



THE VILLAGE OF PALM SPRINGS, FLORIDA



Comprehensive Annual Financial Report

Fiscal Year Ended
September 30, 2020

The cover photo this year is capturing Foxtail Palm Park, the newest addition to our neighborhood parks. Foxtail Palm Park was funded utilizing Community Development Block Grant funds, Palm Beach County Park funds, the Solid Waste Authority of Palm Beach County funding and Village funds.

This park includes a lake, walking path, playground, gazebo, picnic area, parking lot and landscaping. It will become part of our Pathway Connector Park as the Village continues the extension of that project linking a popular walking pathway to numerous Village parks.

This picture was taken by our Project Manager, Walter Sanchez. Walter joined the Village in 2019 and is actively involved in helping to keep our projects like Foxtail Palm Park on track to completion. Thank you, Walter!

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, 2020**

**Prepared by:
Finance Department**

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

VILLAGE OF PALM SPRINGS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

TABLE OF CONTENTS

INTRODUCTORY SECTION

Letter of Transmittal.....	i
List of Principal Officials.....	v
Organizational Chart	vi
GFOA Certificate of Achievement for Excellence in Financial Reporting	vii

FINANCIAL SECTION

Independent Auditor's Report	1
Management's Discussion and Analysis	4

BASIC FINANCIAL STATEMENTS:

Government-Wide Financial Statements:

Statement of Net Position	16
Statement of Activities	17

Fund Financial Statements:

Balance Sheet - Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	21
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	22
Statement of Net Position - Enterprise Funds	23
Statement of Revenues, Expenses, and Changes in Net Position - Enterprise Funds	24
Statement of Cash Flows - Enterprise Funds.....	25
Statement of Fiduciary Net Position	27
Statement of Changes in Fiduciary Net Position	28
Notes to Financial Statements	29

REQUIRED SUPPLEMENTARY INFORMATION:

Budgetary Comparison Schedule - General Fund	72
Notes to Budgetary Comparison Schedule	76
Condition Rating of the Village's Street System	77
Village Pension Trust Funds	
Schedule of Changes in the Net Pension Liability and Related Ratios	78
Schedule of Village Contributions	82
State of Florida Pension Plans	
Schedule of the Village's Proportionate Share of the Net Pension Liability.....	84
Schedule of Village Contributions	88
Schedule of Investment Returns for all Village Retirement Plans.....	90
Schedule of Changes in the Total OPEB Liability and Related Ratios	91

VILLAGE OF PALM SPRINGS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

COMBINING FUND FINANCIAL STATEMENTS AND DEBT SCHEDULES:

Nonmajor Governmental Funds:

Combining Balance Sheet	92
Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	93

Fiduciary Funds:

Combining Statement of Fiduciary Net Position.....	94
Combining Statement of Changes in Fiduciary Net Position.....	95

Schedules of Long-Term Debt to Maturity:

Combining Schedule of Debt Service Requirements (Principal and Interest) to Maturity.....	96
\$6,477,462 General Obligation Note, dated February 24, 2012.....	97
\$14,352,351 Water and Sewer Promissory Note, dated April 15, 2013.....	98

STATISTICAL SECTION

Financial Trends:

Net Position by Component.....	100
Changes in Net Position.....	102
Governmental Activities Tax Revenues by Source	106
Fund Balances of Governmental Funds.....	107
Changes in Fund Balances of Governmental Funds	109
General Governmental Tax Revenues by Source	111
Assessed Value of Taxable Property	112

Revenue Capacity:

Property Tax Rates - Direct and Overlapping Governments	113
Principal Property Taxpayers.....	114
Property Tax Levies and Collections.....	116
Water and Sewer Revenue Base	117

Debt Capacity:

Ratios of Outstanding Debt by Type	118
Ratios of General Bonded Debt Outstanding.....	119
Direct and Overlapping Governmental Activities Debt.....	120
Water and Sewer Utility Pledged Revenue Coverage.....	121

Demographic and Economic Information:

Demographic and Economic Statistics	122
Principal Employers.....	123

Operating Information:

Full-time Equivalent Village Government Employees by Function.....	124
Operating Indicators by Function	125
Capital Asset Statistics by Function	127
Schedule of Insurance in Force.....	129

VILLAGE OF PALM SPRINGS, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

SEPTEMBER 30, 2020

COMPLIANCE SECTION

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*..... **130**

Schedule of Expenditures of Federal Awards **132**

Notes to Schedule of Expenditures of Federal Awards **133**

Independent Auditor’s Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance..... **134**

Schedule of Findings and Questioned Costs - Federal Award Programs..... **136**

Management Letter in Accordance with the Rules of the Auditor General
of the State of Florida **138**

Independent Accountant’s Report on Investment Compliance in Accordance with
the Rules of the Auditor General of the State of Florida **140**

INTRODUCTORY SECTION



Village of Palm Springs

Department of Finance

226 Cypress Lane,

Palm Springs, Fl. 33461-1699

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

April 26, 2021

***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, 2020, 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, 2020. 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 auditor's 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-round 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 water treatment operations consist 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, 2020, our utility system had 20,300 water customers and 19,239 sewer customers. Approximately 60% of total connections serve our residents; the other 40% 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 24%, from 18,928 in 2011 to the current estimate of 23,448. Over the same ten-year period the Village's assessed taxable value grew from \$610,730,119 in 2011 to a new high of over \$1.3 billion this year an increase of \$714,085,755 or 169%. The taxable values increased by \$103 million or 8.5% over fiscal year 2019. We believe the taxable values are back on the rise reflecting the stronger economy, on-going redevelopment and annexation efforts.

The Village was successful in our bid to create two community redevelopment districts (CRA); one for the Lake Worth Road area and the second for Congress Avenue north of Forest Hill Boulevard. The Village expects to spur re-development and new developments in these areas using tax increment financing. The tax increment financing (TIF) will be active for our fiscal year beginning October 1, 2020.

As of September 30, 2020, the General Fund had a total fund balance of \$18,021,100. The components of fund balance, in accordance with GASB 54, are detailed as follows.

Total fund balance	\$ 18,021,100
Nonspendable - Inventory	70,539
Restricted for sales tax capital projects	4,172,367
Assigned to:	
Disaster recovery	3,000,000
Capital projects	1,500,000
Subsequent year's budget	<u>1,183,000</u>
Unassigned fund balance	<u>\$ 8,095,194</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 32% of the General Fund budget for fiscal year 2021. 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 potential economic fluctuations, as well as a financial hedge for the protection for our community.

The Village's 5-Year Capital Improvement Budget includes updates for the proposed years through FY 2024 and new capital items were added for FY 2025.

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 9th 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. This event showcased many of the department's resources and incorporated several external organizations and businesses. 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 our Volunteer Coordinator. Over 1,000 people attended and more than \$10,000 was raised to donate to the Salvation Army and Adopt-A-Family organizations. In addition, several hundred toys were donated and given to the Salvation Army for needy families. This was an event that required a great deal of preparation, organization and coordination of numerous people and resources. It was by far our most successful year yet.

Parks and Recreation renovated Sabal Palm Park installing new sidewalks, and a new restroom building and upgrading the parking lot and signage. The Village added Foxtail Palm Park utilizing Community Development Block Grant funding, Palm Beach County funding and Village funding. This new neighborhood park includes a lake, walking path, playground, picnic area, parking lot and landscaping. It will become connected to other parks throughout the Village as we continue the extension of our Pathway Connector Park linking a popular walking pathway to numerous Village parks.

In response to COVID, the Parks and Recreation department implemented an employee dependent Back to School Program from August 31 to November 7, 2020. This program was set up in order to provide Village staff members an on-site location for their children to perform distance learning activity. The Library took advantage of the COVID shutdown and used that time to upgrade fixtures to touchless, install plexiglass partitions around the front desk area and made other improvements to help protect and promote a safe Library environment for our staff and patrons. New hurricane shutters and replacement air conditioning units were purchased and installed this year.

Our Public Works department quickly geared up and became the COVID safety heroes. They installed numerous plexiglass partitions throughout the Village facilities, they installed multiple hand sanitizer solutions, touchless faucets, placed social distancing stickers in our public areas, kept the Village stocked with hand sanitizer, facial masks, gloves and all COVID safety supplies. They also purchased sanitizing fogger equipment, trained to use properly and then took on the new responsibility of routinely disinfecting all Village facilities.

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 sixth year, the Village granted 12 awards totaling \$117,960 in improvements and \$48,954 was distributed as the Village match.

The Village Council was successful in creating a Community Redevelopment Agency (CRA) in 2020. 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 beginning in 2021. The first 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, 2019.

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-two consecutive years (fiscal years ended 1988-2019). We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

Acknowledgements

No one will forget how our lives were impacted by COVID-19, schools and businesses shut-down, social and recreational activities were canceled, we were shut out of loved one's lives and we lost loved ones and friends.

What I am proud of is how the Village responded. We kept our Village services running, we adapted and found new ways to provide our services and we geared up to disinfect, sanitize and protect our employees, and our residents. We became innovators and offered space to enable our employees to work safely and keep their children actively participating in remote learning. The Village Council did not shut down our operations but enabled every employee to be able to work and maintain their financial stability during all the COVID uncertainty. This is just another example of why we call Palm Springs "A Great Place to Call Home".

My amazing Finance staff, Mariana Ortega, Sylvia Ward, Nataly Cintron and Pisurki Rodriguez continued to give their best every day in every situation and adapted to find new ways to rise to the new challenges COVID presented utilizing more paperless processing and making many decisions professionally and personally to be champions of Finance in a safe work environment. They are a special group of talented, devoted individuals that serve the Village with honor and integrity.

Respectfully submitted,



Rebecca L. Morse, CGFO, CPFO
Chief Financial Officer

VILLAGE OF PALM SPRINGS, FLORIDA

LIST OF PRINCIPAL OFFICIALS

SEPTEMBER 30, 2020

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

**VILLAGE OF PALM SPRINGS, FLORIDA
ORGANIZATIONAL CHART**

CITIZENS of PALM SPRINGS

VILLAGE ATTORNEY
Torcivia, Donlon, Goddeau & Ansay, P.A.

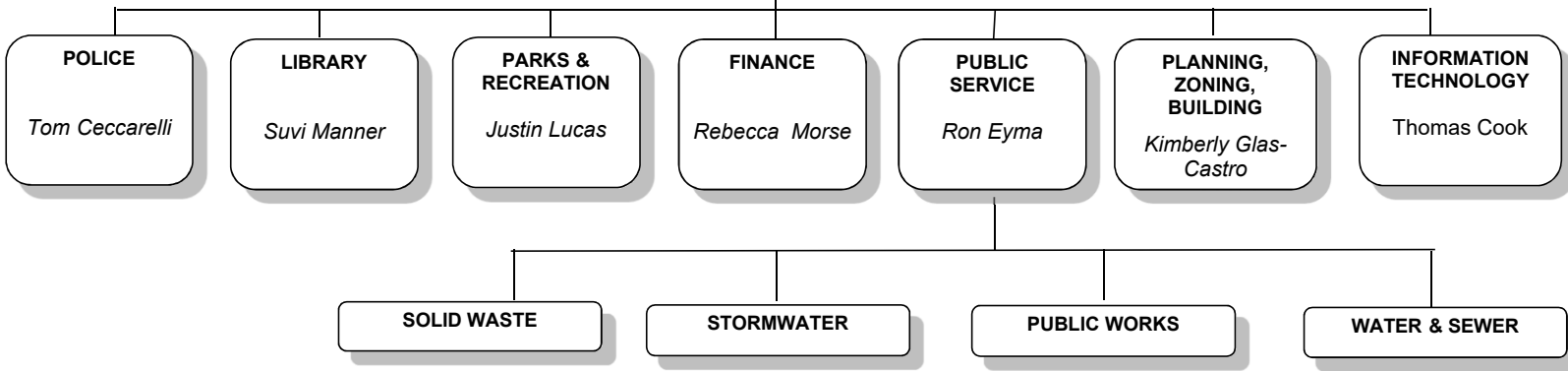
AUDITOR
Caler, Donten, Levine, Cohen, Porter & Veil, P.A.

SPECIAL MAGISTRATE
Diane James-Bigot

MAYOR AND VILLAGE COUNCIL
Bev O. Smith - Mayor
Patti Waller - Vice Mayor
Gary Ready - Mayor Pro-Tem
Joni Brinkman - Council Member
Doug Gunther - Council Member

BOARD & COMMITTEES
Community Redevelopment Agency (CRA)
Planning & Zoning Board
Infrastructure Surtax Citizen Oversight Committee
Parks & Recreation Board
Library Board
General Employees Pension
Police Officers Pension
Construction Board
Lake Worth Utilities Advisory Board
Joseph Fallon Scholarship Committee
Property Improvement Program Committee

VILLAGE MANAGER
Richard J. Reade





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, 2019

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



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

CERTIFIED PUBLIC ACCOUNTANTS

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
PATRICK E. MANGAN, 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

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

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, 2020, 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, 2020, 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 Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining fund financial statements, debt schedules and the Schedule of Expenditures of Federal Awards 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, debt schedules and the Schedule of Expenditures of Federal Awards 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 April 26, 2021, 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, Douten, Levine,
Cohen, Porter & Veil, P.A.*

West Palm Beach, Florida
April 26, 2021

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, 2020. 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, 2020 is \$94.6 million. Of this amount, \$38.3 million (unrestricted net position) may be used to meet the Village's ongoing obligations to residents and creditors.
- Governmental net position is \$24.4 million, a net increase of \$4.0 million from 2020 operations.
- Business-type net position was \$70.2 million, a net increase of \$3.9 million from 2020 operations.
- The total revenues from all sources were \$41.0 million, a decrease of \$1.3 million.
- The total cost of all Village programs was \$33.1 million, a decrease of \$0.5 million.
- For 2020, the Village's governmental funds revenues and other financing sources exceeded expenditures by \$1,266,680.
- Revenues and other financing sources in the General Fund exceeded expenditures by \$1,264,467.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,095,194, or 40.9% of total General Fund expenditures.
- The Village's total noncurrent liabilities decreased by \$777,000 during the current fiscal year. The Village governmental activities long-term liabilities increased by \$160,000 and the business activities long-term liabilities decreased by \$937,000. The decreases are primarily attributable to principal payments on notes.
- The total OPEB liability increased \$103,941 to \$578,459 at September 30, 2020.

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, Information Technology, 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, proprietary and fiduciary* use different accounting approaches as explained below.

