Closed
Amortization period:	
Gains and losses	30 years
Assumption, method and plan changes	30 years
Asset valuation method	Fair Market Value
Inflation, per year	2.60%
Salary increases (with inflation), per year	3.25%
Investment rate of return (net of expenses, with inflation), per year	N/A
Payroll growth	3.25%
Cost of living adjustments	N/A
Retirement age	N/A
Mortality	PUB-2010 base table with Scale MP-2018

Information prior to adoption of GASB Statement No. 67 by FRS in fiscal year 2014 is not available.

<b>Measurement Date June 30,</b>			
<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
<u>0.019023794%</u>	<u>0.017833547%</u>	<u>0.015937384%</u>	<u>0.014456936%</u>
<u>\$ 2,034,112</u>	<u>\$ 2,078,426</u>	<u>\$ 1,625,362</u>	<u>\$ 1,351,759</u>
<u>\$ 6,039,789</u>	<u>\$ 5,488,748</u>	<u>\$ 6,039,789</u>	<u>\$ 4,411,337</u>
<u>33.68%</u>	<u>37.87%</u>	<u>26.91%</u>	<u>30.64%</u>
<u>1.6%</u>	<u>1.0%</u>	<u>0.5%</u>	<u>1.0%</u>



## VILLAGE OF PALM SPRINGS, FLORIDA

Required Supplementary Information

Schedule of Village Contributions - Florida Retirement System FRS and HIS Plans

Last Six Fiscal Years

	Fiscal Year Ended September 30,	
	2019	2018
<b>Florida Retirement System (FRS) Pension Plan</b>		
Contractually required Village contribution	\$ 799,161	\$ 682,850
Contributions in relation to the contractually required Village contribution	<u>799,161</u>	<u>682,850</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Village covered payroll	<u>\$ 7,248,956</u>	<u>\$ 6,401,551</u>
Contributions as a percentage of Village covered payroll	<u>11.0%</u>	<u>10.7%</u>
<b>Florida Retiree Health Insurance Subsidy (HIS) Trust Fund</b>		
Contractually required Village contribution	\$ 120,348	\$ 106,426
Contributions in relation to the contractually required Village contribution	<u>120,348</u>	<u>106,426</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Village covered payroll	<u>\$ 7,248,956</u>	<u>\$ 6,401,551</u>
Contributions as a percentage of Village covered payroll	<u>1.7%</u>	<u>1.7%</u>

### Note to Schedule:

Information prior to adoption of GASB Statement No. 67 by FRS in fiscal year 2014 is not available.

<b>Fiscal Year Ended September 30,</b>			
<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
\$ 617,847	\$ 568,454	\$ 474,857	\$ 363,102
<u>617,847</u>	<u>568,454</u>	<u>474,857</u>	<u>363,102</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 6,250,249</u>	<u>\$ 5,586,304</u>	<u>\$ 4,952,601</u>	<u>\$ 4,412,822</u>
<u>9.9%</u>	<u>10.2%</u>	<u>9.6%</u>	<u>8.2%</u>
\$ 101,046	\$ 95,521	\$ 60,923	\$ 49,525
<u>101,046</u>	<u>95,521</u>	<u>60,923</u>	<u>49,525</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 6,250,249</u>	<u>\$ 5,586,304</u>	<u>\$ 4,952,601</u>	<u>\$ 4,412,822</u>
<u>1.6%</u>	<u>1.7%</u>	<u>1.2%</u>	<u>1.1%</u>

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Required Supplementary Information  
Schedule of Investment Returns  
Last Six Fiscal Years*

Fiscal Year Ended September 30,	Annual money-weighted rate of return, net of investment expenses			
	General Employees Pension Fund	Police Officers Pension Fund	Florida Retirement System (FRS)	Florida Retiree Health Insurance Subsidy (HIS) Trust Fund
2019	2.86 %	4.84 %	5.98%	0.00%
2018	9.18 %	9.56 %	9.28%	0.00%
2017	11.99 %	12.51 %	13.59%	0.00%
2016	10.53 %	9.24 %	0.57%	0.00%
2015	(.87)%	(.47)%	3.77%	0.00%
2014	8.25 %	11.04 %	17.57%	0.00%

**Note to Schedule:**

The money-weighted rate of return considers the changing amounts estimated as invested during a period and weights the amount of pension plan investments by the proportion of time they are available to earn a return during that period. Cash flows are estimated on a monthly basis and are assumed to occur at the beginning of each month. Cash inflows are netted with cash outflows, resulting in a net cash flow in each month. The money-weighted rate of return is calculated net of investment expenses.

Information prior to adoption of GASB Statement No. 67 in fiscal year 2014 is not available.

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Required Supplementary Information*

*Schedule of Changes in the Total OPEB Liability and Related Ratios*

*Last Two Fiscal Years*

	Measurement Date	
	September 30,	
	2019	2018
<b>Total OPEB Liability</b>		
Service cost	\$ 25,178	\$ 23,702
Interest	16,054	15,113
Differences between expected and actual experience	-	2,109
Benefit payments	(15,519)	(14,609)
<b>Net change in total OPEB liability</b>	<b>25,713</b>	<b>26,315</b>
Total OPEB liability, beginning of fiscal year	448,805	422,490
<b>Total OPEB liability, end of fiscal year</b>	<b>\$ 474,518</b>	<b>\$ 448,805</b>
<b>Village Covered Employee Payroll</b>	<b>\$ 10,643,209</b>	<b>\$ 9,399,015</b>
<b>Net OPEB Liability as a Percentage of Village Covered Employee Payroll</b>	<b>4.5%</b>	<b>4.8%</b>

**Notes to Schedule:**

Information prior to adoption of GASB Statement No. 75 in fiscal year 2018 is not available.

The plan is funded on a pay-as-you-go basis and is not administered as a formal qualifying trust. There were no plan assets as of the date of the most recent valuation. Since there are currently no invested plan assets held in trust to finance the OPEB obligation, the discount rate is the long-term expected rate of return on tax-exempt, high quality municipal bonds based on the Standard & Poors Municipal Bond 20-year High Grade Rate Index.

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**COMBINING FUND  
FINANCIAL STATEMENTS AND  
DEBT SCHEDULES**

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## **NONMAJOR GOVERNMENTAL FUNDS**

**Special Revenue Fund** – Special revenue funds are used to account for specific revenues that are restricted to expenditure for particular purposes. The Village’s only Special Revenue Fund is the Law Enforcement Fund.

*Law Enforcement Fund* – Accounts for proceeds from law enforcement forfeitures that are legally restricted to expenditures for law enforcement purposes.

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

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Combining Balance Sheet*

*Nonmajor Governmental Funds*

*September 30, 2019*

	<b>Special Revenue Fund</b>		<b>Total Nonmajor Governmental Funds</b>
	<b>Law Enforcement Fund</b>	<b>Debt Service Fund</b>	
<b>Assets</b>			
Cash and cash equivalents	\$ 54,669	\$ 247,249	\$ 301,918
<b>Total assets</b>	<b>\$ 54,669</b>	<b>\$ 247,249</b>	<b>\$ 301,918</b>
<b>Fund balances</b>			
Restricted for:			
Law enforcement	\$ 54,669	\$ -	\$ 54,669
Debt service	-	247,249	247,249
<b>Total fund balances</b>	<b>\$ 54,669</b>	<b>\$ 247,249</b>	<b>\$ 301,918</b>

## VILLAGE OF PALM SPRINGS, FLORIDA

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

*Nonmajor Governmental Funds*

*Year Ended September 30, 2019*

	<b>Special Revenue Fund</b>		<b>Debt Service Fund</b>	<b>Total Nonmajor Governmental Funds</b>
	<b>Law Enforcement Fund</b>			
<b>Revenues</b>				
Taxes	\$ -	\$ 448,668	\$ 448,668	
Confiscated property	10,357	-	10,357	
Miscellaneous	3	-	3	
<b>Total revenues</b>	<b>10,360</b>	<b>448,668</b>	<b>459,028</b>	
<b>Expenditures</b>				
Debt service:				
Principal	-	298,323	298,323	
Interest and other fiscal charges	-	134,138	134,138	
<b>Total expenditures</b>	<b>-</b>	<b>432,461</b>	<b>432,461</b>	
Excess of revenues over expenditures	10,360	16,207	26,567	
Net change in fund balances	10,360	16,207	26,567	
Fund balances, beginning of year	44,309	231,042	275,351	
<b>Fund balances, end of year</b>	<b>\$ 54,669</b>	<b>\$ 247,249</b>	<b>\$ 301,918</b>	



## **FIDUCIARY FUNDS**

**General Employees Pension Fund** – The general employees pension fund is used to account for the defined benefit pension plan for the general employees of the Village.

**Police Officers Pension Fund** – The police officers pension fund is used to account for the defined benefit pension plan for the police officers of the Village.