- **Governmental funds** - Most of the Village's basic services are reported in the governmental funds. Governmental funds focus on how resources flow in and out, with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the Village's general governmental operations and the basic services it provides. Governmental fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Village's programs. The Village of Palm Springs has 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 \$94.6 million, approximately \$7.9 million more than fiscal year 2019. The net position of the Village at September 30, 2020 and 2019 are summarized as follows:

Village of Palm Springs
Net Position Summary

	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 20,962,294	\$ 17,910,136	\$ 37,739,016	\$ 34,325,726	\$ 58,701,310	\$ 52,235,862
Capital assets	18,578,673	16,401,001	47,639,022	47,808,434	66,217,695	64,209,435
Total assets	\$ 39,540,967	\$ 34,311,137	\$ 85,378,038	\$ 82,134,160	\$ 124,919,005	\$ 116,445,297
Deferred Outflows of Resources:						
Deferred amount related to pensions	\$ 3,529,065	\$ 4,217,657	\$ 877,034	\$ 1,460,950	\$ 4,406,099	\$ 5,678,607
Deferred amount related to OPEB	58,455	1,238	24,589	569	83,044	1,807
Total deferred outflows of resources	\$ 3,587,520	\$ 4,218,895	\$ 901,623	\$ 1,461,519	\$ 4,489,143	\$ 5,680,414
Liabilities:						
Noncurrent liabilities	\$ 15,791,987	\$ 15,631,314	\$ 13,181,023	\$ 14,118,263	\$ 28,973,010	\$ 29,749,577
Other liabilities	1,134,954	862,221	2,175,982	2,321,733	3,310,936	3,183,954
Total liabilities	\$ 16,926,941	\$ 16,493,535	\$ 15,357,005	\$ 16,439,996	\$ 32,283,946	\$ 32,933,531
Deferred Inflows of Resources:						
Deferred amount on refunding	\$ -	\$ -	\$ 89,466	\$ 96,576	\$ 89,466	\$ 96,576
Deferred amount related to pensions	1,790,226	1,645,145	607,756	730,659	2,397,982	2,375,804
Deferred amount related to OPEB	2,066	-	869	-	2,935	-
Total deferred inflows of resources	\$ 1,792,292	\$ 1,645,145	\$ 698,091	\$ 827,235	\$ 2,490,383	\$ 2,472,380
Net Position:						
Net investment in capital assets	\$ 14,490,482	\$ 12,007,314	\$ 37,408,106	\$ 36,936,597	\$ 51,898,588	\$ 48,943,911
Restricted for law enforcement	54,669	54,669	-	-	54,669	54,669
Restricted for debt service	249,462	247,249	-	-	249,462	247,249
Restricted for sales tax capital projects	4,172,367	3,488,534	-	-	4,172,367	3,488,534
Unrestricted	5,442,274	4,593,586	32,816,459	29,391,851	38,258,733	33,985,437
Total net position	\$ 24,409,254	\$ 20,391,352	\$ 70,224,565	\$ 66,328,448	\$ 94,633,819	\$ 86,719,800

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The largest portion of the Village's net position (54.9%) 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 (\$4.5 million or 4.7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$38.3 million or 40.4%) 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, 2020 and 2019 are summarized as follows:

Village of Palm Springs Changes in Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 3,244,219	\$ 4,283,643	\$ 21,614,837	\$ 21,337,337	\$ 24,859,056	\$ 25,620,980
Operating grants and contributions	240,254	541,996	6,902	-	247,156	541,996
Capital grants and contributions	1,019,323	382,266	134,188	732,102	1,153,511	1,114,368
General revenues:						
Property taxes	4,905,214	4,593,448	-	-	4,905,214	4,593,448
Utility service taxes	2,790,188	2,782,726	-	-	2,790,188	2,782,726
Franchise fees	1,505,749	1,547,089	-	-	1,505,749	1,547,089
Sales and use taxes	3,792,719	4,055,851	-	-	3,792,719	4,055,851
Business taxes	394,669	386,375	-	-	394,669	386,375
Intergovernmental, unrestricted	851,029	952,709	-	-	851,029	952,709
Investment revenues	110,534	233,021	186,550	326,288	297,084	559,309
Miscellaneous	144,641	107,496	52,003	62,790	196,644	170,286
Total revenues	\$ 18,998,539	\$ 19,866,620	\$ 21,994,480	\$ 22,458,517	\$ 40,993,019	\$ 42,325,137
Expenses:						
Program expenses:						
General government	\$ 2,879,926	\$ 2,835,997	\$ -	\$ -	\$ 2,879,926	\$ 2,835,997
Public safety	9,446,884	9,970,520	-	-	9,446,884	9,970,520
Physical environment	1,173,626	1,075,033	-	-	1,173,626	1,075,033
Transportation	2,201,178	2,093,367	-	-	2,201,178	2,093,367
Culture/Recreation	1,644,442	1,986,225	-	-	1,644,442	1,986,225
Interest on long-term debt	124,680	133,416	-	-	124,680	133,416
Water and sewer utility	-	-	15,595,379	15,383,962	15,595,379	15,383,962
Stormwater utility	-	-	12,885	87,898	12,885	87,898
Total Expenses	\$ 17,470,736	\$ 18,094,558	\$ 15,608,264	\$ 15,471,860	\$ 33,079,000	\$ 33,566,418
Change in net position before transfers	\$ 1,527,803	\$ 1,772,062	\$ 6,386,216	\$ 6,986,657	\$ 7,914,019	\$ 8,758,719
Transfers	2,490,099	2,415,138	(2,490,099)	(2,415,138)	-	-
Increase in net position	4,017,902	4,187,200	3,896,117	4,571,519	7,914,019	8,758,719
Net Position - October 1	20,391,352	16,204,152	66,328,448	61,756,929	86,719,800	77,961,081
Net Position - September 30	\$ 24,409,254	\$ 20,391,352	\$ 70,224,565	\$ 66,328,448	\$ 94,633,819	\$ 86,719,800

Governmental Activities

Revenues: Governmental activities increased the Village's net position by \$4,017,902. Charges for Services decreased by \$1,039,424 over fiscal year 2019. The largest decreases were in Public Safety, police outside details decreased by \$308,499 due to discontinued details for the school board and diminished details for

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT’S DISCUSSION AND ANALYSIS

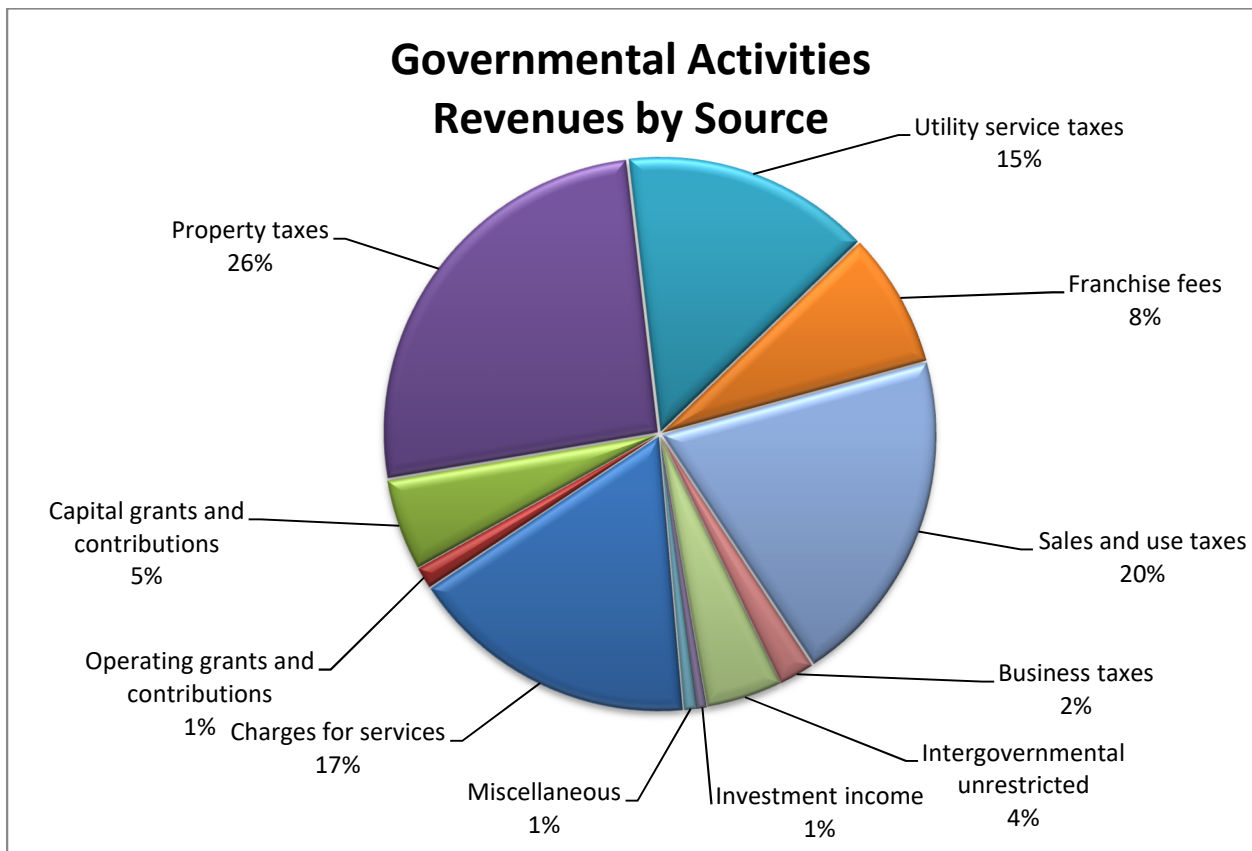
businesses that were closed due to COVID. Building permit activity declined by \$647,248 primarily due to the impact COVID had on construction and improvements. Recreation fees went down by \$149,440 due to cancelled sporting activities and smaller camp programs all due to COVID.

Operating grants and contributions decreased \$301,742, compared to fiscal year 2019 due to final distributions from FEMA and State Aid grant funds received for Hurricane Irma that hit in August 2017 (fiscal year 2017) and Hurricane Dorian that hit in September 2019 (fiscal year 2019).

Capital grants and contributions totaled \$1,019,323 in fiscal year 2020, an increase of \$637,057 compared to fiscal year 2019. This year the Village received \$697,588 in Community Development Block Grant (CDBG) funds for park development, \$113,350 from Palm Beach County for the development of Foxtail Palm Park and \$71,864 from the Solid Waste Authority for beautification. Both the Palm Beach County and the Solid Waste Authority grants are new funding sources not received in fiscal year 2019.

Property taxes increased by \$311,766, or 6.8% over fiscal year 2019 due to the Village’s taxable value increasing by \$103,436,750 or 8.5% over fiscal year 2019 and the Village decided to maintain the same operating millage rate of 3.50 mills. Other taxes (utility, franchise, sales and use and business taxes) decreased \$288,716 or 3.3% primarily due to the effects of the COVID-19 pandemic on the 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 26% of total governmental activity revenues this fiscal year which is 3% more than fiscal year 2019. Likewise, utility service taxes increased by 1% in fiscal year 2020, while franchise fees, and sales and use taxes were all the same percentage of total revenue as the prior year.

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT’S DISCUSSION AND ANALYSIS

Revenues from capital grants and contributions increased by 3%, while operating grants and contributions and charges for service decreased 2% and 4%, respectively, over fiscal year 2019.

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 \$43,929 reflecting additional costs related to our expanded Information Technology department and expanded services needed to set up for remote working and virtual meetings.

Public Safety expenses decreased \$523,636. Planning, Zoning and Building experienced decreased contractual services for inspections with the impact COVID had on construction projects. The Police details decreased significantly as businesses were shut down or operating fewer hours and the need for police details diminished accordingly. Also, the pension costs for the Village’s Hazardous Employee pension decreased significantly with improved plan performance and vehicle repair and maintenance decreased as the Village’s program to update the police vehicle fleet is reaping the benefit of reduced repair costs with a newer fleet.

Physical Environment expenses increased \$98,593 reflecting increased costs for waste disposal.

Transportation expenses increased \$107,811 for fiscal year 2020 compared to fiscal year 2019, which reflects increased expenditures for maintenance as the department had increased personnel costs with additional overtime hours for the routine disinfecting of the Village facilities. 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 a decrease in expenses of \$341,783 for fiscal year 2020 compared to fiscal year 2019, due to reduced staffing costs for camp activities and contractual services for sports officials and recreation activities that were all cancelled or significantly reduced due to the impacts of COVID on all activities.

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.

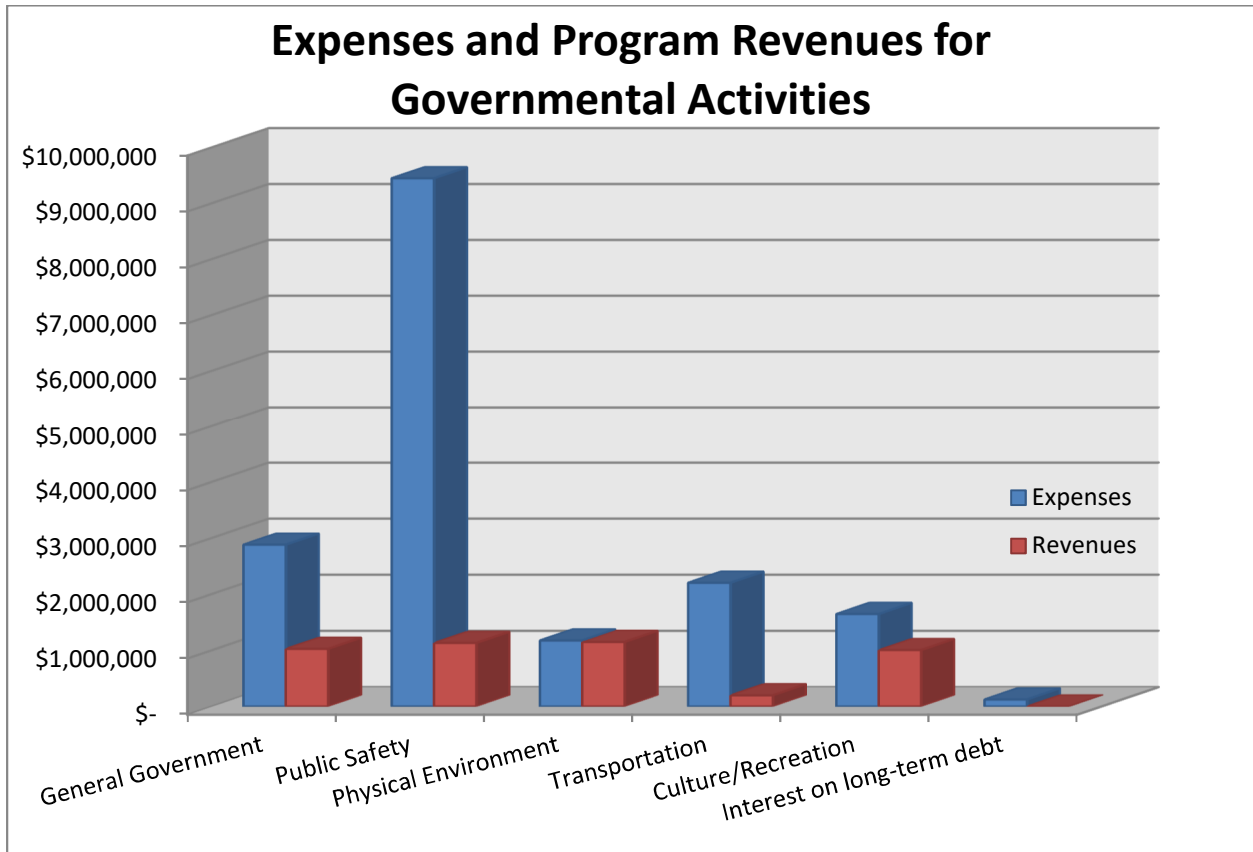
Village of Palm Springs Governmental Activities - Net Cost of Services							
	Total Cost of Services		Program Revenues		Net Cost of Services		
	2020	2019	2020	2019	2020	2019	
General Government	\$ 2,879,926	\$ 2,835,997	\$ (1,024,636)	\$ (1,241,747)	\$ 1,855,290	\$ 1,594,250	
Public Safety	9,446,884	9,970,520	(1,130,318)	(2,063,287)	8,316,566	7,907,233	
Physical Environment	1,173,626	1,075,033	(1,147,478)	(1,135,863)	26,148	(60,830)	
Transportation	2,201,178	2,093,367	(198,607)	(208,473)	2,002,571	1,884,894	
Culture/Recreation	1,644,442	1,986,225	(1,002,757)	(558,535)	641,685	1,427,690	
Interest on long-term debt	124,680	133,416	-	-	124,680	133,416	
Totals	\$ 17,470,736	\$ 18,094,558	\$ (4,503,796)	\$ (5,207,905)	\$ 12,966,940	\$ 12,886,653	

The total cost of all governmental activities this year was \$17.5 million, representing a decrease of \$624,000 or 3.4%. The previous schedule shows that \$4.5 million of the cost of services was paid by those who directly benefited from the programs and the remainder of \$13.0 million was financed through general revenues.

Expenses and the related program revenues are compared below:

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT’S DISCUSSION AND ANALYSIS



Business-type Activities

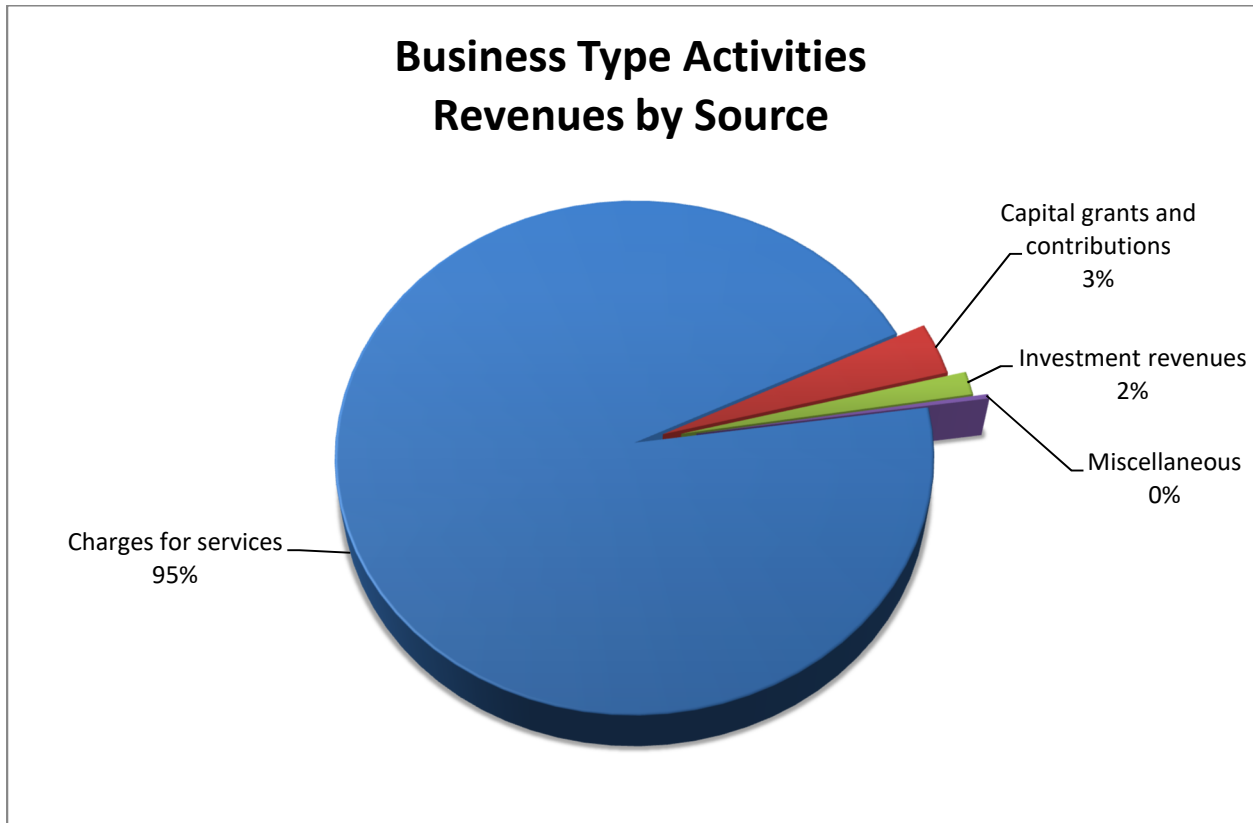
The net position of the proprietary funds (Water and Sewer Utility and Stormwater Utility) at September 30, 2020 was \$70.2 million. The cost of providing proprietary (business-type) activities this year was \$15.6 million, as shown in the Statement of Activities, this is an increase of \$136,404 compared to fiscal year 2019, which includes \$314,500 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, less savings in professional fees of \$104,454 from reduced fees related to the rate study and other professional studies that were done in fiscal year 2019. The Village last year expended over \$64,000 in refunds to customers for mis-read meters, that did not occur in FY2020 adding to the reduced expenses.

The Village Stormwater Utility was established in 2017 and ended the current year with a net position of \$1,321,760 or \$513,342 over fiscal year 2019. This increase reflects the stormwater fees collected via non-ad valorem assessment of \$519,265 and net operating expenses of \$12,885

Net position increased \$3,896,117 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 \$277,500 or 1.3%, reflecting slight increase in usage compared to fiscal year 2019, possibly related to more time in the home related to COVID shutdowns. Operating grants and contributions increased \$6,902 reflecting a hazard mitigation grant received from the State. Capital Grants and Contributions decreased \$597,914 reflecting a decrease in new service connections primarily due to the effects of the COVID-19 pandemic on local construction.

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS



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 \$18,325,231, an increase of \$1,266,680 in comparison with the prior year. The increase in fund balance was approximately half the prior year increase of \$2,529,857 which was due primarily to the effects of the COVID pandemic on the Village. Revenues decreased \$948,676. Property tax revenue increased \$311,766 due to the increased taxable value, and franchise, sales and utility taxes decreased due to lower economic activity resulting from the COVID-19 pandemic. Building permit revenues decreased by \$648,543 as new building projects declined significantly during the pandemic. Intergovernmental revenues decreased \$65,510, due to an increase of \$450,066 primarily due to reimbursements from FEMA for Hurricane Irma expenses, less decreases in State revenue (revenue sharing, half cent sales tax) of \$217,000, a decrease in one cent surtax revenue of \$87,000 and local option gas taxes also decreased by \$49,000, all reflecting the impact of the pandemic. Charges for services decreased by \$257,658 primarily due to police outside details decreasing \$308,499 due to discontinued details for the school board and diminished details for businesses that were closed due to COVID, also, Parks and Recreation fees decreased by \$149,440 because of reduced or cancelled

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

recreational and camp activities. These decreases were offset slightly by an increase of \$119,276 in IT service fees with an expanded IT department and user fees charged to the Water and Sewer Enterprise Fund, building plan review fees also increased slightly or \$66,701.

In fiscal year 2020 expenditures for the governmental funds increased by \$402,879 compared to fiscal year 2019. General Government expenditures increased \$221,822 or 9.4%, primarily due to increases in contractual services for new and increased services for software including, Neogov HR software, new messaging archive software, CISCO security umbrella, and monthly usage fees for NOVAtime electronic timekeeping software. Public Safety experienced a decrease of \$732,870 or 7.5% which reflects the reduction in employer contribution required for the Village's Hazardous Pension due to improved plan performance. Physical Environment costs increased by \$98,593 due to increased rates charged by the Village's contractual garbage hauler. Expenditures for Transportation increased \$152,042 compared to fiscal year 2019 reflecting the increased funds expended in the current fiscal year for purchases of personal protection supplies, including masks, hand sanitizer and disinfecting supplies needed to keep the Village employees and facilities protected from the pandemic. Culture/Recreation experienced a decrease in expenditures of \$189,631 reflecting the cancellation of Village recreation programs due to the COVID-19 pandemic.

The governmental funds had a total fund balance of \$18,325,231 comprised of non-spendable fund balance of \$70,539 for inventory; restricted fund balance of \$4,476,498 (\$54,669 for law enforcement, \$249,462 for debt service, and \$4,172,367 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; and, \$1,183,000 for the 2020/2021 budget. The balance of \$8,095,194 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 \$8,095,194, while the total fund balance was \$18,021,100. The unassigned fund balance in the General Fund represents 31.9% of the fiscal year 2021 budgeted expenditures. The unassigned fund balance at fiscal year-end 2019 represented 28.6% of the 2020 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 \$32.1 million at fiscal year-end, an increase of \$3,153,021 over the prior fiscal year. Charges for services revenues increased \$140,488 reflecting a slight increase in consumption.

Revenues from capital contributions decreased from \$732,102 in 2019 to \$134,188 in 2020 reflecting the significant decline in construction of new residential and commercial developments due to the COVID-19 pandemic. Operating expenses increased \$154,643 which reflects increased utility costs paid to Palm Beach County and Lake Worth for the treatment and disposal of wastewater. Total net position for the Water and Sewer Enterprise Fund was \$68.9 million at fiscal year-end, an increase of \$3,382,775 from the prior fiscal year. The increase in net position from operations was \$5,793,838 (operating income).

The Stormwater Utility is now in its third year of operations and had operating revenues of \$519,265 and operating expenses of \$12,885 for 2020. The Stormwater Utility net position increased by \$513,342 and ended the fiscal year at \$1,321,760.

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 \$28,347,038 for the current fiscal year, however there were changes in various departmental revenues and expenditures as follows:

- General Fund revenues were under budget by \$1,671,104. Revenues from taxes exceeded the budget by \$8,935 with increased property tax revenues from rising property values, new development, and annexations. Franchise fees and business taxes decreased and were under budget by \$24,251 and \$7,331, respectively, due to the effects of the pandemic on the economy. Permits generated \$642,186 less than anticipated as projects came to a halt during the pandemic. Intergovernmental revenues were less than budget by \$641,587 due to reductions in State shared revenues from sales taxes, gas taxes and other revenues affected by the pandemic. Charges for services were less than budget by \$275,264 primarily due to the cancellation of recreation activities due to the pandemic. Fines and forfeitures were less than budgeted revenues by \$145,292 due to a reduction in fines related to local ordinance violations. Miscellaneous income exceeded the budget by \$28,688 reflecting lower than expected interest income (\$109,466) due to lower market interest rates net higher other miscellaneous revenues (\$151,759) attributable to sales of capital assets utilizing a new auction company and insurance reimbursements.
- General Fund expenditures were \$8,554,832 less than the budget for fiscal year 2020. General government departments in total expended \$691,001 less than budgeted due to staffing vacancies, and unexpended capital outlay. Public Safety (Police department and the Planning, Zoning and Building Department) expended \$3,601,263 less than expected due to staffing vacancies and unexpended capital outlay. Expenditures in Transportation were \$1,023,258 less than anticipated with savings in operating costs and unexpended capital outlay. Culture and Recreation expenditures were \$3,234,051 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, 2020, amounts to \$66,217,695 (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 \$2,177,672, or 13.3% compared to fiscal year 2019. The net change includes an increase in assets of \$2,773,169 less an increase of \$595,497 in accumulated depreciation.

Buildings increased \$236,492 including a new roof on the VFW, Library renovations, and a new restroom building for Sabal Palm Park.

Improvements other than buildings increased \$897,116 for the conversion of tennis courts to pickleball courts and futsal courts, a new shade structure for Royal Palm Park, and the new Foxtail Palm Park.

Machinery and equipment increased \$1,204,285 less disposals for a net increase of \$495,648, including \$586,044 in police vehicles, \$60,379 for Public Works vehicles and \$93,303 for library furnishings. The Village added a larger number of laptops to address the increased need for remote capabilities due to the pandemic and the remaining purchases represent replacement items including desktops, laptops, and security access equipment.

Infrastructure increased \$875,641 including paving costs for paving of Canal 11 road, improving it from a shell rock roadway when it was annexed from Palm Beach County.

Construction in progress increased \$223,589, including park improvements, planning and design costs to expand the existing Police Department and a storage building for Maintenance equipment. A total of 6 projects were in progress at fiscal year-end.

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

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 exceed Village policy. For 2020 the estimated maintenance costs were \$425,000 and the actual were \$257,990. 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 decreased by \$169,412 or 0.4% from fiscal year 2019. This amount is net of an increase of \$2,568,849 in accumulated depreciation. The increase includes \$344,169 in radio read meters installed to upgrade our meter reading system from touch read meters to radio read meters, \$147,230 spent to rehabilitate 3 raw water wells, two spiractors at our Pratt Water Treatment plant were replaced at a cost of \$947,446, \$254,180 in wastewater lining to prevent infiltration, \$129,875 in vehicle replacements, \$155,995 for a front-end loader, and \$330,732 for three stormwater improvement projects. Construction in progress decreased \$617,502 or 39.5% with 25 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, 2020 and 2019 are summarized as follows:

Village of Palm Springs Capital Assets Net of Depreciation						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Land	\$ 729,641	\$ 729,641	\$ 379,987	\$ 379,987	\$ 1,109,628	\$ 1,109,628
Buildings	9,523,547	9,287,055	3,540,154	3,512,106	13,063,701	12,799,161
Improvements other than buildings	4,405,981	3,508,865	91,652,005	89,215,125	96,057,986	92,723,990
Machinery, equipment & software	7,125,607	6,629,959	6,307,703	6,084,760	13,433,310	12,714,719
Library materials & software	690,837	646,154	-	-	690,837	646,154
Infrastructure	5,532,268	4,656,627	553,693	224,625	6,085,961	4,881,252
Intangible assets	-	-	7,174,063	7,174,063	7,174,063	7,174,063
Construction in progress	1,079,711	856,122	944,570	1,562,072	2,024,281	2,418,194
Total assets	29,087,592	26,314,423	110,552,175	108,152,738	139,639,767	134,467,161
Less accumulated depreciation	(10,508,919)	(9,913,422)	(62,913,153)	(60,344,304)	(73,422,072)	(70,257,726)
Total	\$ 18,578,673	\$ 16,401,001	\$ 47,639,022	\$ 47,808,434	\$ 66,217,695	\$ 64,209,435

Debt: At fiscal year end, the Village had total long-term debt outstanding of \$15,391,969 (excluding other postemployment benefits of \$578,459 and net pension liability of \$13,002,582), a decrease of \$725,773, or 4.5% as compared to fiscal year 2019. 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, 2020 and 2019 are summarized as follows:

Village of Palm Springs Long-Term Liabilities						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
General Obligation Note	\$ 4,088,191	\$ 4,393,687	\$ -	\$ -	\$ 4,088,191	\$ 4,393,687
Promissory Note Payable	-	-	10,141,450	10,775,261	10,141,450	10,775,261
Compensated Absences	901,978	738,722	260,350	210,072	1,162,328	948,794
Other postemployment benefits	398,452	325,253	180,007	149,265	578,459	474,518
Net pension liability	10,403,366	10,173,652	2,599,216	2,983,665	13,002,582	13,157,317
Total	\$ 15,791,987	\$ 15,631,314	\$ 13,181,023	\$ 14,118,263	\$ 28,973,010	\$ 29,749,577

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.