## VILLAGE OF PALM SPRINGS, FLORIDA

Combining Statement of Fiduciary Net Position

Fiduciary Funds

September 30, 2019

	General Employees Pension Fund	Police Officers Pension Fund	Total Pension Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 625,569	\$ 716,104	\$ 1,341,673
Receivables:			
Accounts receivable	39	-	39
Interest and dividends	35,062	42,229	77,291
Investments:			
U.S. Treasury securities	1,576,023	1,770,063	3,346,086
U.S. Government agencies	1,788,058	1,483,511	3,271,569
Mortgage and asset-backed securities	78,275	163,073	241,348
Domestic corporate bonds	2,209,323	2,654,132	4,863,455
International fixed income mutual fund	1,123,599	1,354,932	2,478,531
Domestic equity securities and mutual fund	2,739,887	17,933,693	20,673,580
Foreign equity securities and mutual fund	14,327,558	2,915,998	17,243,556
Real estate investment account	2,587,151	2,958,904	5,546,055
Total investments	26,429,874	31,234,306	57,664,180
<b>Total assets</b>	<b>\$ 27,090,544</b>	<b>\$ 31,992,639</b>	<b>\$ 59,083,183</b>
<b>Liabilities</b>			
Accounts payable	\$ 14,811	\$ 13,735	\$ 28,546
<b>Total liabilities</b>	<b>\$ 14,811</b>	<b>\$ 13,735</b>	<b>\$ 28,546</b>
<b>Net position</b>			
Net position restricted for pension benefits	\$ 27,075,733	\$ 31,978,904	\$ 59,054,637
<b>Total net position</b>	<b>\$ 27,075,733</b>	<b>\$ 31,978,904</b>	<b>\$ 59,054,637</b>

## VILLAGE OF PALM SPRINGS, FLORIDA

*Combining Statement of Changes in Fiduciary Net Position*

*Fiduciary Funds*

*Year Ended September 30, 2019*

	General Employees Pension Fund	Police Officers Pension Fund	Total Pension Funds
<b>Additions</b>			
Contributions:			
Employer	\$ 831,216	\$ 1,422,000	\$ 2,253,216
Plan members	53,804	106,132	159,936
State of Florida	-	154,472	154,472
<b>Total contributions</b>	<b>885,020</b>	<b>1,682,604</b>	<b>2,567,624</b>
Investment income:			
Interest	147,394	140,891	288,285
Dividends	482,424	1,153,924	1,636,348
Net increase in fair value of investments	219,810	229,967	449,777
Investment expenses	(41,344)	(26,685)	(68,029)
Net investment income	808,284	1,498,097	2,306,381
<b>Total additions</b>	<b>1,693,304</b>	<b>3,180,701</b>	<b>4,874,005</b>
<b>Deductions</b>			
Administration	62,854	61,655	124,509
Benefits	1,106,461	1,020,976	2,127,437
<b>Total deductions</b>	<b>1,169,315</b>	<b>1,082,631</b>	<b>2,251,946</b>
Net increase in plan net position	523,989	2,098,070	2,622,059
Net position restricted for pension benefits, beginning of year	26,551,744	29,880,834	56,432,578
<b>Net position restricted for pension benefits, end of year</b>	<b>\$ 27,075,733</b>	<b>\$ 31,978,904</b>	<b>\$ 59,054,637</b>

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

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Combining Schedule of Debt Service Requirements*

*(Principal and Interest) to Maturity*

*September 30, 2019*

Fiscal Year Ending September 30,	Governmental Activities		Total
	General Obligation Note Payable	Business-type Activities Note Payable	
2020	\$ 430,917	\$ 942,237	\$ 1,373,154
2021	429,334	942,237	1,371,571
2022	427,715	942,237	1,369,952
2023	426,056	942,237	1,368,293
2024	424,358	942,237	1,366,595
2025	422,618	942,237	1,364,855
2026	420,836	942,237	1,363,073
2027	419,011	942,237	1,361,248
2028	417,142	942,237	1,359,379
2029	415,229	942,237	1,357,466
2030	413,271	942,237	1,355,508
2031	411,264	942,237	1,353,501
2032	204,866	942,237	1,147,103
2033	-	942,241	942,241
<b>Total</b>	<b>\$ 5,262,617</b>	<b>\$ 13,191,322</b>	<b>\$ 18,453,939</b>

**VILLAGE OF PALM SPRINGS, FLORIDA**

*\$6,477,462 General Obligation Note, dated February 24, 2012*

Fiscal Year Ending September 30,	Principal		Interest		Total	Interest Rate
	February 1	August 1	February 1	August 1		
2020	\$ 151,841	\$ 153,655	\$ 63,813	\$ 61,608	\$ 430,917	2.905%
2021	155,491	157,349	59,376	57,118	429,334	2.905%
2022	159,230	161,133	54,832	52,520	427,715	2.905%
2023	163,058	165,007	50,180	47,811	426,056	2.905%
2024	166,979	168,974	45,415	42,990	424,358	2.905%
2025	170,993	173,037	40,536	38,052	422,618	2.905%
2026	175,104	177,197	35,539	32,996	420,836	2.905%
2027	179,314	181,457	30,422	27,818	419,011	2.905%
2028	183,626	185,820	25,182	22,514	417,142	2.905%
2029	188,040	190,287	19,817	17,085	415,229	2.905%
2030	192,561	194,863	14,322	11,525	413,271	2.905%
2031	197,191	199,547	8,695	5,831	411,264	2.905%
2032	201,933	-	2,933	-	204,866	2.905%
<b>Total</b>	<b>\$ 2,285,361</b>	<b>\$ 2,108,326</b>	<b>\$ 451,062</b>	<b>\$ 417,868</b>	<b>\$ 5,262,617</b>	

## VILLAGE OF PALM SPRINGS, FLORIDA

*\$14,352,351 Water and Sewer Promissory Note, dated April 15, 2013*

Fiscal Year Ending September 30,	Principal		Interest		Total	Interest Rate
	November 1	May 1	November 1	May 1		
2020	\$ 314,621	\$ 319,190	\$ 156,498	\$ 151,928	\$ 942,237	2.905%
2021	323,826	328,529	147,292	142,590	942,237	2.905%
2022	333,301	338,142	137,818	132,976	942,237	2.905%
2023	343,053	348,035	128,066	123,083	942,237	2.905%
2024	353,090	358,218	118,029	112,900	942,237	2.905%
2025	363,421	368,699	107,698	102,419	942,237	2.905%
2026	374,054	379,487	97,064	91,632	942,237	2.905%
2027	384,998	390,590	86,120	80,529	942,237	2.905%
2028	396,263	402,018	74,856	69,100	942,237	2.905%
2029	407,857	413,780	63,262	57,338	942,237	2.905%
2030	419,790	425,887	51,328	45,232	942,237	2.905%
2031	432,073	438,348	39,046	32,770	942,237	2.905%
2032	444,714	451,173	26,404	19,946	942,237	2.905%
2033	457,726	464,378	13,392	6,745	942,241	2.905%
<b>Total</b>	<b>\$ 5,348,787</b>	<b>\$ 5,426,474</b>	<b>\$ 1,246,873</b>	<b>\$ 1,169,188</b>	<b>\$ 13,191,322</b>	

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## **STATISTICAL SECTION**

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# STATISTICAL SECTION

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

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<i>These schedules contain trend information to help the reader understand how the Village of Palm Springs' financial performance and well-being have changed over time.</i>	
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<i>These schedules contain information to help the reader assess the Village of Palm Springs' most significant local revenue sources, the property tax and water and sewer revenue.</i>	
Debt Capacity.....	118
<i>These schedules present information to help the reader assess the affordability of the Village of Palm Springs' current levels of outstanding debt and the Village of Palm Springs' ability to issue additional debt in the future.</i>	
Demographic and Economic Information .....	122
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the Village of Palm Springs' financial activities take place.</i>	
Operating Information.....	124
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the Village of Palm Springs' financial report relates to the services the Village of Palm Springs provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Net Position by Component*

*Last Ten Fiscal Years*

*Accrual Basis of Accounting*

	<b>Fiscal Year</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Governmental activities</b>				
Net investment in capital assets	\$ 7,849,679	\$ 7,886,263	\$ 7,814,268	\$ 8,421,324
Restricted	51,554	74,591	36,542	173,140
Unrestricted (deficit)	5,142,613	5,925,371	6,149,891	5,700,543
<b>Total governmental activities net position</b>	<b>\$ 13,043,846</b>	<b>\$ 13,886,225</b>	<b>\$ 14,000,701</b>	<b>\$ 14,295,007</b>
<b>Business-type activities</b>				
Net investment in capital assets	\$ 33,504,764	\$ 34,478,958	\$ 36,404,485	\$ 34,510,573
Restricted	1,232,301	1,185,083	1,068,872	-
Unrestricted	1,337,640	2,719,288	3,402,239	8,326,003
<b>Total business-type activities net position</b>	<b>\$ 36,074,705</b>	<b>\$ 38,383,329</b>	<b>\$ 40,875,595</b>	<b>\$ 42,836,576</b>
<b>Primary government</b>				
Net investment in capital assets	\$ 41,354,443	\$ 42,365,221	\$ 44,218,752	\$ 42,931,897
Restricted	1,283,855	1,259,674	1,105,414	173,140
Unrestricted	6,480,253	8,644,659	9,552,129	14,026,546
<b>Total primary government net position</b>	<b>\$ 49,118,551</b>	<b>\$ 52,269,554</b>	<b>\$ 54,876,296</b>	<b>\$ 57,131,583</b>