VILLAGE OF PALM SPRINGS, FLORIDA

MANAGEMENT'S DISCUSSION AND ANALYSIS

In accordance with GASB Statement No. 68 the Village reported a net pension liability of \$13,002,582, of which \$10,403,366 is related to governmental activities and \$2,599,216 is for business-type activities. For additional information on the Village's pension plans see Note 9, beginning on page 53 of this report.

The liability for other postemployment benefits (OPEB) increased \$103,941 in 2020 to a total of \$578,459, and represents the implicit rate subsidy in retiree health insurance rates. The increase reflects the latest actuarial valuation dated October 1, 2019 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 seventh consecutive year since the fiscal year 2008 recession. In fiscal year 2011 the total taxable value was \$610,730,119 and declined each year thereafter reaching a low of \$579,568,060 in fiscal year 2013. This fiscal year our taxable value increased \$103,436,750 or 8.5% over fiscal year 2019 for a total assessed value of \$1,324,815,874 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 maintained the 2019 operating millage rate of 3.50 mills for 2020 and lowered the debt service millage rate by 10.5%. Property tax collections increased \$311,766 or 6.8% over fiscal year 2019, while the taxable value increased 8.5%.

For 2020, property taxes increased from 23% to 26% as a percentage of total revenue due to a decline in total revenue resulting from the COVID-19 pandemic. Similarly, revenue from utility service taxes increased by 1% of total revenue while franchise fees, sales and gas taxes all decreased in amount for 2020, but remained the same percentage of total revenue as fiscal year 2019. Overall, the revenue growth for the Village is expected to turn-around in 2021 as the economy recovers after the pandemic and is expected to increase sufficiently 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 \$8,095,194 at September 30, 2020 represents 31.9% of the 2021 adopted budget of \$25,368,987 which is above 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

BASIC FINANCIAL STATEMENTS

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Net Position

September 30, 2020

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 17,947,593	\$ 33,445,149	\$ 51,392,742
Receivables:			
Accounts, net of allowance	31,259	3,417,613	3,448,872
Utility taxes	230,005	-	230,005
Franchise fees	335,814	-	335,814
Intergovernmental	339,665	-	339,665
Grants	495,414	-	495,414
Inventory	70,539	525,129	595,668
Net pension asset	1,512,005	351,125	1,863,130
Capital assets:			
Capital assets, not being depreciated	7,341,620	1,878,250	9,219,870
Capital assets being depreciated	21,745,972	108,673,925	130,419,897
Accumulated depreciation	(10,508,919)	(62,913,153)	(73,422,072)
Total assets	\$ 39,540,967	\$ 85,378,038	\$ 124,919,005
Deferred outflows of resources			
Deferred amount related to pensions	\$ 3,529,065	\$ 877,034	\$ 4,406,099
Deferred amount related to OPEB	58,455	24,589	83,044
Total deferred outflows of resources	\$ 3,587,520	\$ 901,623	\$ 4,489,143
Liabilities			
Accounts payable and accrued liabilities	\$ 725,597	\$ 453,874	\$ 1,179,471
Contract retainage payable	16,416	3,227	19,643
Accrued interest payable	9,896	122,744	132,640
Deposits	72,786	1,596,137	1,668,923
Unearned revenue	310,259	-	310,259
Noncurrent liabilities			
Due within one year			
Notes payable	312,841	652,355	965,196
Compensated absences	95,990	24,548	120,538
Due in more than one year			
Notes payable	3,775,350	9,489,095	13,264,445
Compensated absences	805,988	235,802	1,041,790
Other postemployment benefits payable	398,452	180,007	578,459
Net pension liability	10,403,366	2,599,216	13,002,582
Total liabilities	\$ 16,926,941	\$ 15,357,005	\$ 32,283,946
Deferred inflows of resources			
Deferred amount related to debt refunding	\$ -	\$ 89,466	\$ 89,466
Deferred amount related to pensions	1,790,226	607,756	2,397,982
Deferred amount related to OPEB	2,066	869	2,935
Total deferred inflows of resources	\$ 1,792,292	\$ 698,091	\$ 2,490,383
Net position			
Net investment in capital assets	\$ 14,490,482	\$ 37,408,106	\$ 51,898,588
Restricted for law enforcement	54,669	-	54,669
Restricted for debt service	249,462	-	249,462
Restricted for sales tax capital projects	4,172,367	-	4,172,367
Unrestricted	5,442,274	32,816,459	38,258,733
Total net position	\$ 24,409,254	\$ 70,224,565	\$ 94,633,819

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Activities

Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,879,926	\$ 938,452	\$ 69,606	\$ 16,578
Public safety	9,446,884	1,055,961	38,517	35,840
Physical environment	1,173,626	1,147,017	461	-
Transportation	2,201,178	-	114,504	84,103
Culture/recreation	1,644,442	102,789	17,166	882,802
Interest on long-term debt	124,680	-	-	-
Total governmental activities	17,470,736	3,244,219	240,254	1,019,323
Business-type activities:				
Water and sewer utility	15,595,379	21,095,572	-	134,188
Stormwater utility	12,885	519,265	6,902	-
Total business-type activities	15,608,264	21,614,837	6,902	134,188
Total	\$ 33,079,000	\$ 24,859,056	\$ 247,156	\$ 1,153,511

General revenues:

Taxes:

Property taxes

Utility service taxes

Franchise fees

Sales and use taxes

Business taxes

Intergovernmental, unrestricted

Investment income

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position, beginning of year

Net position, end of year

Governmental Activities	Business-Type Activities	Total
\$ (1,855,290)	\$ -	\$ (1,855,290)
(8,316,566)	-	(8,316,566)
(26,148)	-	(26,148)
(2,002,571)	-	(2,002,571)
(641,685)	-	(641,685)
(124,680)	-	(124,680)
(12,966,940)	-	(12,966,940)
-	5,634,381	5,634,381
-	513,282	513,282
-	6,147,663	6,147,663
(12,966,940)	6,147,663	(6,819,277)
4,905,214	-	4,905,214
2,790,188	-	2,790,188
1,505,749	-	1,505,749
3,792,719	-	3,792,719
394,669	-	394,669
851,029	-	851,029
110,534	186,550	297,084
144,641	52,003	196,644
2,490,099	(2,490,099)	-
16,984,842	(2,251,546)	14,733,296
4,017,902	3,896,117	7,914,019
20,391,352	66,328,448	86,719,800
\$ 24,409,254	\$ 70,224,565	\$ 94,633,819

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Balance Sheet

Governmental Funds

September 30, 2020

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 17,643,462	\$ 304,131	\$ 17,947,593
Receivables:			
Accounts, net of allowance for uncollectibles	31,259	-	31,259
Utility taxes	230,005	-	230,005
Franchise fees	335,814	-	335,814
Intergovernmental	339,665	-	339,665
Grants	495,414	-	495,414
Inventory	70,539	-	70,539
Total assets	\$ 19,146,158	\$ 304,131	\$ 19,450,289
Liabilities			
Accounts payable and accrued liabilities	\$ 725,597	\$ -	\$ 725,597
Contract retainage payable	16,416	-	16,416
Deposits	72,786	-	72,786
Total liabilities	\$ 814,799	\$ -	\$ 814,799
Deferred inflows of resources			
Unavailable revenues	\$ 310,259	\$ -	\$ 310,259
Fund balances			
Nonspendable:			
Inventory	\$ 70,539	\$ -	\$ 70,539
Restricted for:			
Law enforcement	-	54,669	54,669
Debt service	-	249,462	249,462
Sales tax capital projects	4,172,367	-	4,172,367
Assigned to:			
Disaster recovery	3,000,000	-	3,000,000
Capital projects	1,500,000	-	1,500,000
Subsequent year's budget	1,183,000	-	1,183,000
Unassigned:			
General fund	8,095,194	-	8,095,194
Total fund balances	\$ 18,021,100	\$ 304,131	\$ 18,325,231
Total liabilities, deferred inflows of resources and fund balances	\$ 19,146,158	\$ 304,131	\$ 19,450,289

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, 2020*

Total governmental fund balances (page 19) \$ 18,325,231

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

Net pension assets of defined benefit pension plans are not available, spendable resources and therefore are not reported in governmental funds. 1,512,005

Capital assets used in governmental activities are not available, spendable resources and therefore are not reported in governmental funds:

Cost of assets	\$ 29,087,592	
Accumulated depreciation	<u>(10,508,919)</u>	
		18,578,673

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	\$ 3,529,065	
Deferred inflows of resources related to pensions	(1,790,226)	
Deferred outflows of resources related to OPEB	58,455	
Deferred inflows of resources related to OPEB	<u>(2,066)</u>	
		1,795,228

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

Note payable	\$ (4,088,191)	
Accrued interest payable on long-term debt	(9,896)	
Compensated absences payable	(901,978)	
Other postemployment benefits payable	(398,452)	
Net pension liability	<u>(10,403,366)</u>	
		(15,801,883)

Total net position (page 16) \$ 24,409,254

VILLAGE OF PALM SPRINGS, FLORIDA*Statement of Revenues, Expenditures and Changes in Fund Balances**Governmental Funds**Year Ended September 30, 2020*

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 9,162,691	\$ 433,129	\$ 9,595,820
Permits	617,014	-	617,014
Intergovernmental	5,918,164	-	5,918,164
Charges for services	2,142,807	-	2,142,807
Fines and forfeitures	170,208	-	170,208
Contributions and donations	20,602	-	20,602
Investment income	110,534	-	110,534
Facility rental	260,495	-	260,495
Miscellaneous	105,112	-	105,112
Total revenues	18,507,627	433,129	18,940,756
Expenditures			
Current:			
General government	2,592,658	-	2,592,658
Public safety	8,992,315	-	8,992,315
Physical environment	1,173,626	-	1,173,626
Transportation	2,055,397	-	2,055,397
Culture/recreation	1,493,489	-	1,493,489
Capital outlay	3,484,721	-	3,484,721
Debt service:			
Principal	-	305,496	305,496
Interest and other fiscal charges	-	125,420	125,420
Total expenditures	19,792,206	430,916	20,223,122
Excess of revenues over (under) expenditures	(1,284,579)	2,213	(1,282,366)
Other financing sources			
Proceeds from sale of capital assets	58,947	-	58,947
Transfers in	2,490,099	-	2,490,099
Total other financing sources	2,549,046	-	2,549,046
Change in fund balances	1,264,467	2,213	1,266,680
Fund balances, beginning of year	16,756,633	301,918	17,058,551
Fund balances, end of year	\$ 18,021,100	\$ 304,131	\$ 18,325,231

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, 2020*

Net change in fund balances - total governmental funds (page 21) \$ 1,266,680

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	\$ 3,484,721	
Less current year depreciation expense	<u>(1,305,885)</u>	
		2,178,836

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. (1,164)

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	\$ (163,256)	
Other postemployment benefits	(18,048)	
Pension expense	<u>448,618</u>	
		267,314

Net effect of accrued interest on long-term debt (difference between amount accrued in prior year and current year accrual) 740

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		305,496
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Change in net position of governmental activities (pages 17-18) \$ 4,017,902

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Net Position

Enterprise Funds

September 30, 2020

	<u>Major Fund</u>	<u>Nonmajor Fund</u>	<u>Total</u>
	Water and Sewer Utility	Stormwater Utility	Enterprise Funds
Assets			
Current assets:			
Cash and cash equivalents	\$ 32,753,735	\$ 691,414	\$ 33,445,149
Accounts receivable, net	3,414,442	3,171	3,417,613
Inventory	525,129	-	525,129
Total current assets	36,693,306	694,585	37,387,891
Noncurrent assets:			
Net pension asset	351,125	-	351,125
Capital assets:			
Capital assets not being depreciated	1,252,740	625,510	1,878,250
Capital assets being depreciated	108,672,260	1,665	108,673,925
Accumulated depreciation	(62,913,153)	-	(62,913,153)
Total noncurrent assets	47,362,972	627,175	47,990,147
Total assets	\$ 84,056,278	\$ 1,321,760	\$ 85,378,038
Deferred outflows of resources			
Deferred amount related to pensions	\$ 877,034	\$ -	\$ 877,034
Deferred amount related to OPEB	24,589	-	24,589
Total deferred outflows of resources	\$ 901,623	\$ -	\$ 901,623
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 453,874	\$ -	\$ 453,874
Contract retainage payable	3,227	-	3,227
Accrued interest on note payable	122,744	-	122,744
Current portion of note payable	652,355	-	652,355
Current portion of compensated absences payable	24,548	-	24,548
Total current liabilities	1,256,748	-	1,256,748
Noncurrent liabilities:			
Customer deposits	1,596,137	-	1,596,137
Note payable	9,489,095	-	9,489,095
Compensated absences payable	235,802	-	235,802
Other postemployment benefits payable	180,007	-	180,007
Net pension liability	2,599,216	-	2,599,216
Total noncurrent liabilities	14,100,257	-	14,100,257
Total liabilities	\$ 15,357,005	\$ -	\$ 15,357,005
Deferred inflows of resources			
Deferred amount on refunding	\$ 89,466	\$ -	\$ 89,466
Deferred amount related to pensions	607,756	-	607,756
Deferred amount related to OPEB	869	-	869
Total deferred inflows of resources	\$ 698,091	\$ -	\$ 698,091
Net position			
Net investment in capital assets	\$ 36,780,931	\$ 627,175	\$ 37,408,106
Unrestricted	32,121,874	694,585	32,816,459
Total net position	\$ 68,902,805	\$ 1,321,760	\$ 70,224,565

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, 2020

	<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>	
Operating revenues			
Water revenues	\$ 8,815,458	\$ -	\$ 8,815,458
Wastewater revenues	11,671,360	-	11,671,360
Stormwater revenues	-	519,265	519,265
Other operating revenues	608,754	6,902	615,656
Total operating revenues	21,095,572	526,167	21,621,739
Operating expenses			
Personal services	4,628,858	-	4,628,858
Operating expenses	7,666,623	12,885	7,679,508
Depreciation	3,006,253	-	3,006,253
Total operating expenses	15,301,734	12,885	15,314,619
Operating income	5,793,838	513,282	6,307,120
Nonoperating revenues (expenses)			
Investment income	186,550	-	186,550
Miscellaneous revenues	27,330	60	27,390
Gain on disposal of capital assets	24,613	-	24,613
Interest expense and fiscal charges	(293,645)	-	(293,645)
Total nonoperating revenues (expenses)	(55,152)	60	(55,092)
Income before contributions and transfers	5,738,686	513,342	6,252,028
Capital contributions	134,188	-	134,188
Transfers out	(2,490,099)	-	(2,490,099)
Change in net position	3,382,775	513,342	3,896,117
Net position, beginning of year	65,520,030	808,418	66,328,448
Net position, end of year	\$ 68,902,805	\$ 1,321,760	\$ 70,224,565