Note: GASB Statement No. 68 was adopted for 2015 resulting in the reduction of unrestricted net position by approximately \$11 million for net pension liabilities of the Village's defined benefit pension plans.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 8,549,304	\$ 8,975,454	\$ 9,045,692	\$ 9,696,530	\$ 10,168,421	\$ 12,007,314
199,423	220,651	265,623	1,413,016	2,694,732	3,790,452
5,896,704	(1,336,279)	128,127	724,425	3,340,999	4,593,586
<b>\$ 14,645,431</b>	<b>\$ 7,859,826</b>	<b>\$ 9,439,442</b>	<b>\$ 11,833,971</b>	<b>\$ 16,204,152</b>	<b>\$ 20,391,352</b>
\$ 33,752,308	\$ 36,619,254	\$ 35,225,407	\$ 34,619,498	\$ 35,346,033	\$ 36,936,597
-	-	-	-	-	-
12,361,298	11,936,786	18,310,727	23,050,351	26,410,896	29,391,851
<b>\$ 46,113,606</b>	<b>\$ 48,556,040</b>	<b>\$ 53,536,134</b>	<b>\$ 57,669,849</b>	<b>\$ 61,756,929</b>	<b>\$ 66,328,448</b>
\$ 42,301,612	\$ 45,594,708	\$ 44,271,099	\$ 44,316,028	\$ 45,514,454	\$ 48,943,911
199,423	220,651	265,623	1,413,016	2,694,732	3,790,452
18,258,002	10,600,507	18,438,854	23,774,776	29,751,895	33,985,437
<b>\$ 60,759,037</b>	<b>\$ 56,415,866</b>	<b>\$ 62,975,576</b>	<b>\$ 69,503,820</b>	<b>\$ 77,961,081</b>	<b>\$ 86,719,800</b>

# VILLAGE OF PALM SPRINGS, FLORIDA

Changes in Net Position

Last Ten Fiscal Years

Accrual Basis of Accounting

	Fiscal Year			
	2010	2011	2012	2013
<b>Expenses</b>				
Governmental activities:				
General government	\$ 1,630,953	\$ 1,667,207	\$ 1,732,639	\$ 1,973,168
Public safety	6,617,900	6,433,149	7,271,962	7,574,060
Physical environment	715,654	856,370	891,160	951,966
Transportation	994,731	1,026,758	927,757	1,103,302
Culture/recreation	1,696,739	1,684,424	1,864,707	1,845,343
Interest on long-term debt	357,189	350,260	369,275	149,486
<b>Total governmental activities expenses</b>	<b>12,013,166</b>	<b>12,018,168</b>	<b>13,057,501</b>	<b>13,597,325</b>
Business-type activities:				
Water/Sewer Utility	11,310,728	10,996,082	11,470,128	12,370,744
Stormwater Utility	-	-	-	-
<b>Total business-type activities expenses</b>	<b>11,310,728</b>	<b>10,996,082</b>	<b>11,470,128</b>	<b>12,370,744</b>
<b>Total primary government expenses</b>	<b>\$ 23,323,894</b>	<b>\$ 23,014,250</b>	<b>\$ 24,527,629</b>	<b>\$ 25,968,069</b>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 237,648	\$ 300,037	\$ 399,433	\$ 493,069
Public safety	924,366	1,458,760	1,239,586	1,110,553
Physical environment	827,277	882,409	883,230	924,432
Culture/recreation	397,724	408,706	393,644	332,020
Operating grants and contributions:				
General government	697	2,800	7,200	4,669
Public safety	300,295	308,271	309,576	167,967
Physical environment	35,684	54,982	34,627	22,304
Transportation	52,447	54,020	68,854	69,743
Culture/recreation	17,435	14,034	16,741	19,128
Capital grants and contributions:				
General government	40,002	13,544	27,755	35,237
Public safety	64,729	60,400	93,016	82,870
Transportation	-	-	-	-
Culture/recreation	-	-	-	250,000
<b>Total governmental activities program revenues</b>	<b>2,898,304</b>	<b>3,557,963</b>	<b>3,473,665</b>	<b>3,511,992</b>
Business-type activities:				
Charges for services:				
Water/Sewer Utility	13,109,032	13,871,774	14,510,608	15,065,056
Stormwater Utility	-	-	-	-
Capital grants and contributions:				
Water/Sewer Utility	741,905	871,217	979,989	250,582
<b>Total business-type activities program revenues</b>	<b>13,850,937</b>	<b>14,742,991</b>	<b>15,490,597</b>	<b>15,315,638</b>
<b>Total primary government program revenues</b>	<b>\$ 16,749,241</b>	<b>\$ 18,300,954</b>	<b>\$ 18,964,262</b>	<b>\$ 18,827,630</b>
<b>Net (expense)/revenue</b>				
Governmental activities	\$ (9,114,862)	\$ (8,460,205)	\$ (9,583,837)	\$ (10,085,333)
Business-type activities	2,540,209	3,746,909	4,020,470	2,944,894
<b>Total primary government net expense</b>	<b>\$ (6,574,653)</b>	<b>\$ (4,713,296)</b>	<b>\$ (5,563,367)</b>	<b>\$ (7,140,439)</b>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 1,934,046	\$ 1,926,924	\$ 2,066,477	\$ 2,294,992	\$ 2,211,693	\$ 2,835,997
7,743,529	7,519,632	8,503,036	8,797,959	8,839,413	9,970,520
942,471	936,986	966,071	1,119,815	1,067,111	1,075,033
1,258,994	1,278,825	1,703,726	2,214,506	1,787,841	2,093,367
1,940,040	1,940,121	1,998,486	1,925,521	1,875,636	1,986,225
143,255	136,871	130,337	123,644	133,395	133,416
<b>13,962,335</b>	<b>13,739,359</b>	<b>15,368,133</b>	<b>16,476,437</b>	<b>15,915,089</b>	<b>18,094,558</b>
12,031,302	11,916,368	12,980,353	13,870,807	14,465,968	15,383,962
-	-	-	109,848	125,644	87,898
<b>12,031,302</b>	<b>11,916,368</b>	<b>12,980,353</b>	<b>13,980,655</b>	<b>14,591,612</b>	<b>15,471,860</b>
<b>\$ 25,993,637</b>	<b>\$ 25,655,727</b>	<b>\$ 28,348,486</b>	<b>\$ 30,457,092</b>	<b>\$ 30,506,701</b>	<b>\$ 33,566,418</b>
\$ 609,849	\$ 761,725	\$ 595,521	\$ 640,371	\$ 772,038	\$ 866,346
908,282	1,410,893	1,297,305	1,335,980	1,492,961	1,997,624
971,312	977,800	1,078,923	1,090,501	1,109,491	1,133,848
369,651	406,639	353,494	383,402	267,262	285,825
931	12,789	6,269	47,206	7,281	368,408
60,303	200,830	97,117	70,454	31,083	35,217
20,530	15,180	12,553	22,208	5,731	2,015
71,833	73,985	76,203	104,519	107,930	111,168
20,840	28,194	29,510	26,173	22,159	25,188
20,351	100	27,642	292	9,936	6,993
25,037	24,453	38,173	-	34,779	30,446
7,495	-	6,288	148,881	-	97,305
144,796	231,224	-	-	-	247,522
<b>3,231,210</b>	<b>4,143,812</b>	<b>3,618,998</b>	<b>3,869,987</b>	<b>3,860,651</b>	<b>5,207,905</b>
15,681,023	16,916,445	18,010,253	19,159,149	19,920,293	20,955,084
-	-	-	366,756	382,799	382,253
1,263,195	928,503	1,479,734	779,774	544,508	732,102
<b>16,944,218</b>	<b>17,844,948</b>	<b>19,489,987</b>	<b>20,305,679</b>	<b>20,847,600</b>	<b>22,069,439</b>
<b>\$ 20,175,428</b>	<b>\$ 21,988,760</b>	<b>\$ 23,108,985</b>	<b>\$ 24,175,666</b>	<b>\$ 24,708,251</b>	<b>\$ 27,277,344</b>
\$ (10,731,125)	\$ (9,595,547)	\$ (11,749,135)	\$ (12,606,450)	\$ (12,054,438)	\$ (12,886,653)
4,912,916	5,928,580	6,509,634	6,325,024	6,255,988	6,597,579
<b>\$ (5,818,209)</b>	<b>\$ (3,666,967)</b>	<b>\$ (5,239,501)</b>	<b>\$ (6,281,426)</b>	<b>\$ (5,798,450)</b>	<b>\$ (6,289,074)</b>

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Changes in Net Position (Continued)*

*Last Ten Fiscal Years*

*Accrual Basis of Accounting*

	Fiscal Year			
	2010	2011	2012	2013
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property taxes	\$ 2,917,117	\$ 2,647,462	\$ 2,560,178	\$ 2,594,762
Utility service taxes	1,955,211	1,992,185	2,060,461	2,325,477
Franchise fees	974,408	983,164	991,051	997,396
Sales and use taxes	1,295,958	1,353,681	1,595,146	1,710,823
Business taxes	238,928	246,354	273,306	281,084
Intergovernmental, unrestricted	427,847	452,923	496,719	590,295
Investment revenues	36,196	17,131	25,979	21,968
Miscellaneous	43,715	67,780	20,045	76,241
Transfers	1,449,356	1,541,902	1,675,428	1,781,592
<b>Total governmental activities</b>	<b>9,338,736</b>	<b>9,302,582</b>	<b>9,698,313</b>	<b>10,379,638</b>
Business-type activities				
Investment revenues	94,803	73,861	94,951	97,441
Miscellaneous	16,163	29,755	52,273	700,238
Transfers	(1,449,356)	(1,541,902)	(1,675,428)	(1,781,592)
<b>Total business-type activities</b>	<b>(1,338,390)</b>	<b>(1,438,286)</b>	<b>(1,528,204)</b>	<b>(983,913)</b>
<b>Total primary government</b>	<b>\$ 8,000,346</b>	<b>\$ 7,864,296</b>	<b>\$ 8,170,109</b>	<b>\$ 9,395,725</b>
<b>Changes in Net Position</b>				
Governmental activities	\$ 223,874	\$ 842,377	\$ 114,476	\$ 294,305
Business-type activities	1,201,819	2,308,623	2,492,266	1,960,981
<b>Total primary government</b>	<b>\$ 1,425,693</b>	<b>\$ 3,151,000</b>	<b>\$ 2,606,743</b>	<b>\$ 2,255,286</b>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 2,821,713	\$ 2,998,529	\$ 3,548,352	\$ 3,875,182	\$ 4,326,702	\$ 4,593,448
2,344,161	2,434,013	2,756,176	2,701,235	2,746,260	2,782,726
1,185,784	1,280,301	1,426,438	1,469,041	1,523,434	1,547,089
1,850,102	1,996,947	2,095,247	3,225,861	3,984,756	4,055,851
304,853	309,652	343,981	362,931	395,733	386,375
669,279	783,950	853,427	890,179	918,574	952,709
-	5,648	3,933	21,112	107,903	233,021
29,118	133,277	67,163	76,907	135,819	107,496
1,876,539	1,935,796	2,234,034	2,378,531	2,423,338	2,415,138
<b>11,081,549</b>	<b>11,878,113</b>	<b>13,328,751</b>	<b>15,000,979</b>	<b>16,562,519</b>	<b>17,073,853</b>
75,522	129,029	120,205	143,781	214,215	326,288
165,131	259,680	584,289	43,441	71,805	62,790
(1,876,539)	(1,935,796)	(2,234,034)	(2,378,531)	(2,423,338)	(2,415,138)
<b>(1,635,886)</b>	<b>(1,547,087)</b>	<b>(1,529,540)</b>	<b>(2,191,309)</b>	<b>(2,137,318)</b>	<b>(2,026,060)</b>
<b>\$ 9,445,663</b>	<b>\$ 10,331,026</b>	<b>\$ 11,799,211</b>	<b>\$ 12,809,670</b>	<b>\$ 14,425,201</b>	<b>\$ 15,047,793</b>
\$ 350,424	\$ 2,282,566	\$ 1,579,616	\$ 2,394,529	\$ 4,508,081	\$ 4,187,200
3,277,030	4,381,493	4,980,094	4,133,715	4,118,670	4,571,519
<b>\$ 3,627,454</b>	<b>\$ 6,664,059</b>	<b>\$ 6,559,710</b>	<b>\$ 6,528,244</b>	<b>\$ 8,626,751</b>	<b>\$ 8,758,719</b>

## VILLAGE OF PALM SPRINGS, FLORIDA

*Governmental Activities Tax Revenues by Source*

*Last Ten Fiscal Years*

*Accrual Basis of Accounting*

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Utility Service Taxes</b>	<b>Franchise Fees</b>	<b>Sales and Use Taxes<sup>(1)</sup></b>	<b>Local Business Taxes</b>	<b>Total</b>
<b>2010</b>	\$ 2,917,117	\$ 1,955,211	\$ 974,408	\$ 1,295,958	\$ 238,928	\$ 7,381,622
<b>2011</b>	2,647,462	1,992,185	983,164	1,353,681	246,354	7,222,846
<b>2012</b>	2,560,178	2,060,461	991,051	1,595,146	273,306	7,480,142
<b>2013</b>	2,594,762	2,325,477	997,396	1,710,823	281,084	7,909,542
<b>2014</b>	2,821,713	2,344,161	1,185,784	1,850,102	304,853	8,506,613
<b>2015</b>	2,998,529	2,434,013	1,280,301	1,996,947	309,652	9,019,442
<b>2016</b>	3,548,352	2,756,176	1,426,438	2,095,247	343,981	10,170,194
<b>2017</b>	3,875,182	2,701,235	1,469,041	3,225,861	362,931	11,634,250
<b>2018</b>	4,326,702	2,746,260	1,523,434	3,984,756	395,733	12,976,885
<b>2019</b>	4,593,448	2,782,726	1,547,089	4,055,851	386,375	13,365,489

<sup>(1)</sup> In 2017 the Village began receiving the proceeds of a local option sales tax approved by voters for a 10 year period to finance local infrastructure capital projects.



**VILLAGE OF PALM SPRINGS, FLORIDA**

*Fund Balances of Governmental Funds*

*Last Ten Fiscal Years*

*Modified Accrual Basis of Accounting*

	Fiscal Year			
	2010	2011	2012	2013
<b>General Fund</b>				
Nonspendable:				
Inventory	\$ 26,966	\$ 34,717	\$ 28,984	\$ 40,204
Noncurrent note receivable	-	-	1,230,561	1,230,561
Restricted				
Sales tax infrastructure capital projects	-	-	-	-
Assigned to:				
Disaster recovery	1,500,000	1,500,000	1,500,000	1,500,000
Capital projects	1,000,000	3,000,000	1,769,439	1,500,000
Library	54,230	53,935	46,778	45,926
Subsequent year's budget	321,946	193,386	702,241	895,456
Unassigned	2,754,765	1,616,440	1,236,824	883,906
<b>Total General Fund</b>	<b>\$ 5,657,907</b>	<b>\$ 6,398,478</b>	<b>\$ 6,514,827</b>	<b>\$ 6,096,053</b>
 <b>All other governmental funds</b>				
Restricted for:				
Law enforcement	\$ 35,264	\$ 30,045	\$ 32,875	\$ 73,102
Debt service	16,290	44,546	3,668	100,038
<b>Total all other governmental funds</b>	<b>\$ 51,554</b>	<b>\$ 74,591</b>	<b>\$ 36,543</b>	<b>\$ 173,140</b>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 25,056	\$ 20,999	\$ 39,648	\$ 69,969	\$ 84,622	\$ 85,456
-	-	-	-	-	-
-	-	-	1,141,086	2,419,381	3,488,534
1,500,000	1,500,000	1,500,000	1,500,000	3,000,000	3,000,000
1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
38,407	38,851	38,240	37,488	36,651	36,651
33,786	-	1,227,384	1,625,101	1,471,258	2,338,399
3,172,150	4,308,087	4,208,075	4,523,176	5,741,431	6,307,593
<b><u>\$ 6,269,399</u></b>	<b><u>\$ 7,367,937</u></b>	<b><u>\$ 8,513,347</u></b>	<b><u>\$ 10,396,820</u></b>	<b><u>\$ 14,253,343</u></b>	<b><u>\$ 16,756,633</u></b>
\$ 67,356	\$ 61,393	\$ 73,907	\$ 51,890	\$ 44,309	\$ 54,669
132,067	159,258	191,716	220,040	231,042	247,249
<b><u>\$ 199,423</u></b>	<b><u>\$ 220,651</u></b>	<b><u>\$ 265,623</u></b>	<b><u>\$ 271,930</u></b>	<b><u>\$ 275,351</u></b>	<b><u>\$ 301,918</u></b>