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Cash Flows

Enterprise Funds

Year Ended September 30, 2020

	<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>		
Cash flows from operating activities			
Cash received from customers	\$ 21,128,456	\$ 525,372	\$ 21,653,828
Cash paid to suppliers for goods and services	(7,401,362)	(45,496)	(7,446,858)
Cash paid to employees for services	(4,845,550)	-	(4,845,550)
Other receipts	27,330	60	27,390
Net cash provided by operating activities	8,908,874	479,936	9,388,810
Cash flows from noncapital financing activity			
Transfers out	(2,490,099)	-	(2,490,099)
Net cash used in noncapital financing activity	(2,490,099)	-	(2,490,099)
Cash flows from capital and related financing activities			
Principal paid on loan	(633,811)	-	(633,811)
Interest paid on long-term debt	(308,426)	-	(308,426)
Acquisition and construction of capital assets	(2,635,529)	(241,755)	(2,877,284)
Proceeds from sale of capital assets	29,449	-	29,449
Capital contributions from customers	134,188	-	134,188
Net cash used in capital and related financing activities	(3,414,129)	(241,755)	(3,655,884)
Cash flows from investing activity			
Investment income	186,550	-	186,550
Net cash provided by investing activity	186,550	-	186,550
Net increase in cash and cash equivalents	3,191,196	238,181	3,429,377
Cash and cash equivalents, beginning of year	29,562,539	453,233	30,015,772
Cash and cash equivalents, end of year	\$ 32,753,735	\$ 691,414	\$ 33,445,149

Continued

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Cash Flows (Continued)

Enterprise Funds

Year Ended September 30, 2020

	<u>Major Fund</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Water and</u>	<u>Stormwater</u>	<u>Enterprise</u>
	<u>Sewer Utility</u>	<u>Utility</u>	<u>Funds</u>
Cash flows from operating activities			
Operating income	\$ 5,793,838	\$ 513,282	\$ 6,307,120
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	3,006,253	-	3,006,253
Provision for uncollectible accounts	8,242	-	8,242
Miscellaneous revenues	27,330	60	27,390
Change in operating assets and liabilities:			
Accounts receivable	(11,106)	(795)	(11,901)
Inventory	370,871	-	370,871
Net pension asset	(351,125)	-	(351,125)
Deferred outflows related to pensions	583,916	-	583,916
Deferred outflows related to OPEB	(24,020)	-	(24,020)
Accounts payable and accrued liabilities	(105,610)	(32,611)	(138,221)
Compensated absences payable	50,278	-	50,278
Customer deposits	35,748	-	35,748
Other postemployment benefits payable	30,742	-	30,742
Net pension liability	(384,449)	-	(384,449)
Deferred inflows related to OPEB	869	-	869
Deferred inflows related to pensions	(122,903)	-	(122,903)
Total adjustments	3,115,036	(33,346)	3,081,690
Net cash provided by operating activities	\$ 8,908,874	\$ 479,936	\$ 9,388,810
Supplemental disclosure of noncash capital and related financing activities			
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, 2020

	Employee Pension Funds
Assets	
Cash and cash equivalents	\$ 1,830,229
Receivables:	
Interest and dividends	59,205
Investments:	
U.S. Treasury securities	1,105,153
U.S. Government agencies	5,964,839
Mortgage and asset-backed securities	532,121
Domestic corporate bonds	5,696,905
International fixed income mutual fund	2,302,727
Domestic equity securities and mutual fund	34,661,163
Foreign equity securities and mutual fund	6,643,750
Real estate investment account	5,549,961
Total investments	62,456,619
Total assets	\$ 64,346,053
Liabilities	
Accounts payable	\$ 46,732
Total liabilities	\$ 46,732
Net position	
Net position restricted for pension benefits	\$ 64,299,321
Total net position	\$ 64,299,321

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended September 30, 2020

	Employee Pension Funds
Additions	
Contributions:	
Employer	\$ 1,725,516
Plan members	164,532
State of Florida	153,120
Total contributions	2,043,168
Investment income:	
Interest	298,243
Dividends	1,702,809
Net increase in fair value of investments	3,535,057
Investment expenses	(77,003)
Net investment income	5,459,106
Total additions	7,502,274
Deductions	
Administration	150,687
Benefits	2,106,903
Total deductions	2,257,590
Change in plan net position	5,244,684
Net position restricted for pension benefits, beginning of year	59,054,637
Net position restricted for pension benefits, end of year	\$ 64,299,321

See notes to financial statements.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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.

The Village has one dependent special district, created pursuant to Florida Statutes, that is considered a component unit.

The *Palm Springs Community Redevelopment Agency* (the “CRA”) is a dependent special district established by the Village under authority granted by Florida Statutes Chapter 163, Section III. The CRA is a legally separate entity established by Ordinance No. 2019-19 of the Palm Springs Village Council on November 14, 2019. The purpose of the CRA is to promote and guide the physical and economic redevelopment of approximately 512 acres in two districts within the Village. The CRA is governed by a seven member Governing Board that includes the five members of the Village Council and two additional members appointed by the Village Council representing the two CRA districts. The Mayor of the Village serves as the Chair of the CRA Governing Board. The Village Council approves the CRA’s annual budget and all debt obligations of the CRA. Accordingly, the CRA is considered a blended component unit of the Village. The CRA’s first year of operations will be for the year ending September 30, 2021.

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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

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 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.

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, except for grant revenue, which is recorded when the related expenditures/ expenses are incurred and the time and purpose restrictions have been met.

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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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, 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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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)

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.

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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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, OPEB liabilities 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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.
- ❖ 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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

k. Interfund Transactions (Continued)

- ❖ 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 the corporate limits of the Village at January 1, 2019, upon which the 2019/2020 levy was based, was approximately \$1.325 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 2019/2020 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, 2020, was 3.5000 and the debt service millage was 0.3381, for a total millage of 3.8381. 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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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)

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, 2020, 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 (2018/2019) 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, 2020, the Village adopted an operating millage rate of 3.5000, resulting in a total operating tax levy of \$5,085,728 for 2020, an increase of approximately 7.4% from the operating property tax levy for 2019.

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 \$153,120 from the State of Florida for the Police Officers Pension Plan for the year ended September 30, 2020. 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

There were no new GASB Statements effective for the Village for the fiscal year ended September 30, 2020.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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 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, 2021.
- 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, 2022.
- 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. This Statement will be effective for the Village for the fiscal year ending September 30, 2021.
- 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. This Statement will be effective for the Village for the fiscal year ending September 30, 2023.
- 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, 2021 and the remaining requirements will be effective for the Village for the fiscal year ending September 30, 2022.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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)

- GASB Statement No. 93, *Replacement of Interbank Offered Rates*, addresses the replacement of an Interbank Offered Rate (IBOR) with other reference interest rates and modifies the existing provisions for hedge accounting termination and lease modifications. This Statement will be effective for the Village for the fiscal year ending September 30, 2022.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, addresses issues related to public-private and public-public partnerships (PPP) and provides guidance for accounting and financial reporting for availability payment arrangements (APA). The Statement provides specific guidance on the accounting and financial reporting for PPP and APA transactions. This Statement will be effective for the Village for the fiscal year ending September 30, 2023.
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. This Statement will be effective for the Village for the fiscal year ending September 30, 2023.
- GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, addresses the reporting of fiduciary component units without a governing board, requires that the financial burden criteria of Statement No. 84 apply only to defined benefit plans and requires Statement No. 84 to be applied to all Section 457 plans to determine whether those plans should be reported as fiduciary activities. The requirements of this Statement will be effective for the Village for the fiscal year ending September 30, 2022.

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	\$ 17,947,593	\$ -	\$ 17,947,593
Business-type activities	33,445,149	-	33,445,149
Total statement of net position	51,392,742	-	51,392,742
Fiduciary Funds	1,830,229	62,456,619	64,286,848
Total deposits and investments	\$ 53,222,971	\$ 62,456,619	\$ 115,679,590

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

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:

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

Investments of the General Employees Pension Fund and 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 Plans' 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).

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Investments (Continued)

- 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.

Fair Value of Investments

The fair value of the Village's cash and cash equivalents at September 30, 2020 are as follows:

	Unrestricted	Pension
Cash and cash equivalents:		
Petty cash	\$ 3,848	\$ -
Deposits with financial institutions	32,529,168	547,829
Investment in State Board of Administration		
Florida Prime Fund	18,859,726	-
Money market mutual funds	-	1,282,400
Total cash and cash equivalents	\$ 51,392,742	\$ 1,830,229

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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Fair Value of Investments (Continued)

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 bonds: 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).

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, 2020, 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, 2020, 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, 2020.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Fair Value of Investments (Continued)

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, 2020. The fair value of the Village's investments at September 30, 2020 is summarized as follows:

	Level 1	Level 2	Level 3	Total
Equity investments				
Domestic equity securities and mutual fund	\$ 34,661,163	\$ -	\$ -	\$ 34,661,163
Foreign equity securities and mutual fund	<u>6,643,750</u>	<u>-</u>	<u>-</u>	<u>6,643,750</u>
Total equity securities	<u>41,304,913</u>	<u>-</u>	<u>-</u>	<u>41,304,913</u>
Fixed Income investments				
U.S. Treasury	-	1,105,153	-	1,105,153
U.S. Government Agency	-	5,964,839	-	5,964,839
Mortgage and asset-backed	-	532,121	-	532,121
Corporate bonds	-	5,696,905	-	5,696,905
International fixed income mutual fund	-	<u>2,302,727</u>	<u>-</u>	<u>2,302,727</u>
Total fixed income securities	<u>-</u>	<u>15,601,745</u>	<u>-</u>	<u>15,601,745</u>
Total investments by level	<u>\$ 41,304,913</u>	<u>\$ 15,601,745</u>	<u>\$ -</u>	<u>56,906,658</u>
Investment measured at NAV				
Real estate investment account				<u>5,549,961</u>
Total fair value				<u>\$ 62,456,619</u>

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 investments at September 30, 2020 are summarized as follows:

Investment Type	NRSRO Rating	Fair Value
State Board of Administration Florida Prime Fund	AAAm	\$ 18,859,726
Pension fund investments:		
U.S. Treasury	AAA	1,105,153
U.S. Government Agency	AAA	5,449,963
U.S. Government Agency	Not Rated	514,876
Mortgage and asset-backed securities	Not Rated	532,121
Domestic corporate bonds	A	5,696,905
Total		\$ 32,158,744

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Fair Value of Investments (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. Generally, the longer the time to maturity, the greater the exposure to interest rate risk. The Village does not have a formal policy that limits the maturities of its investments. The Village pension funds' investment in mortgage 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, 2020.

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	\$ -	\$ 85,139	\$ 1,020,014	\$ -
U.S. Government Agency	3,299,795	2,665,044	-	-
Mortgage and asset-backed securities	-	16,009	67,257	448,855
Corporate bonds	-	2,419,223	2,325,271	952,411
Total	\$ 3,299,795	\$ 5,185,415	\$ 3,412,542	\$ 1,401,266

The SBA Florida Prime Fund had a weighted average maturity of 48 days at September 30, 2020. The fair value and weighted average maturity of the international fixed income mutual fund were \$2,302,727 and 2.3 years, respectively, at September 30, 2020.

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, 2020, 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, 2020, four mutual fund investments of the Police Officers Pension Fund represented approximately 27.6%, 15.7%, 14.9% and 9.5% of that Plan's net position and four mutual fund investments of the General Employees Pension Fund represented approximately 25.2%, 9.6%, 7.5% and 6.1% 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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 2. DEPOSITS AND INVESTMENTS (Continued)

Fair Value of Investments (Continued)

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.

The U.S. financial markets experienced significant market fluctuations in 2020 due to the global coronavirus pandemic (COVID-19). While these market fluctuations were temporary in nature and substantially recovered by September 30, 2020, the global financial markets and the Village's investments could experience increased volatility, losses in fair value and reduced earnings if the pandemic continues and such changes could be material.

Due to the foregoing risks associated with investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and such changes could materially affect the amounts reported in the accompanying financial statements.

NOTE 3. RECEIVABLES

Receivables at September 30, 2020 are summarized as follows:

	Governmental Activities	Business-type Activities	Total
Receivables:			
Accounts and other receivables	\$ 597,078	\$ 3,510,510	\$ 4,107,588
Intergovernmental and grants	835,079	-	835,079
Gross receivables	1,432,157	3,510,510	4,942,667
Less: allowance for uncollectible accounts	-	(92,897)	(92,897)
Net receivables	\$ 1,432,157	\$ 3,417,613	\$ 4,849,770

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended September 30, 2020 was as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	\$ 729,641	\$ -	\$ -	\$ 729,641
Infrastructure	4,656,627	875,641	-	5,532,268
Construction in progress	856,122	902,053	(678,464)	1,079,711
Total capital assets not being depreciated	6,242,390	1,777,694	(678,464)	7,341,620
Capital assets being depreciated:				
Buildings	9,287,055	236,492	-	9,523,547
Improvements other than buildings	3,508,865	897,116	-	4,405,981
Machinery and equipment	6,629,959	1,204,285	(708,637)	7,125,607
Library materials and software	646,154	47,598	(2,915)	690,837
Total capital assets being depreciated	20,072,033	2,385,491	(711,552)	21,745,972
Less accumulated depreciation for:				
Buildings	(3,736,407)	(242,653)	-	(3,979,060)
Improvements other than buildings	(1,708,674)	(167,592)	-	(1,876,266)
Machinery and equipment	(4,178,098)	(797,868)	707,473	(4,268,493)
Library materials and software	(290,243)	(97,772)	2,915	(385,100)
Accumulated depreciation	(9,913,422)	(1,305,885)	710,388	(10,508,919)
Governmental activities capital assets, net	\$ 16,401,001	\$ 2,857,300	\$ (679,628)	\$ 18,578,673
Business-Type Activities				
Capital assets not being depreciated:				
Land	\$ 379,987	\$ -	\$ -	\$ 379,987
Infrastructure	224,625	329,068	-	553,693
Construction in progress	1,562,072	459,225	(1,076,727)	944,570
Total capital assets not being depreciated	2,166,684	788,293	(1,076,727)	1,878,250
Capital assets being depreciated:				
Buildings	3,512,106	28,048	-	3,540,154
Improvements other than buildings	89,215,125	2,436,880	-	91,652,005
Intangible assets	7,174,063	-	-	7,174,063
Equipment and software	6,084,760	665,123	(442,180)	6,307,703
Total capital assets being depreciated	105,986,054	3,130,051	(442,180)	108,673,925
Less accumulated depreciation for:				
Buildings	(2,533,785)	(56,998)	-	(2,590,783)
Improvements other than buildings	(46,894,964)	(2,529,182)	59	(49,424,087)
Intangible assets	(6,968,642)	-	-	(6,968,642)
Equipment and software	(3,946,913)	(420,073)	437,345	(3,929,641)
Accumulated depreciation	(60,344,304)	(3,006,253)	437,404	(62,913,153)
Business-type activities Capital assets, net	\$ 47,808,434	\$ 912,091	\$ (1,081,503)	\$ 47,639,022

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 4. CAPITAL ASSETS (Continued)

Depreciation expense for the year ended September 30, 2020 was charged to functions as follows:

Governmental Activities:	
General government	\$ 222,703
Public safety	655,045
Transportation	129,268
Culture/recreation	298,869
<hr/>	
Total depreciation expense- Governmental activities	\$ 1,305,885
<hr/>	
Business-type activities: Water & Sewer	\$ 3,006,253
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NOTE 5. LONG-TERM DEBT

Changes in Long-Term Debt

Changes in long-term debt for the year ended September 30, 2020 are summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
General obligation note	\$ 4,393,687	\$ -	\$ (305,496)	\$ 4,088,191	\$ 312,841
Compensated absences	738,722	547,672	(384,416)	901,978	95,990
Total Governmental Activities	\$ 5,132,409	\$ 547,672	\$ (689,912)	\$ 4,990,169	\$ 408,831
<hr/>					
Business-type Activities:					
Promissory note	\$ 10,775,261	\$ -	\$ (633,811)	\$ 10,141,450	\$ 652,355
Compensated absences	210,072	247,049	(196,771)	260,350	24,548
Total Business-type Activities	\$ 10,985,333	\$ 247,049	\$ (830,582)	\$ 10,401,800	\$ 676,903
Totals	\$ 16,117,742	\$ 794,721	\$ (1,520,494)	\$ 15,391,969	\$ 1,085,734

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 5. LONG-TERM DEBT (Continued)

Governmental Activities

The governmental activities long-term debt consisted of the following at September 30, 2020:

\$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 1st and August 1st. 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.