## VILLAGE OF PALM SPRINGS, FLORIDA

*Changes in Fund Balances of Governmental Funds*

*Last Ten Fiscal Years*

*Modified Accrual Basis of Accounting*

	Fiscal Year			
	2010	2011	2012	2013
<b>Revenues</b>				
Taxes	\$ 6,085,664	\$ 5,869,165	\$ 5,884,996	\$ 6,198,719
Permits	334,970	714,739	168,288	307,084
Intergovernmental	2,193,081	2,295,482	2,659,483	2,940,184
Confiscated property	22,778	15,917	13,141	54,418
Charges for services	1,537,494	1,610,698	1,714,744	1,725,760
Fines and forfeitures	298,169	502,914	722,558	442,231
Contributions and donations	10,645	15,051	15,163	8,755
Investment revenues	36,196	17,130	25,979	21,968
Facility rental	143,324	149,173	248,207	276,347
Miscellaneous	69,263	67,975	43,991	108,281
<b>Total revenues</b>	<b>10,731,584</b>	<b>11,258,244</b>	<b>11,496,550</b>	<b>12,083,747</b>
<b>Expenditures</b>				
General government	1,438,735	1,488,923	1,548,147	1,778,375
Public safety	6,339,717	6,189,105	7,011,301	7,260,425
Physical environment	681,948	822,736	857,942	918,747
Transportation	975,657	993,226	866,362	1,031,956
Culture/recreation	1,503,238	1,512,891	1,678,324	1,682,918
Capital outlay	1,145,081	506,477	404,172	1,066,404
Debt service				
Principal	165,000	170,000	6,706,976	258,690
Interest and other fiscal charges	359,939	353,182	497,915	150,001
<b>Total expenditures</b>	<b>12,609,315</b>	<b>12,036,540</b>	<b>19,571,139</b>	<b>14,147,516</b>
Excess of revenues over (under) expenditures	(1,877,731)	(778,296)	(8,074,589)	(2,063,769)
<b>Other financing sources (uses)</b>				
Proceeds from the sale of capital assets	-	-	-	-
Transfers in	1,503,586	1,541,902	1,813,637	1,919,801
Transfers out	(54,230)	-	(138,209)	(138,209)
Redemption of bonds	-	-	6,477,462	-
<b>Total other financing sources (uses)</b>	<b>1,449,356</b>	<b>1,541,902</b>	<b>8,152,890</b>	<b>1,781,592</b>
<b>Net change in fund balances</b>	<b>\$ (428,375)</b>	<b>\$ 763,606</b>	<b>\$ 78,301</b>	<b>\$ (282,177)</b>
Debt service as a percentage of non-capital expenditures	4.58%	4.54%	37.59%	3.12%

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 6,656,511	\$ 7,022,495	\$ 7,869,639	\$ 8,499,637	\$ 9,083,377	\$ 9,332,450
370,268	806,590	665,536	690,965	909,219	1,265,557
2,783,893	3,204,028	3,261,846	4,597,449	5,176,714	5,983,674
13,006	16,493	16,785	1,280	2,703	10,357
1,791,823	1,878,058	1,914,794	2,021,952	1,940,784	2,400,465
344,128	485,486	389,492	370,904	431,063	220,837
10,437	17,917	8,249	14,729	23,378	36,729
-	5,648	3,933	21,112	107,903	233,021
277,394	280,365	288,091	291,873	266,395	274,923
27,220	137,825	90,042	73,782	149,544	131,419
<b>12,274,680</b>	<b>13,854,905</b>	<b>14,508,407</b>	<b>16,583,683</b>	<b>18,091,080</b>	<b>19,889,432</b>
1,790,739	1,828,984	1,832,467	1,974,447	1,875,696	2,370,836
7,508,307	7,774,189	8,344,900	8,679,630	8,935,301	9,725,185
920,662	936,986	966,071	1,119,815	1,067,111	1,075,033
1,152,511	1,201,392	1,549,616	2,009,735	1,607,774	1,903,355
1,756,672	1,876,357	1,841,391	1,674,011	1,568,223	1,683,120
414,008	644,337	608,924	1,285,469	1,180,940	2,630,253
264,908	271,279	277,800	284,480	291,319	298,323
143,783	137,411	130,890	124,211	131,962	134,138
<b>13,951,590</b>	<b>14,670,935</b>	<b>15,552,059</b>	<b>17,151,798</b>	<b>16,658,326</b>	<b>19,820,243</b>
(1,676,910)	(816,030)	(1,043,652)	(568,115)	1,432,754	69,189
-	-	-	79,364	3,852	45,530
1,876,539	1,935,796	2,234,034	2,378,531	2,423,338	2,415,138
-	-	-	-	-	-
-	-	-	-	-	-
<b>1,876,539</b>	<b>1,935,796</b>	<b>2,234,034</b>	<b>2,457,895</b>	<b>2,427,190</b>	<b>2,460,668</b>
<b>\$ 199,629</b>	<b>\$ 1,119,766</b>	<b>\$ 1,190,382</b>	<b>\$ 1,889,780</b>	<b>\$ 3,859,944</b>	<b>\$ 2,529,857</b>
3.02%	2.91%	2.73%	2.58%	2.73%	2.52%

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

<b>Fiscal Year</b>	<b>Property Taxes</b>	<b>Utility Service Taxes</b>	<b>Franchise Fees</b>	<b>Sales Taxes <sup>(1)</sup></b>	<b>Local Business Taxes</b>	<b>Total</b>
<b>2010</b>	\$ 2,917,117	\$ 1,955,211	\$ 974,408	\$ 956,028	\$ 238,928	\$ 7,041,692
<b>2011</b>	2,647,462	1,992,185	983,164	1,011,880	246,354	6,881,045
<b>2012</b>	2,560,178	2,060,461	991,051	1,247,855	273,306	7,132,851
<b>2013</b>	2,594,762	2,325,477	997,396	1,361,148	281,084	7,559,867
<b>2014</b>	2,821,713	2,344,161	1,185,784	1,460,937	304,853	8,117,448
<b>2015</b>	2,998,529	2,434,013	1,280,301	1,588,037	309,652	8,610,532
<b>2016</b>	3,548,352	2,590,541	1,386,765	1,666,296	343,981	9,535,935
<b>2017</b>	3,875,182	2,718,868	1,542,656	2,775,694	362,931	11,275,331
<b>2018</b>	4,326,702	2,763,893	1,597,049	3,539,375	395,733	12,622,752
<b>2019</b>	4,593,448	2,787,134	1,565,493	3,593,496	386,375	12,925,946

<sup>(1)</sup> In 2017 the Village began receiving the proceeds of a local option sales tax approved by voters for a 10 year period to finance local infrastructure capital projects.

## VILLAGE OF PALM SPRINGS, FLORIDA

*Assessed Value of Taxable Property*

*Last Ten Fiscal Years*

Fiscal Year Ending September 30,	Assessed Values		Total Taxable Assessed Value <sup>(1)</sup>	Total Direct Village Tax Rate	Estimated Actual Taxable Value <sup>(1)</sup>
	Real Property	Personal Property			
2010	\$ 650,083,029	\$ 44,399,000	\$ 694,482,029	4.2736	\$ 731,033,715
2011	567,430,825	43,299,294	610,730,119	4.4368	642,873,809
2012	561,474,280	37,867,369	599,341,649	4.4560	630,885,946
2013	538,354,151	41,213,909	579,568,060	4.6520	610,071,642
2014	579,838,469	46,108,599	625,947,068	4.6117	658,891,651
2015	630,185,838	49,808,780	679,994,618	4.5620	715,783,808
2016	766,908,222	54,396,561	821,304,783	4.4484	864,531,351
2017	861,187,815	52,677,032	913,864,847	4.3930	961,962,997
2018	1,054,443,560	55,112,685	1,109,556,245	4.0562	1,167,954,409
2019	1,160,721,571	60,657,553	1,221,379,124	3.8777	1,285,662,236

<sup>(1)</sup> The basis of assessed taxable value is approximately one hundred percent (100%) of actual taxable value, which is reduced for allowable exemptions. For each fiscal year ending September 30, property is valued as of January 1st of the preceding calendar year.

Source: Palm Beach County Property Appraiser's Office.

## VILLAGE OF PALM SPRINGS, FLORIDA

*Property Tax Rates - Direct and Overlapping Governments*

*Last Ten Fiscal Years*

<b>Fiscal Year Ending September 30,</b>	<b>General Fund</b>	<b>Debt Service</b>	<b>Total Village of Palm Springs</b>	<b>School District</b>	<b>Palm Beach County</b>	<b>Palm Beach County Fire Rescue</b>	<b>Special Taxing Districts</b>	<b>Total All</b>
2010	3.5000	0.7736	4.2736	7.9830	4.5614	3.4581	2.4933	22.7694
2011	3.5000	0.9368	4.4368	8.1539	4.9960	3.4581	2.5552	23.6000
2012	3.5000	0.9560	4.4560	8.1800	4.9928	3.4581	2.3436	23.4305
2013	3.5000	1.1520	4.6520	7.5859	4.9853	3.4581	2.2280	22.9093
2014	3.9000	0.7117	4.6117	7.5859	4.9853	3.4581	2.2280	22.8690
2015	3.9000	0.6620	4.5620	7.5940	4.9732	3.4581	2.1731	22.7604
2016	3.9000	0.5484	4.4484	7.5120	4.9277	3.4581	2.0974	22.4436
2017	3.9000	0.4930	4.3930	7.0700	4.9142	3.4581	1.9453	21.7806
2018	3.6500	0.4062	4.0562	6.7689	4.9024	3.4581	1.7817	20.9673
2019	3.5000	0.3777	3.8777	6.5720	4.8980	3.4581	1.6920	20.4978

Tax rate limits	- Ten mills per Florida Statute 200.81 (one mill equals \$1 per \$1,000 of assessed valuation).
Scope of tax rate limit	- No municipality shall levy ad valorem taxes for real and tangible personal property in excess of ten mills of the assessed value, except for special benefits and debt service on obligations issued with the approval of those taxpayers subject to ad valorem taxes.
Taxes assessed	- January 1
Taxes due	- March 31
Taxes delinquent	- April 1
Discount allowed	- 4% November; 3% December; 2% January; 1% February
Penalties for delinquent taxes	- 2.5% after April 1, increase .5% each ten days; maximum 5%
Tax collector	- Palm Beach County
Tax collector's commission	- None

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Principal Property Taxpayers*

*Current Year and Nine Years Ago*

	<b>2019</b>			
	<b>Taxable Assessed Valuation</b>	<b>Taxes</b>	<b>Rank</b>	<b>Percentage of Total Taxes Levied</b>
Morguard Emerald Apartments LLC	\$ 32,649,761	\$ 114,274	1	2.41%
Oxygen Holdings LLC	22,725,381	79,539	2	1.68%
555 Kirk LLC	21,493,716	75,228	3	1.59%
Florida Power & Light Co	18,462,169	64,618	4	1.36%
Regency Centers LP	17,917,219	62,710	5	1.32%
Phillips Lake Worth	15,500,000	54,250	6	1.15%
Jerjo, Inc.	15,101,420	52,855	7	1.12%
HFGC Florida LLC	14,160,167	49,561	8	1.05%
2500 Springdale LLC	13,023,759	45,583	9	0.96%
Select Speciality Hospital	12,391,524	43,370	10	0.92%
IRT Property Co	-	-	-	-
CSC Village Club Apts LTD	-	-	-	-
Portofino Associates, Ltd	-	-	-	-
Four FLA Shopping Center Prop Ltd	-	-	-	-
Advenir at Pines LLC	-	-	-	-
Syms Corp.	-	-	-	-
Woodhaven LLC	-	-	-	-
Lakeshore Center LLC	-	-	-	-
Totals	<u>\$ 183,425,116</u>	<u>\$ 641,988</u>		<u>13.56%</u>

Note: Information obtained from the Palm Beach County Tax Collector.



2010			
<u>Taxable Assessed Valuation</u>	<u>Taxes</u>	<u>Rank</u>	<u>Percentage of Total Taxes Levied</u>
\$ -	\$ -	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
14,500,000	62,815	1	2.10%
5,579,619	24,171	9	0.81%
-	-	-	-
-	-	-	-
-	-	-	-
13,493,798	58,456	2	1.95%
12,531,251	54,287	3	1.81%
10,500,000	45,487	4	1.52%
8,500,000	36,823	5	1.23%
8,200,537	35,526	6	1.19%
8,052,222	34,883	7	1.16%
6,973,540	30,210	8	1.01%
5,529,309	23,954	10	0.80%
<u>\$ 93,860,276</u>	<u>\$ 406,612</u>		<u>13.58%</u>

## VILLAGE OF PALM SPRINGS, FLORIDA

### Property Tax Levies and Collections

#### Last Ten Fiscal Years

<b>Fiscal Year Ending September 30,</b>	<b>Net Tax Levy <sup>(1)</sup></b>	<b>Current Tax Collections</b>	<b>Percent of Levy Collected</b>	<b>Delinquent Tax Collections</b>	<b>Total Property Tax Collections</b>	<b>Collections as a Percent of Current Levy</b>
2010	\$ 2,997,209	\$ 2,777,514	92.67%	\$ 139,603	\$ 2,917,117	97.33%
2011	2,712,213	2,602,097	95.94%	45,365	2,647,462	97.61%
2012	2,676,525	2,536,007	94.75%	24,171	2,560,178	95.65%
2013	2,705,765	2,569,665	94.97%	25,097	2,594,762	95.90%
2014	2,891,310	2,766,116	95.67%	55,597	2,821,713	97.59%
2015	3,105,266	2,985,713	96.15%	12,816	2,998,529	96.56%
2016	3,626,644	3,523,215	97.15%	25,137	3,548,352	97.84%
2017	3,998,600	3,869,639	96.77%	5,543	3,875,182	96.91%
2018	4,501,583	4,324,653	96.07%	2,049	4,326,702	96.12%
2019	4,737,097	4,567,270	96.41%	26,178	4,593,448	96.97%

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

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

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Water and Sewer Revenue Base*

*Last Ten Fiscal Years*

Fiscal Year Ending September 30,	Water		Number of Active Water Customer Accounts	Wastewater		Number of Active Wastewater Customer Accounts
	Gallons Consumed <sup>(1)</sup>	Base Rate <sup>(2)</sup>		Gallons Treated <sup>(1)</sup>	Base Rate <sup>(3)</sup>	
2010	1,389,638 (a)	\$ 17.72	12,349	954,649	\$ 28.52	10,268
2011	1,368,202 (a)	18.26	12,374	859,929	29.39	10,375
2012	1,238,598 (a)	18.81	12,536	915,307	30.26	10,716
2013	1,367,780	19.37	12,455	970,372	31.18	10,722
2014	1,387,109	20.04	12,568	979,943	32.58	11,069
2015	1,423,793	20.93	12,536	1,001,707	34.03	11,247
2016	1,436,737	21.88	12,588	1,051,102	35.58	11,590
2017	1,560,048	22.85	12,604	1,058,776	37.19	11,653
2018	1,407,411	23.89	12,658	1,112,553	38.86	11,606
2019	1,397,500	24.47	13,569	1,097,192	39.85	12,501

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

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

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

Source: Village of Palm Springs Utility Department.

(a) Decrease in consumption due to mandatory water restrictions for severe drought conditions in South Florida.

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Ratios of Outstanding Debt by Type  
Last Ten Fiscal Years*

Fiscal Year	Governmental Activities		Business-type Activities		Total <sup>(1)</sup> Primary Government	Percentage of Personal Income <sup>(2)</sup>	Per Capita
	General Obligation Bonds	General Obligation Note Payable	Water & Sewer Revenue Bonds	Water & Sewer Notes Payable			
2010	\$ 6,740,000	\$ -	\$ 11,897,820	\$ 1,679,485	\$ 20,317,305	2.20%	\$ 1,283
2011	6,570,000	-	11,162,172	890,959	18,623,131	2.93%	984
2012	-	6,340,486	10,376,252	69,933	16,786,671	2.79%	849
2013	-	6,081,797	-	14,352,351	20,434,148	3.33%	1,025
2014	-	5,816,888	-	13,799,533	19,616,421	3.01%	957
2015	-	5,545,609	-	13,217,997	18,763,606	2.69%	848
2016	-	5,267,809	-	12,622,479	17,890,288	2.46%	803
2017	-	4,983,329	-	12,012,643	16,995,972	2.04%	757
2018	-	4,692,010	-	11,408,224	16,100,234	1.94%	694
2019	-	4,393,687	-	10,775,261	15,168,948	#VALUE!	652

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

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

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

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Ratios of General Bonded Debt Outstanding*

*Last Ten Fiscal Years*

<b>Fiscal Year</b>	<b>General Obligation Bonded Debt</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Assessed Value of Taxable Property</b>	<b>Percentage of Assessed Value of Taxable Property</b>	<b>Population</b>	<b>Per Capita</b>
2010	\$ 6,740,000	\$ 16,290	\$ 6,723,710	\$ 694,482,029	0.97%	15,831	\$ 424.72
2011	6,570,000	44,546	6,525,454	610,730,119	1.07%	18,928	344.75
2012	-	-	-	599,341,649	0.00%	19,769	-
2013	-	-	-	579,568,060	0.00%	19,938	-
2014	-	-	-	625,947,068	0.00%	20,497	-
2015	-	-	-	679,994,618	0.00%	22,130	-
2016	-	-	-	821,304,783	0.00%	22,282	-
2017	-	-	-	913,864,847	0.00%	22,458	-
2018	-	-	-	1,109,556,245	0.00%	23,193	-
2019	-	-	-	1,221,379,124	0.00%	23,250	-

**Note:** The basis of assessed value is approximately one hundred percent (100%) of actual value. For each fiscal year ending September 30, property is valued as of January 1st of the preceding calendar year.

**VILLAGE OF PALM SPRINGS, FLORIDA**

*Direct and Overlapping Governmental Activities Debt  
September 30, 2019*

	<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	\$ 4,393,687	100.00%	\$ 4,393,687
Overlapping:			
Palm Beach County	61,115,000	0.54%	330,021
Palm Beach County School District	8,542,000	0.54%	46,127
Total overlapping debt	69,657,000		376,148
<b>Total direct and overlapping debt payable from ad valorem taxes</b>			<b>\$ 4,769,835</b>
Estimated population			23,250
Total direct and overlapping debt per capita			\$ 205.15

<sup>(1)</sup> Estimates based on 2019 ratio of assessed taxable values.