Annual debt service requirements on the Note are as follows:

Year Ending September 30,	Principal	Interest	Total
2021	\$ 312,841	\$ 116,494	\$ 429,335
2022	320,362	107,352	427,714
2023	328,065	97,991	426,056
2024	335,953	88,405	424,358
2025	344,030	78,588	422,618
2026-2030	1,848,269	237,220	2,085,489
2031-2032	598,671	17,459	616,130
Total	\$ 4,088,191	\$ 743,509	\$ 4,831,700

General obligation debt is generally liquidated by the Debt Service Fund. Compensated absences, pension liabilities 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, 2020:

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 5. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

\$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 1st and November 1st 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.

Annual debt service requirements on the Note are as follows:

Year Ending September 30,	Principal	Interest	Total
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	732,120	210,117	942,237
2026-2030	3,994,724	716,461	4,711,185
2031-2033	2,688,412	138,303	2,826,715
Total	\$10,141,450	\$ 2,107,635	\$12,249,085

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, 2020 the Village was in compliance with the debt covenants.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 5. LONG-TERM DEBT (Continued)

Business-Type Activities (Continued)

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 \$12,249,085 at September 30, 2020. Utility net revenues available for debt service (as defined by the Series 2013 Note debt resolution) were \$9,148,219.

Interest Expense and Arbitrage

Total interest costs incurred and paid on all Village debt for the year ended September 30, 2020 were \$124,680 and \$125,420, respectively, for governmental activities and \$293,645 and \$308,426, respectively, for business-type activities. 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 were 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 were amortized over 31 years (the remaining contract term).

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 6. OBLIGATION UNDER UTILITY AGREEMENTS AND INTANGIBLE RIGHTS (Continued)

In February 1994, the City issued \$15,680,000 Sewer System Refunding Revenue Bonds, Series 1994, part of which was used to refund both the Series E and Series R 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 were 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, 2020, the intangible rights had a net book value of \$205,421 and were recorded with capital assets.

NOTE 7. INTERFUND TRANSACTIONS

Interfund transfers for the year ended September 30, 2020 were as follows:

	Transfers In	Transfers Out
Governmental Activities		
General Fund	\$ 2,490,099	\$ -
Business-type Activities		
Water and Sewer Utility Fund	-	2,490,099
Total	\$ 2,490,099	\$ 2,490,099

Transfers consist of payments in lieu of taxes of \$2,490,099 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, 2020, 2019, and 2018.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 9. EMPLOYEE RETIREMENT PLANS

The Village administers two single-employer, defined benefit pension plans, the Village of Palm Springs General Employees Pension Plan and the Village of Palm Springs Police Officers 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 (asset), deferred outflows and inflows of resources and pension expense related to these retirement plans at September 30, 2020 are summarized as follows:

	General Employees	Police Officers	FRS	HIS	Total
Net pension asset	\$ (747,394)	\$ (1,115,736)	\$ -	\$ -	\$ (1,863,130)
Net pension liability	-	-	10,354,989	2,647,593	13,002,582
Deferred outflows/inflows of resources related to pensions					
Deferred outflows of resources	43,524	77,504	3,522,030	763,041	4,406,099
Deferred inflows of resources	1,121,037	871,276	249,680	155,989	2,397,982
Pension expense	(503,520)	(79,370)	2,328,818	335,150	2,081,078

Village Pension Plans

The Village sponsored two separate single-employer defined benefit plans for 2020: the Village of Palm Springs General Employees Pension Plan, covering substantially all other full-time Village employees hired prior to July 1, 2010; and, the Village of Palm Springs Police Officers Pension Plan covering all Village police officers 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 included in 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 Manager 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.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

Village Pension Plans (Continued)

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, 2020 (the latest actuarial valuation date):

	General Employees	Police Officers		
Accounting Policies and Plan Assets:				
Authority	Village Ordinance	Village Ordinance/State Statute		
Basis of Accounting	Accrual	Accrual		
Asset Valuation				
Reporting	Fair Value	Fair Value		
Actuarial Valuation	5-year smoothed market	4-year smoothed market		
Plan Reserves	None	None		
Long-Term Receivables	None	None		
Membership and Plan Provisions:				
Members:				
Active Participants	31	15		
Retirees and Beneficiaries	53	27		
Terminated Vested	42	10		
Normal Retirement Benefits:				
Retirement Age	62	Option 1	Option 2	Option 3
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
Actuarial Contributions (as a percentage of covered payroll):				
Village	50.6%	42.8%		
State	N/A	8.3%		
Participants	3.0%	5.9%		
Required contributions	\$ 887,452	\$ 758,756		
Contributions made	\$ 933,633	\$ 945,003		

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, 2020

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, 2020. The asset allocation policy adopted by each pension plans' Board at September 30, 2020 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
Total	100%	100%

Concentrations: At September 30, 2020, four mutual fund investments of the General Employees Pension Fund represented 25.2%, 9.6%, 7.5% and 6.1% of that Plan's net position and four mutual fund investments of the Police Officers Pension Fund represented approximately 27.6%, 15.7%, 14.9% and 9.5% of that Plan's net position.

Rate of Return: For the year ended September 30, 2020, the annual money-weighted rate of return on each pension plans' investments, net of investment expenses, was 5.86% and 10.05% 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, 2020 was \$700,567. The General Employees Pension Plan has no DROP.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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, 2020, were as follows:

	General Employees	Police Officers
Total pension liability	\$ 28,334,906	\$ 34,101,285
Plan fiduciary net position	(29,082,300)	(35,217,021)
Net pension liability (asset)	\$ (747,394)	\$ (1,115,736)
Plan fiduciary net position as a percentage of the total pension liability	102.6%	103.3%

Actuarial Assumptions: The total pension liabilities for the General Employees and Police Officers Pension Plans were determined by actuarial valuations as of October 1, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

	General Employees	Police Officers
Actuarial Valuation:		
Frequency	Annual	Annual
Latest Valuation	10/1/2020	10/1/2020
Measurement date	9/30/2020	9/30/2020
Basis for Contribution	10/1/2018	10/1/2018
Cost Method	Entry age normal	Entry age normal
Assumptions:		
Investment Earnings		
(with inflation, net of expenses)	6.25% / year	6.75% / 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	PUB-2010 base table with Scale MP-2018	PUB-2010 base table with Scale MP-2018
Amortization:		
Method	Level dollar	Level percent of payroll
Period	5 years	15 years for gains (losses) 15 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

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

Village Pension Plans (Continued)

Net Pension Liability (Continued)

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 included in the pension plans' target allocation as of September 30, 2020 (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% (6.25% in 2019) and the Police Officers Pension Plan was 6.75% (7.25% in 2019). 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 (Asset)

The changes in the net pension liability (asset) of the Village's General Employees Pension Plan were as follows for the year ended September 30, 2020:

General Employees Pension Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at October 1, 2019	\$ 28,902,543	\$ 27,075,734	\$ 1,826,809
Changes for the Current Year			
Service cost	357,165	-	357,165
Interest	1,794,730	-	1,794,730
Difference between expected and actual experience	(877,264)	-	(877,264)
Change of assumptions	(745,073)	-	(745,073)

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

Village Pension Plans (Continued)

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

General Employees Pension Plan (Continued)	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Contributions – Village	\$ -	\$ 933,633	\$ (933,633)
Contributions – employee	-	55,317	(55,317)
Net investment income	-	2,189,116	(2,189,116)
Benefit payments, including refunds of employee contributions	(1,097,195)	(1,097,195)	-
Administrative expenses	-	(74,305)	74,305
Net Changes	(567,637)	2,006,566	(2,574,203)
Balances at September 30, 2020	\$ 28,334,906	\$ 29,082,300	\$ (747,394)

The changes in the net pension liability (asset) of the Village's Police Officers Pension Plan were as follows for the year ended September 30, 2020:

Police Officers Pension Plan	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balances at October 1, 2019	\$ 32,321,724	\$ 31,978,903	\$ 342,821
Changes for the Current Year			
Service cost	332,692	-	332,692
Interest	2,313,118	-	2,313,118
Difference between expected and actual experience	852,542	-	852,542
Change of assumptions	(709,083)	-	(709,083)
Contributions – Village	-	791,883	(791,883)
Contributions – State of Florida	-	153,120	(153,120)
Contributions – employee	-	109,215	(109,215)
Net investment income	-	3,269,990	(3,269,990)
Benefit payments, including refunds of employee contributions	(1,009,708)	(1,009,708)	-
Administrative expenses	-	(76,382)	76,382
Net Changes	1,779,561	3,238,118	(1,458,557)
Balances at September 30, 2020	\$ 34,101,285	\$ 35,217,021	\$ (1,115,736)

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

Village Pension Plans (Continued)

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate: The following table presents the net pension liability (asset) of the General Employees Pension Plan and the Police Officers Pension Plan at September 30, 2020, calculated using the current discount rates of 6.25% and 6.75%, respectively, as well as what the net pension liability (asset) 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	\$ 3,179,928	\$ (747,394)	\$ (3,981,011)
Police Officers Pension Plan	\$ 3,351,051	\$ (1,115,736)	\$ (4,774,258)

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

General Employees Pension Plan: For the year ended September 30, 2020, the Village recognized pension expense of \$(503,520). At September 30, 2020, the Village reported deferred inflows/outflows of resources related to General Employees pensions from the following sources:

	Deferred Outflows	Deferred Inflows
General Employees Pension Plan		
Differences between expected and actual experience	\$ -	\$ 442,304
Net difference between projected and actual investment earnings on pension plan investments	-	325,804
Change of assumptions	43,524	352,929
Balances at September 30, 2020	\$ 43,524	\$ 1,121,037

Police Officers Pension Plan: For the year ended September 30, 2020, the Village recognized pension expense of \$(79,370). At September 30, 2020, the Village reported deferred inflows/outflows of resources related to Police Officers pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Police Officers Pension Plan		
Differences between expected and actual experience	\$ 77,504	\$ -
Net difference between projected and actual investment earnings on pension plan investments	-	64,462
Change of assumptions	-	806,814
Balances at September 30, 2020	\$ 77,504	\$ 871,276

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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
2021	\$ (1,021,789)	\$ (393,782)
2022	(42,517)	(165,391)
2023	85,269	(45,839)
2024	(98,476)	(188,760)

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, 2020, are as follows:

Statements of Fiduciary Net Position		
	General Employees	Police Officers
Assets		
Cash and cash equivalents	\$ 1,273,633	\$ 556,596
Receivables:		
Interest and dividends receivable	29,043	30,162
Investments:		
U.S. Treasury securities	673,401	431,752
U.S. Government agencies	3,014,768	2,950,071
Mortgage and asset-backed securities	206,698	325,423
Domestic corporate bonds	2,844,511	2,852,394
International fixed income mutual fund	1,009,728	1,292,999
Domestic equity securities and mutual fund	14,175,799	20,485,364
Foreign equity securities and mutual fund	3,291,255	3,352,495
Real estate investment account	2,588,973	2,960,988
Total assets	29,107,809	35,238,244
Liabilities		
Accounts payable	25,509	21,223
Total liabilities	25,509	21,223
Net position restricted for pension benefits	\$ 29,082,300	\$ 35,217,021

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 9. EMPLOYEE RETIREMENT PLANS (Continued)

Village Pension Plans (Continued)

Financial Statements (Continued)

Statements of Changes in Fiduciary Net Position		
	General Employees	Police Officers
Additions		
Contributions:		
Employer	\$ 933,633	\$ 791,883
Plan members	55,317	109,215
State contributions	-	153,120
Total contributions	988,950	1,054,218
Investment income:		
Interest	146,268	151,975
Dividends	476,310	1,226,499
Net increase in fair value of investments	1,614,234	1,920,823
Investment expenses	(47,696)	(29,307)
Net investment income	2,189,116	3,269,990
Total additions	3,178,066	4,324,208
Deductions		
Administration	74,305	76,382
Benefits	1,097,195	1,009,708
Total deductions	1,171,500	1,086,090
Net increase in plan net position	2,006,566	3,238,118
Net position restricted for pension benefits at October 1, 2019	27,075,734	31,978,903
Net position restricted for pension benefits at September 30, 2020	\$ 29,082,300	\$ 35,217,021

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, 2020

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, 2020 were \$925,385, 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 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, 2020

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, 2020, the Village reported a liability of \$10,354,989 and \$2,647,593 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2020 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, 2020, the Village's FRS proportion was .023891640 percent, which was a decrease of .001180054 percent from its proportion measured as of June 30, 2019. The HIS proportion was .021684100 percent at June 30, 2020, which was an increase of .000651432 percent from its proportion measured as of June 30, 2019.

For the year ended September 30, 2020, the Village recognized pension expense of \$2,663,968 for FRS and HIS. At September 30, 2020, the Village reported deferred outflows and inflows of resources related to FRS pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 396,306	\$ -
Changes in assumptions	1,874,582	-
Net difference between projected and actual investment earnings on pension plan investments	616,546	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	427,520	249,680
Village contributions subsequent to the measurement date	207,076	-
Total	\$ 3,522,030	\$ 249,680

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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, 2020 the Village reported deferred outflows and inflows of resources related to HIS pensions from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 108,303	\$ 2,042
Changes in assumptions	284,692	153,947
Net difference between projected and actual investment earnings on pension plan investments	2,114	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	337,309	-
Village contributions subsequent to the measurement date	30,623	-
Total	\$ 763,041	\$ 155,989

Deferred outflows of resources related to FRS and HIS pensions of \$237,699 resulting from Village contributions subsequent to the measurement date of June 30, 2020 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:

Year Ending September 30,	FRS Amount	HIS Amount
2021	\$ 631,679	\$ 159,530
2022	983,803	118,335
2023	836,228	32,336
2024	499,901	75,086
2025	113,663	102,245
Thereafter	-	88,897

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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, 2020	July 1, 2020
Measurement date	June 30, 2020	June 30, 2020
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	6.8%	2.21%
Inflation	2.4%	2.4%
Salary increases, including inflation	3.25%	3.25%
Long-term expected rate of return, net of investment expenses	6.8%	N/A
Municipal bond rate	N/A	2.21%
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, 2020 actuarial valuation were based on the results of an actuarial experience study for the period July 1, 2013 to June 30, 2018.

Changes in Actuarial Assumptions: The discount rate for FRS changed from 6.9% for 2019 to 6.8% for 2020. The discount rate for HIS changed from 3.50% for 2019 to 2.21% for 2020. The initial amortization period for assumption, method and plan changes was reduced from 30 years to 25 years effective July 1, 2020. The inflation assumption was reduced from 2.6% to 2.4% for 2020.

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 developed for each major asset class. These ranges are combined to produce the long-term expected

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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)

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 annual arithmetic real rates of return for each major asset class are as follows:

Asset Class	Long-Term Expected Real Rate of Return
Cash equivalents	2.2%
Fixed income	3.0
Global equity	8.0
Private equity	10.8
Real estate	6.4
Strategic investments	5.5

Discount Rate: The discount rate used to measure the total pension liability of FRS at June 30, 2020 was 6.8% for FRS and 2.21% 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 2.21% 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, 2020, 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 (5.8%)	Current Discount Rate (6.8%)	1.0% Increase (7.8%)	1.0% Decrease (1.21%)	Current Discount Rate (2.21%)	1.0% Increase (3.21%)
\$ 16,535,177	\$ 10,354,989	\$ 5,193,269	\$ 3,060,500	\$ 2,647,593	\$ 2,309,631

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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 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, 2020.

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 \$608 to a maximum of \$1,830.

Plan Membership

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

Active employees	167
Retirees and beneficiaries receiving benefits	5
Inactive employees	<u>0</u>
Total	<u>172</u>

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

Total OPEB Liability

The Village's total OPEB liability of \$578,459 was measured as of September 30, 2020, and was determined by an actuarial valuation as of October 1, 2019.

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:

Actuarial Valuation:	
Valuation Date	10/1/2019 with 9/30/2020 measurement date
Actuarial Cost Method	Entry age normal, level percent of pay
Assumptions:	
Asset Valuation Method	N/A ⁽¹⁾
Discount Rate	2.14% ⁽²⁾
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-2006 Mortality Table with MP2019 projection
Amortization:	
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, 2020.

(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 AA Municipal Bond 20-year High Grade Rate Index as of September 30, 2020.

Changes in the Total OPEB Liability

The changes in the total OPEB liability were as follows for the year ended September 30, 2020:

Total OPEB Liability at October 1, 2019	\$	474,518
<hr/>		
Changes for the Current Year		
Service cost		24,075
Interest		16,602
Difference between expected and actual experience		(3,180)
Changes in assumptions		88,007
Benefit payments		(21,563)
	Net Changes	103,941
<hr/>		
Balances at September 30, 2020	\$	578,459

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

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 2.14%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.14%) or one percentage point higher (3.14%) than the current rate:

1.0% Decrease (1.14%)	Current Discount Rate (2.14%)	1.0% Increase (3.14%)
\$ 639,574	\$ 578,459	\$ 517,343

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:

1.0% Decrease (7.0%)	Current Discount Rate (8.0%)	1.0% Increase (9.0%)
\$ 500,320	\$ 578,459	\$ 672,267

Changes in Actuarial Assumptions: The discount rate decreased from 3.64% for 2019 to 2.14% for 2020.

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

For the year ended September 30, 2020, the Village recognized OPEB expense of \$25,639. At September 30, 2020, the Village reported deferred inflows/outflows of resources related to OPEB from the following sources:

	Deferred Outflows	Deferred Inflows
Differences between expected and actual experience	\$ 1,807	\$ 2,935
Changes in assumptions	81,237	-
Balances at September 30, 2020	\$ 83,044	\$ 2,935

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

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 10. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

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

Year Ending September 30,	Amount
2021	\$ 6,676
2022	6,676
2023	6,676
2024	6,676
2025	6,676
Thereafter	46,729

NOTE 11. COMMITMENTS AND CONTINGENCIES

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.

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.

Coronavirus Pandemic

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of the coronavirus (COVID-19). The pandemic significantly affected economic conditions in the U.S. as federal, state and local governments reacted to the public health crisis by ordering the temporary closures of schools, public facilities and non-essential businesses and organizations, and imposing travel restrictions. To date, certain revenues of the Village, such as sales taxes, gas taxes and recreation program fees, have been negatively impacted by the decline in economic activity, although the Village has made corresponding budget adjustments. The duration of the business and economic disruptions, and the long-term impact on the Village's revenues and services cannot presently be determined. It is at least reasonably possible that the effects of the pandemic on the Village could be material in future periods.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO FINANCIAL STATEMENTS

September 30, 2020

NOTE 11. COMMITMENTS AND CONTINGENCIES (Continued)

Contract Commitments

Construction contracts consisted of the following at September 30, 2020:

	Total Project Authorization	Expended through September 30, 2020	Contract Retainage Payable at September 30, 2020	Balance to Complete
Governmental Activities				
Task #252 - RPP Fishing Dock	\$ 22,025	\$ 18,043	\$ -	\$ 3,982
Task #255 - Pathway Park Phase I-III	794,739	440,814	16,416	337,509
Task #261 - Storage Bldg - Maintenance	43,737	21,794	-	21,943
Task #269 - Police 2 nd Story Building	34,450	30,900	-	3,550
Task #281 - RPP Playground Improvements	64,476	55,248	-	9,228
Task #283 - Ballfield Renovations	513,195	490,695	-	22,500
Total Governmental Activities	\$ 1,472,622	\$ 1,057,494	\$ 16,416	\$ 398,712
Water and Sewer Fund				
Task #218 - L/S Rehabilitation	\$ 1,150,828	\$ 76,190	\$ 2,028	\$ 1,072,610
Task #226 - SCADA Pratt WTP	93,966	63,485	-	30,481
Task #227 - SCADA Main WTP	93,966	63,485	-	30,481
Task #233 - L/S Rehabilitation	116,954	63,874	-	53,080
Task #234 - Prairie W&WW Line	43,222	31,364	-	11,858
Task #238 - MIEX Regen Pratt WTP	248,899	116,713	-	132,186
Task #240 - Vacuum Station #1	33,935	22,185	-	11,750
Task #242 - Water Well #10	119,135	45,477	-	73,658
Task #247 - Utility Relocation Kudza Task	209,467	30,585	-	178,882
Task #258 - Material Storage Bays	11,690	10,190	-	1,500
Task #260 - Material Storage Covering	38,648	22,598	-	16,050
Task #262 - Well #9 Replacement	114,860	5,260	-	109,600
Task #264 - Well #15 Generator Repair	21,875	12,518	-	9,357
Task #265 - Well #11 Generator Repair	21,200	11,843	-	9,357
Task #266 - Vac St #1 Generator Repair	24,685	13,500	-	11,185
Task #267 - L/S #9 Generator Repair	21,300	11,943	-	9,357
Task #268 - MIEX Regen Sys Upgrade	234,688	107,897	1,199	125,592
Task #271 - Sand Loader Replacement	35,759	17,454	-	18,305
Task #272 - Advanced Metering	212,140	81,345	-	130,795
Task #275 - Disinfect Feed Impr Main WTP	14,785	5,410	-	9,375
Task #276 - Disinfect Feed Impr Pratt WTP	14,785	-	-	14,785
Task #278 - Vac St #1 Vac Pump Replace	17,592	10,433	-	7,159
Task #284 - SCADA Sewer Lift Stations	156,407	45,777	-	110,630
Stormwater Fund				
Task #249 - Lakewood Road SW Imp	23,098	15,187	-	7,911
Task #250 - Carol & Rex Ave SW Imp	69,730	56,630	-	13,100
Total Business-type Activities	\$ 3,143,614	\$ 941,343	\$ 3,227	\$ 2,199,044

**REQUIRED SUPPLEMENTARY
INFORMATION**

VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund

Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Taxes:				
Ad valorem taxes	\$ 4,455,381	\$ 4,455,381	\$ 4,472,085	\$ 16,704
Franchise fees	1,530,000	1,530,000	1,505,749	(24,251)
Utility service taxes	2,766,375	2,766,375	2,790,188	23,813
Business taxes	402,000	402,000	394,669	(7,331)
Total taxes	9,153,756	9,153,756	9,162,691	8,935
Permits:				
Building permits	1,250,000	1,250,000	605,912	(644,088)
Other permits	9,200	9,200	11,102	1,902
Total permits	1,259,200	1,259,200	617,014	(642,186)
Intergovernmental:				
State revenue sharing	956,330	956,330	851,029	(105,301)
Alcoholic beverage licenses	13,000	13,000	8,653	(4,347)
Municipal fuel tax refund	8,800	8,800	10,523	1,723
Local option gas tax	445,010	445,010	393,455	(51,555)
County occupational licenses	50,000	50,000	52,725	2,725
Half-cent sales tax	1,928,110	1,928,110	1,760,412	(167,698)
Local option sales tax	1,709,896	1,709,896	1,619,676	(90,220)
Grant revenue	1,213,197	1,213,197	1,094,174	(119,023)
Other intergovernmental revenue	235,408	235,408	127,517	(107,891)
Total intergovernmental	6,559,751	6,559,751	5,918,164	(641,587)
Charges for services:				
General government	650,995	650,995	724,024	73,029
Public safety	382,160	382,160	185,363	(196,797)
Physical environment	1,132,031	1,132,031	1,147,017	14,986
Transportation	7,200	7,200	11,750	4,550
Culture/recreation	245,685	245,685	74,653	(171,032)
Total charges for services	2,418,071	2,418,071	2,142,807	(275,264)
Fines and forfeitures:				
Judgements and fines	76,000	76,000	73,420	(2,580)
Other	239,500	239,500	96,788	(142,712)
Total fines and forfeitures	315,500	315,500	170,208	(145,292)
Contributions and donations	25,000	25,000	20,602	(4,398)

Continued

VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2020

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Miscellaneous:				
Investment income	\$ 220,000	\$ 220,000	\$ 110,534	\$ (109,466)
Facility rental	274,100	274,100	260,495	(13,605)
Miscellaneous revenue	12,300	12,300	164,059	151,759
Total miscellaneous	506,400	506,400	535,088	28,688
Total revenues	20,237,678	20,237,678	18,566,574	(1,671,104)
Other financing sources				
Transfer in	2,490,099	2,490,099	2,490,099	-
Subsequent year appropriation	2,375,050	2,375,050	-	(2,375,050)
Appropriated from restricted for sales tax	3,244,211	3,244,211	-	(3,244,211)
Total revenues and other financing sources	\$ 28,347,038	\$ 28,347,038	\$ 21,056,673	\$ (7,290,365)
Expenditures				
General government:				
Legislative:				
Personal services	\$ 51,974	\$ 51,974	\$ 51,894	\$ 80
Operating	86,467	96,909	92,510	4,399
Capital outlay	10,000	10,000	9,432	568
Nonoperating	333,505	238,063	6,000	232,063
Total legislative	481,946	396,946	159,836	237,110
Executive:				
Personal services	881,217	881,067	742,887	138,180
Operating	76,463	74,398	70,083	4,315
Capital outlay	3,800	6,015	6,003	12
Total executive	961,480	961,480	818,973	142,507
Financial administration:				
Personal services	629,465	629,465	621,061	8,404
Operating	29,733	29,283	16,038	13,245
Capital outlay	3,800	4,250	4,222	28
Total financial administration	662,998	662,998	641,321	21,677
Legal:				
Operating	220,000	220,000	189,150	30,850
Information technology:				
Personal services	426,723	426,723	358,575	68,148
Operating	240,566	262,541	255,089	7,452
Capital outlay	248,700	226,725	84,547	142,178
Total information technology	915,989	915,989	698,211	217,778
Other general government:				
Personal services	2,500	9,075	8,653	422
Operating	227,950	221,375	180,718	40,657
Total other general government	230,450	230,450	189,371	41,079
Total general government	3,472,863	3,387,863	2,696,862	691,001

Continued

VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2020

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
Public safety:				
Planning, zoning and building:				
Personal services	\$ 886,335	\$ 887,418	\$ 618,556	\$ 268,862
Operating	443,495	442,412	222,979	219,433
Capital outlay	141,700	141,700	5,206	136,494
Nonoperating	100,000	100,000	48,954	51,046
Total planning, zoning and building	1,571,530	1,571,530	895,695	675,835
Law enforcement:				
Personal services	8,863,904	8,863,904	7,529,090	1,334,814
Operating	655,562	643,546	562,320	81,226
Capital outlay	2,337,700	2,342,600	833,212	1,509,388
Nonoperating	3,300	10,416	10,416	-
Total law enforcement	11,860,466	11,860,466	8,935,038	2,925,428
Total public safety	13,431,996	13,431,996	9,830,733	3,601,263
Physical environment:				
Sanitation services:				
Operating	1,093,885	1,178,885	1,173,626	5,259
Total sanitation services	1,093,885	1,178,885	1,173,626	5,259
Total physical environment	1,093,885	1,178,885	1,173,626	5,259
Transportation:				
Personal services	1,426,332	1,426,332	1,358,566	67,766
Operating	929,862	929,862	696,831	233,031
Capital outlay	1,322,100	1,322,100	599,639	722,461
Total transportation	3,678,294	3,678,294	2,655,036	1,023,258
Culture/recreation:				
Library:				
Personal services	678,716	679,219	575,331	103,888
Operating	113,797	115,896	103,327	12,569
Capital outlay	261,630	259,028	130,978	128,050
Total library	1,054,143	1,054,143	809,636	244,507
Parks and recreation:				
Personal services	647,632	647,632	498,269	149,363
Operating	463,950	448,950	256,088	192,862
Capital outlay	4,427,800	4,442,800	1,811,482	2,631,318
Total parks and recreation	5,539,382	5,539,382	2,565,839	2,973,543

Continued

VILLAGE OF PALM SPRINGS, FLORIDA

Budgetary Comparison Schedule

General Fund (Continued)

Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Special events:				
Operating	\$ 76,475	\$ 76,475	\$ 60,474	\$ 16,001
Total special events	76,475	76,475	60,474	16,001
Total culture/recreation	6,670,000	6,670,000	3,435,949	3,234,051
Total expenditures	\$ 28,347,038	\$ 28,347,038	19,792,206	\$ 8,554,832
Net change in fund balance			1,264,467	
Fund balance, beginning of year			16,756,633	
Fund balance, end of year			\$ 18,021,100	

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO BUDGETARY COMPARISON SCHEDULE

SEPTEMBER 30, 2020

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, 2020. 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, 2020.