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

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

## VILLAGE OF PALM SPRINGS, FLORIDA

### Water and Sewer Utility Pledged Revenue Coverage

#### Last Ten Fiscal Years

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<b>Fiscal Year Ended September 30,</b>	<b>Gross Revenue*</b>	<b>Operating Expenses**</b>	<b>Revenue Available for Debt Coverage</b>	<b>Current Debt Service</b>	<b>Current Coverage</b>
2010	\$ 13,961,903	\$ 8,091,259	\$ 5,870,644	\$ 2,156,946	2.72
2011	14,846,608	7,792,488	7,054,120	2,155,448	3.27
2012	15,637,821	8,280,748	7,357,073	2,158,448	3.41
2013	16,113,317	8,707,089	7,406,228	1,316,965	5.62
2014	17,184,871	9,053,467	8,131,404	909,225	8.94
2015	18,233,657	8,996,708	9,236,949	907,891	10.17
2016	20,194,481	9,828,868	10,365,613	907,891	11.42
2017	20,126,145	10,628,234	9,497,911	907,891	10.46
2018	20,750,821	11,253,134	9,497,687	907,891	10.46
2019	22,076,264	12,244,926	9,831,338	959,410	10.25

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\* Includes investment revenues, miscellaneous revenue and capital contributions.

\*\* Excludes depreciation and amortization expense.

## VILLAGE OF PALM SPRINGS, FLORIDA

*Demographic and Economic Statistics*

*Last Ten Fiscal Years*

<b>Fiscal Year</b>	<b>Population<sup>(1)</sup></b>	<b>Per Capita Personal Income<sup>(2)</sup></b>	<b>Estimated Total Personal Income<sup>(3)</sup></b>	<b>Median Age<sup>(2)</sup></b>	<b>Education Level in Years of Formal Schooling</b>	<b>School Enrollment<sup>(2)</sup></b>	<b>Unemployment Rate<sup>(2)</sup></b>
2010	15,831	\$ 58,358	\$ 923,865,498	43.2	N/A	171,692	10.8%
2011	18,928	33,610	636,170,080	43.5	N/A	174,004	11.7%
2012	19,769	30,487	602,697,503	43.7	N/A	177,307	10.8%
2013	19,938	30,747	613,033,686	43.7	N/A	202,013	7.1%
2014	20,497	31,743	650,636,271	43.2	N/A	203,580	6.6%
2015	22,130	31,481	696,674,530	43.2	N/A	183,000	5.1%
2016	22,282	32,690	728,398,580	44.0	N/A	188,808	4.9%
2017	22,458	37,047	832,001,526	37.1	N/A	193,000	4.4%
2018	23,193	35,732	828,732,276	44.5	N/A	174,000	3.0%
2019	23,250	N/A	N/A	44.7	N/A	176,000	2.9%

### Data Sources:

<sup>(1)</sup> The population for 2010 through 2019 was obtained from the University of Florida, Bureau of Economic Business Administration.

<sup>(2)</sup> Information provided by the Business Development Board of Palm Beach County. Information is for Palm Beach County, Florida. Information is not available for the Village.

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

N/A - Not Available.



**VILLAGE OF PALM SPRINGS, FLORIDA**

*Principal Employers*

*Current Year and Nine Years Ago*

Employer	2019 <sup>(1)</sup>			2010 <sup>(1)</sup>		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Palm Beach County School District	21,200	1	N/A	21,718	1	N/A
Tenet Healthcare Corp.	6,136	2	N/A	4,500	3	N/A
Palm Beach County	5,928	3	N/A	11,319	2	N/A
NextEra Energy (formerly FPL)	4,021	4	N/A	3,632	4	N/A
Hospital Corp of America - HCA	3,550	5	N/A	3,395	5	N/A
Boca Raton Regional Hospital	2,800	6	N/A	2,100	9	N/A
Florida Atlantic University	2,761	7	N/A	2,838	7	N/A
Veterans Health Administration	2,468	8	N/A	2,207	8	N/A
Bethesda Health, Inc.	2,200	9	N/A	-	-	-
Office Depot	2,034	10	N/A	2,100	9	N/A
Wackenhut Corporation	-	-	-	3,000	6	N/A
Totals	<u>53,098</u>		<u>N/A</u>	<u>56,809</u>		<u>N/A</u>

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

N/A - Not Available.

## VILLAGE OF PALM SPRINGS, FLORIDA

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government	14.5	14.5	15	16	15	15	15.5	15.5	11.5	17.5
Public safety <b>(a)</b>										
Building official	1	1	1	1	-	1	1	1	-	-
Planning, zoning & building	3	4.5	5.5	4.5	5	5	6	6	6.5	7
Police officers	38	40	40	40	40	41	42	42	43	38
Civilian police/fire	15	15.5	17	19	18.5	19.5	19	21	19	25
Transportation	11	11	12	13	13	13	12	18	16	19
Culture/recreation										
Library	10	10	10	10	10	10	10.5	10	10.5	9
Parks & recreation	7.5	7.5	13	10	12.5	13.5	6	7	7.5	6.5
Water & Sewer Utility	<u>58</u>	<u>58</u>	<u>60</u>	<u>65.5</u>	<u>63.5</u>	<u>64</u>	<u>65</u>	<u>59.5</u>	<u>59.5</u>	<u>59.5</u>
<b>Total</b>	<b>158.0</b>	<b>162.0</b>	<b>173.5</b>	<b>179.0</b>	<b>177.5</b>	<b>182.0</b>	<b>177.0</b>	<b>180.0</b>	<b>173.5</b>	<b>181.5</b>

Sources: Village departments

**(a)** The Village contracted with Palm Beach County for fire-rescue services effective October 1, 2009.

# VILLAGE OF PALM SPRINGS, FLORIDA

## Operating Indicators by Function

Last Ten Fiscal Years

Function	Fiscal Year		
	2010	2011	2012
<b>Public Safety</b>			
<b>Police</b>			
Physical arrests	1,090	1,021	1,039
Parking violations	160	79	54
Traffic violations	11,438	9,038	7,201
<b>Fire</b>			
Number of calls (a)	N/A	N/A	N/A
<b>Sanitation (b)</b>			
Refuse collected (tons)	privatized	privatized	privatized
Recyclables collected (tons)	privatized	privatized	privatized
<b>Roads and Streets</b>			
Street resurfacing (miles)	1.70	2.27	3.2
Pot holes repaired	790	765	820
<b>Culture/Recreation</b>			
<b>Library</b>			
Circulation	98,723	114,881	91,643
Active cardholders	4,421	5,191	4,475
Reference questions	19,694	10,748	47,548
Programs offered	686	656	576
Program attendance	8,040	7,947	7,388
Total library visitors	97,233	109,002	96,817
<b>Parks and Recreation</b>			
Baseball participants	265	224	191
Soccer participants	289	224	233
Flag football participants	293	311	278
Cheerleading participants	12	22	28
Basketball participants	150	161	194
Youth athletic participants	1,009	942	924
Adult flag football	156	156	80
Camp program participants	384	385	365
Class participants	*	*	*
Travel Club members	305	268	261
Special event participants	4,162	5,123	5109
Facility rentals	1,383	836	1241
<b>Water/Sewer Utility</b>			
Water accounts	12,349	12,374	12,536
Water customers	19,752	19,878	19,952
Water main breaks	6	6	11
Sewer accounts	10,268	10,375	10,716
Sewer customers	17,297	17,459	17,812
Avg daily water consumption (thousands of gallons)	3,732	3,743	3,710

Sources: Village departments

N/A: Not available.

(a) The Village contracted with Palm Beach County for fire-rescue services effective October 1, 2009.

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

\* Included in facility rentals beginning with 2010.

Fiscal Year						
2013	2014	2015	2016	2017	2018	2019
1,017	964	1,084	1,005	815	759	543
32	15	23	19	38	16	15
6,081	6,533	7,143	10,501	5,928	4,153	4,612
N/A	N/A	N/A	N/A	N/A	N/A	N/A
privatized privatized	privatized privatized	privatized privatized	privatized privatized	privatized privatized	privatized privatized	privatized privatized
2.1	1.2	3.3	3.93	3.1	2.1	1.28
842	800	848	973	52	48	35
80,014	71,855	59,976	49,159	37,613	31,175	26,519
4,162	4,019	3,549	3,475	3,245	3,262	4,001
46,452	43,490	41,405	40,945	32,736	39,272	36,024
712	430	435	335	360	350	242
6,161	4,333	3,944	876	9,170	9,329	5,174
91,514	92,768	86,648	80,498	78,896	70,553	61,505
170	129	122	80	83	68	52
201	188	209	165	161	147	101
241	242	236	234	187	156	156
14	14	-	-	-	-	-
188	258	236	255	220	170	162
814	831	803	734	651	541	471
108	168	-	-	-	-	-
442	452	550	486	394	696	892
*	*	*	*	*	*	665
224	230	229	196	115	146	119
4,536	6,000	6,200	7,380	2,610	6,085	6,480
1,199	1,250	1,200	1,150	237	133	157
12,455	12,568	12,536	12,588	12,604	12,658	12,982
19,996	20,121	20,140	20,152	20,178	19,985	20,251
84	82	17	4	10	3	-
10,722	11,069	11,247	11,590	11,653	11,606	12,043
17,903	18,333	18,567	18,921	19,028	18,770	19,274
3,747	3,800	3,919	3,926	3,960	3,627	3,561

# VILLAGE OF PALM SPRINGS, FLORIDA

## Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year				
	2010	2011	2012	2013	2014
<b>Public Safety</b>					
<b>Police</b>					
Stations	1	1	1	1	1
Patrol Units	59	56	58	58	58
<b>Fire (a)</b>					
Fire Stations	-	-	-	-	-
Fire trucks	-	-	-	-	-
ALS Rescue Vehicles	-	-	-	-	-
<b>Sanitation (b)</b>					
Garbage Trucks	1	1	1	1	1
Trash Trucks	1	1	1	1	1
<b>Roads and Streets</b>					
Street lights	29	29	81	81	81
Lane miles	72.31	69.21	66.61	72.7	76.19
<b>Culture/Recreation</b>					
<b>Library</b>					
Books	54,039	54,493	55,155	56,797	57,802
<b>Parks &amp; Recreation</b>					
Ballfields - lighted	4	4	4	4	4
Basketball courts	2	2	2	2	2
Soccer fields	3	3	3	3	3
Tennis courts	4	4	4	4	4
Mini-golf course	1	1	1	1	1
Parks	6	6	7	8	9
<b>Water/Sewer Utility</b>					
Water mains (miles)	124.9	126	126	126.58	130
Sanitary sewers (miles)	94.3	95.55	99.05	99.48	103.5
Storm sewers (miles)	3.96	3.96	3.96	4.29	24.5
Fire hydrants	872	872	872	872	992
Maximum daily water treatment capacity (thousands of gallons)	10,000	10,000	10,000	10,000	10,000

Sources: Village departments

N/A: Not available.

(a) The Village contracted with Palm Beach County for fire-rescue services effective October 1, 2009.

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

<b>Fiscal Year</b>				
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
1 60	1 61	1 61	1 63	1 64
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
1 1	1 1	1 1	1 1	1 1
81 76.29	81 78.08	81 77.76	81 77.76	81 77.76
47,619	51,928	44,420	53,738	40,878
4	4	4	4	4
3	3	3	3	3
4	4	4	4	4
4	4	4	4	4
1	1	1	1	1
10	10	10	11	11
130.11 105.6 25.66 993	130.11 105.6 25.66 993	135.3 114.8 14.6 984	135.3 114.8 14.6 984	134.98 105.27 14.74 984
10,000	10,000	10,000	10,000	10,000

## VILLAGE OF PALM SPRINGS, FLORIDA

*Schedule of Insurance in Force*

*September 30, 2019*

<b>Company</b>	<b>Policy Number</b>	<b>Type of Coverage</b>	<b>Property Covered</b>	<b>Amount of Coverage</b>
FMIT#0459	U711-50850 General & Police	Fiduciary liability	Pension trustees	\$1,000,000
FMIT#0459	PROP DEC 1013 PROP02-1013	Property inland marine	Village property	\$22,248,869
FMIT#0459	SEGL 1013	General liability	Village property	\$1,000,000 \$2,000,000
FMIT#0459	AL 1013 APD 1009	Automobile liability Physical damage	Any auto Owned vehicles	\$1,000,000 per schedule
FMIT#0459	ECLE1013	Crime	Employee theft, dishonesty, forgery	\$100,000
FMIT#0459	105185397	Fiduciary bond	Finance Officer	\$1,000,000
FMIT#0459	EO 1009 LE 1007	Professional liability Professional liability	Public officials Law enforcement	\$1,000,000
National Union Fire Insurance Co.	SRG9043155-B	Accidental death and dismemberment	Village employees	\$66,000/ \$190,000
FMIT#0459	WC EL 1013	Workers compensation	Village employees	Florida statutory
Commerce & Industry Insurance Co.	FPL011943510	Pollution liability	Village property	\$1,000,000 per claim

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## **COMPLIANCE SECTION**

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WILLIAM K CALER, JR., CPA  
LAURA E CLARK, CPA  
LOUIS M COHEN, CPA  
JOHN C COURTNEY, CPA, JD  
DAVID S DONTEN, CPA  
JAMES B HUTCHISON, CPA  
JOEL H LEVINE, CPA  
JAMES F MULLEN, IV, CPA  
MICHAEL J NALEZYTY, CPA  
THOMAS A PENCE, JR., CPA  
SCOTT L PORTER, CPA  
MARK D VEIL, CPA  
MARTIN R WOODS, CPA

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900  
WEST PALM BEACH, FL 33401  
TELEPHONE: (561) 832-9292

759 SW FEDERAL HIGHWAY, SUITE 301  
STUART, FL 34994  
TELEPHONE: (772) 872-2123

info@cldcpa.com

MEMBERS  
AMERICAN INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have audited, in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of Palm Springs, Florida, as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the basic financial statements of the Village of Palm Springs, Florida, and have issued our report thereon dated March 17, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the internal control over financial reporting (internal control) of the Village of Palm Springs, Florida, to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Village of Palm Springs, Florida. Accordingly, we do not express an opinion on the effectiveness of the internal control of the Village of Palm Springs, Florida.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements of the Village of Palm Springs, Florida, are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Calvin Dauter, Levine,  
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida  
March 17, 2020



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

WILLIAM K CALER, JR., CPA  
LAURA E CLARK, CPA  
LOUIS M COHEN, CPA  
JOHN C COURTNEY, CPA, JD  
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MARK D VEIL, CPA  
MARTIN R WOODS, CPA

CERTIFIED PUBLIC ACCOUNTANTS

505 SOUTH FLAGLER DRIVE, SUITE 900  
WEST PALM BEACH, FL 33401  
TELEPHONE: (561) 832-9292

759 SW FEDERAL HIGHWAY, SUITE 301  
STUART, FL 34994  
TELEPHONE: (772) 872-2123

info@cdlcpa.com

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Management Letter

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

**Report on the Financial Statements**

We have audited the financial statements of the Village of Palm Springs, Florida, as of and for the year ended September 30, 2019, and have issued our report thereon dated March 17, 2020.

**Auditor's Responsibility**

We conducted our audit in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Chapter 10.550, Rules of the Florida Auditor General.

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Accountant's Report on Investment Compliance on our examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 17, 2020, should be considered in conjunction with this management letter.

**Prior Audit Findings**

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. There were no prior audit findings.

**Official Title and Legal Authority**

Section 10.554(1)(i)4., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. This information is disclosed in Note 1 to the financial statements. There are no component units included in the Village's reporting entity.

### **Financial Condition and Management**

Sections 10.554(1)(i)5.a. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether or not the Village has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and to identify the specific condition(s) met. In connection with our audit, we determined that the Village did not meet any of the conditions described in Section 218.503(1), Florida Statutes, as of and for the year ended September 30, 2019.

Pursuant to Sections 10.554(1)(i)5.b. and 10.556(8), Rules of the Auditor General, we applied financial condition assessment procedures for the Village. It is management's responsibility to monitor the Village's financial condition, and our financial condition assessment was based in part on representations made by management and review of financial information provided by the Village. The results of our procedures disclosed no matters that are required to be reported.

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

### **Additional Matters**

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but warrants the attention of those charged with governance. In connection with our audit, we did not note any such findings.

### **Purpose of this Letter**

Our management letter is intended solely for the information and use of the Legislative Auditing Committee, members of the Florida Senate and Florida House of Representatives, the Florida Auditor General and the Village Council and management of the Village of Palm Springs, Florida, and is not intended to be and should not be used by anyone other than these specified parties.

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

West Palm Beach, Florida  
March 17, 2020



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

WILLIAM K CALER, JR., CPA  
LAURA E CLARK, CPA  
LOUIS M COHEN, CPA  
JOHN C COURTNEY, CPA, JD  
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Independent Accountant's Report on Investment Compliance

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

We have examined the Village of Palm Springs' compliance with Section 218.415, Florida Statutes, during the year ended September 30, 2019. Management of the Village of Palm Springs (the "Village") is responsible for the Village's compliance with the specified requirements. Our responsibility is to express an opinion on the Village's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Village complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the Village complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Our examination does not provide a legal determination on the Village's compliance with the specified requirements.

In our opinion, the Village of Palm Springs complied, in all material respects, with Section 218.415, Florida Statutes, during the year ended September 30, 2019.

This report is intended to describe our testing of compliance with Section 218.415, Florida Statutes, and is not suitable for any other purpose.

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

West Palm Beach, Florida  
March 17, 2020