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 \$58,947 more than the revenues reported on the basis of GAAP due to \$58,947 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, 2020

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

Percentage of lane miles in substandard condition: 0%

Comparison of needed-to-actual maintenance/preservation:

	Needed	Actual	Difference
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
2020	425,000	257,990	167,010
Total	\$ 3,262,677	\$ 2,351,715	\$ 910,962

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 2020, the Village is in year 2 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 (Asset) and Related Ratios - General Employees Pension Fund

Last Seven Fiscal Years

	Measurement Date September 30,	
	2020	2019
Total Pension Liability		
Service cost	\$ 357,165	\$ 379,392
Interest	1,794,730	1,776,251
Differences between expected and actual experience	(877,264)	(561,920)
Changes of assumptions	(745,073)	913,998
Benefit payments, including refunds	(1,097,195)	(1,106,461)
Net change in total pension liability	(567,637)	1,401,260
Total pension liability, beginning of fiscal year	28,902,543	27,501,283
Total pension liability, end of fiscal year (a)	\$ 28,334,906	\$ 28,902,543
Plan Fiduciary Net Position		
Contributions		
Employer	\$ 933,633	\$ 831,216
Plan members	55,317	53,804
Net investment income (loss)	2,189,116	808,285
Benefit payments, including refunds	(1,097,195)	(1,106,461)
Administrative expense	(74,305)	(62,854)
Net change in plan fiduciary net position	2,006,566	523,990
Plan fiduciary net position, beginning of fiscal year	27,075,734	26,551,744
Plan fiduciary net position, end of fiscal year (b)	\$ 29,082,300	\$ 27,075,734
Net Pension Liability (Asset), end of fiscal year [(a)-(b)]	\$ (747,394)	\$ 1,826,809
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	102.6%	93.7%
Covered Payroll	\$ 1,843,880	\$ 1,793,426
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(40.5)%	101.9%

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.

Measurement Date September 30,

2018	2017	2016	2015	2014
\$ 371,772	\$ 364,562	\$ 339,321	\$ 366,097	\$ 366,898
1,728,787	1,685,440	1,583,402	1,572,611	1,487,114
(205,918)	(325,072)	(429,411)	(930,661)	(498,125)
866,043	777,414	2,358,552	-	1,199,760
(1,004,991)	(950,966)	(877,324)	(811,678)	(708,034)
1,755,693	1,551,378	2,974,540	196,369	1,847,613
25,745,590	24,194,212	21,219,672	21,023,303	19,175,690
\$ 27,501,283	\$ 25,745,590	\$ 24,194,212	\$ 21,219,672	\$ 21,023,303
\$ 862,047	\$ 828,922	\$ 1,088,264	\$ 1,061,229	\$ 1,158,775
59,854	64,047	72,094	80,731	86,400
2,291,631	2,674,644	2,139,230	(110,389)	1,485,554
(1,004,991)	(950,966)	(877,324)	(811,678)	(708,034)
(63,308)	(63,858)	(66,848)	(58,933)	(54,383)
2,145,233	2,552,789	2,355,416	160,960	1,968,312
24,406,511	21,853,722	19,498,306	19,337,346	17,369,034
\$ 26,551,744	\$ 24,406,511	\$ 21,853,722	\$ 19,498,306	\$ 19,337,346
\$ 949,539	\$ 1,339,079	\$ 2,340,490	\$ 1,721,366	\$ 1,685,957
96.5%	94.8%	90.3%	91.9%	92.0%
\$ 1,995,144	\$ 2,134,889	\$ 2,403,161	\$ 2,691,095	\$ 2,880,000
47.6%	62.7%	97.4%	64.0%	58.5%

VILLAGE OF PALM SPRINGS, FLORIDA

Required Supplementary Information

*Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios - Police Officers Pension Fund
Last Seven Fiscal Years*

	Measurement Date September 30,	
	2020	2019
Total Pension Liability		
Service cost	\$ 332,692	\$ 339,484
Interest	2,313,118	2,205,109
Differences between expected and actual experience	852,542	(264,614)
Changes of assumptions	(709,083)	197,669
Benefit payments, including refunds	(1,009,708)	(1,020,976)
Net change in total pension liability	1,779,561	1,456,672
Total pension liability, beginning of fiscal year	32,321,724	30,865,052
Total pension liability, end of fiscal year (a)	\$ 34,101,285	\$ 32,321,724
Plan Fiduciary Net Position		
Contributions		
Employer and State	\$ 945,003	\$ 1,576,472
Plan members	109,215	106,132
Net investment income (loss)	3,269,990	1,498,097
Benefit payments, including refunds	(1,009,708)	(1,020,976)
Administrative expense	(76,382)	(61,655)
Net change in plan fiduciary net position	3,238,118	2,098,070
Plan fiduciary net position, beginning of fiscal year	31,978,903	29,880,834
Plan fiduciary net position, end of fiscal year (b)	\$ 35,217,021	\$ 31,978,904
Net Pension Liability (Asset), end of fiscal year [(a)-(b)]	\$ (1,115,736)	\$ 342,820
Plan Fiduciary Net Position as a Percentage of Total Pension Liability (Asset)	103.3%	98.9%
Covered Payroll	\$ 1,878,665	\$ 1,608,072
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(59.4)%	21.3%

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.

Measurement Date September 30,

2018	2017	2016	2015	2014
\$ 403,228	\$ 427,032	\$ 410,669	\$ 360,751	\$ 375,327
2,143,645	2,068,372	1,944,254	1,850,070	1,763,202
(279,697)	216,592	(181,834)	81,981	391,759
124,812	80,318	76,322	-	-
(965,601)	(938,666)	(888,548)	(878,850)	(1,443,990)
1,426,387	1,853,648	1,360,863	1,413,952	1,086,298
28,024,713	26,171,065	24,810,202	24,810,202	23,723,904
\$ 29,451,100	\$ 28,024,713	\$ 26,171,065	\$ 26,224,154	\$ 24,810,202
\$ 1,552,848	\$ 1,543,986	\$ 1,540,740	\$ 1,499,908	\$ 1,424,890
103,813	116,150	123,992	117,695	122,123
2,590,957	2,948,909	1,951,061	(33,224)	1,966,660
(965,601)	(938,666)	(888,548)	(878,850)	(1,443,990)
(74,187)	(65,525)	(75,264)	(59,585)	(50,689)
3,207,830	3,604,854	2,651,981	645,944	2,018,994
26,027,060	22,422,206	19,770,225	19,770,225	17,751,231
\$ 29,234,890	\$ 26,027,060	\$ 22,422,206	\$ 20,416,169	\$ 19,770,225
\$ 216,210	\$ 1,997,653	\$ 3,748,859	\$ 5,807,985	\$ 5,039,977
99.3%	92.9%	85.7%	77.9%	79.7%
\$ 1,572,925	\$ 1,759,837	\$ 1,878,665	\$ 1,783,252	\$ 1,783,252
13.7%	113.5%	199.5%	325.7%	282.6%

VILLAGE OF PALM SPRINGS, FLORIDA

Required Supplementary Information

Schedule of Village Contributions - Pension Trust Funds

Last Ten Fiscal Years

	Fiscal Year Ended September 30,			
	2020	2019	2018	2017
General Employees Pension Fund				
Actuarially determined contribution	\$ 887,452	\$ 809,354	\$ 801,394	\$ 777,969
Contributions in relation to actuarially determined contribution	933,633	831,216	862,047	828,922
Contribution deficiency (excess)	\$ (46,181)	\$ (21,862)	\$ (60,653)	\$ (50,953)
Covered payroll	\$ 1,843,880	\$ 1,793,426	\$ 1,995,144	\$ 2,134,889
Contributions as a percentage of covered payroll	50.6%	46.3%	43.2%	38.8%
Police Officers Pension Fund				
Actuarially determined contribution	\$ 758,756	\$ 1,029,719	\$ 1,235,835	\$ 1,284,202
Contributions in relation to actuarially determined contribution	945,003	1,576,472	1,552,848	1,543,986
Contribution deficiency (excess)	\$ (186,247)	\$ (546,753)	\$ (317,013)	\$ (259,784)
Covered payroll	\$ 1,878,665	\$ 1,608,072	\$ 1,572,925	\$ 1,759,837
Contributions as a percentage of covered payroll	50.3%	98.0%	98.7%	87.7%

Notes to Schedule:

	General Employees	Police Officers
Actuarial valuation date	10/1/2020	10/1/2020
Actuarial measurement date	9/30/2020	9/30/2020
Actuarial methods and assumptions used to determine contribution rates:		
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	15 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%	6.75%
Cost of living adjustments	3.0%	3.0%
Retirement age	Age 62 with 5 years service	Experience-based rates specific to eligibility
Mortality	PUB-2010 Scale MP-2018	PUB-2010 Scale MP-2018

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 7.25%. In 2020 the discount rate was reduced from 7.25 % to 6.75% and the initial amortization period for assumption, method and plan changes was reduced from 20 years to 15 years.

Fiscal Year Ended September 30,					
2016	2015	2014	2013	2012	2011
\$ 948,927	\$ 963,970	\$ 1,017,458	\$ 978,877	\$ 875,999	\$ 718,424
<u>1,088,264</u>	<u>1,061,229</u>	<u>1,158,775</u>	<u>1,027,980</u>	<u>939,845</u>	<u>763,780</u>
<u>\$ (139,337)</u>	<u>\$ (97,259)</u>	<u>\$ (141,317)</u>	<u>\$ (49,103)</u>	<u>\$ (63,846)</u>	<u>\$ (45,356)</u>
<u>\$ 2,403,161</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>45.3%</u>	<u>39.4%</u>	<u>40.2%</u>	<u>33.3%</u>	<u>30.6%</u>	<u>24.2%</u>
\$ 1,341,587	\$ 1,455,934	\$ 1,421,664	\$ 1,343,382	\$ 1,194,290	\$ 1,008,995
<u>1,540,740</u>	<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>\$ (199,153)</u>	<u>\$ (43,974)</u>	<u>\$ (3,226)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>\$ 1,878,665</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>82.0%</u>	<u>84.1%</u>	<u>76.3%</u>	<u>80.6%</u>	<u>64.5%</u>	<u>58.2%</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 Seven Fiscal Years

	Measurement Date June 30,	
	2020	2019
Village's proportion of the net pension liability	0.023891640%	0.025071694%
Village's proportionate share of the net pension liability	\$ 10,354,989	\$ 8,634,342
Village covered payroll	\$ 7,506,842	\$ 7,035,255
Village's proportionate share of the net pension liability as a percentage of Village covered payroll	137.94%	122.73%
Plan fiduciary net position as a percentage of the total pension liability	78.8%	82.6%

Notes to Schedule:

Actuarial valuation date	7/1/2020
Actuarial measurement date	6/30/2020
Actuarial methods and assumptions used to determine contribution rates:	
Discount rate - 2020	6.80%
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	2.40%
Salary increases (with inflation), per year	3.25%
Investment rate of return (net of expenses, with inflation), per year	6.80%
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 Scale MP-2018

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

Measurement Date June 30,				
2018	2017	2016	2015	2014
<u>0.023454989%</u>	<u>0.023345965%</u>	<u>0.022078733%</u>	<u>0.018711284%</u>	<u>0.016576782%</u>
<u>\$ 7,064,764</u>	<u>\$ 6,905,580</u>	<u>\$ 5,574,897</u>	<u>\$ 2,416,813</u>	<u>\$ 1,011,427</u>
<u>\$ 6,322,362</u>	<u>\$ 6,039,789</u>	<u>\$ 5,488,748</u>	<u>\$ 4,800,805</u>	<u>\$ 4,411,337</u>
<u>111.74%</u>	<u>114.33%</u>	<u>101.57%</u>	<u>50.34%</u>	<u>22.93%</u>
<u>84.3%</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 Seven Fiscal Years

	Measurement Date June 30,	
	2020	2019
Village's proportion of the net pension liability	0.021684100%	0.021032668%
Village's proportionate share of the net pension liability	\$ 2,647,593	\$ 2,353,345
Village covered payroll	\$ 7,506,842	\$ 7,035,255
Village's proportionate share of the net pension liability as a percentage of Village covered payroll	35.27%	33.45%
Plan fiduciary net position as a percentage of the total pension liability	3.0%	2.6%

Notes to Schedule:

Actuarial valuation date	7/1/2020
Actuarial measurement date	6/30/2020
Actuarial methods and assumptions used to determine contribution rates:	
Discount rate - 2020.	2.21%
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	2.40%
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 Scale MP-2018

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

Measurement Date June 30,				
2018	2017	2016	2015	2014
<u>0.019383990%</u>	<u>0.019023794%</u>	<u>0.017833547%</u>	<u>0.015937384%</u>	<u>0.014456936%</u>
<u>\$ 2,051,623</u>	<u>\$ 2,034,112</u>	<u>\$ 2,078,426</u>	<u>\$ 1,625,362</u>	<u>\$ 1,351,759</u>
<u>\$ 6,322,362</u>	<u>\$ 6,039,789</u>	<u>\$ 5,488,748</u>	<u>\$ 6,039,789</u>	<u>\$ 4,411,337</u>
<u>32.45%</u>	<u>33.68%</u>	<u>37.87%</u>	<u>26.91%</u>	<u>30.64%</u>
<u>2.1%</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 Seven Fiscal Years

	Fiscal Year Ended September 30,	
	2020	2019
Florida Retirement System (FRS) Pension Plan		
Contractually required Village contribution	\$ 800,120	\$ 799,161
Contributions in relation to the contractually required Village contribution	<u>800,120</u>	<u>799,161</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Village covered payroll	<u>\$ 7,525,485</u>	<u>\$ 7,248,956</u>
Contributions as a percentage of Village covered payroll	<u>10.6%</u>	<u>11.0%</u>
Florida Retiree Health Insurance Subsidy (HIS) Trust Fund		
Contractually required Village contribution	\$ 125,265	\$ 120,348
Contributions in relation to the contractually required Village contribution	<u>125,265</u>	<u>120,348</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Village covered payroll	<u>\$ 7,525,485</u>	<u>\$ 7,248,956</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.

Fiscal Year Ended September 30,				
2018	2017	2016	2015	2014
\$ 682,850	\$ 617,847	\$ 568,454	\$ 474,857	\$ 363,102
<u>682,850</u>	<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>\$ -</u>
<u>\$ 6,401,551</u>	<u>\$ 6,250,249</u>	<u>\$ 5,586,304</u>	<u>\$ 4,952,601</u>	<u>\$ 4,412,822</u>
<u>10.7%</u>	<u>9.9%</u>	<u>10.2%</u>	<u>9.6%</u>	<u>8.2%</u>
\$ 106,426	\$ 101,046	\$ 95,521	\$ 60,923	\$ 49,525
<u>106,426</u>	<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>\$ -</u>
<u>\$ 6,401,551</u>	<u>\$ 6,250,249</u>	<u>\$ 5,586,304</u>	<u>\$ 4,952,601</u>	<u>\$ 4,412,822</u>
<u>1.7%</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 Seven 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
2020	5.86 %	10.05 %	3.35%	0.00%
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 Three Fiscal Years*

	Measurement Date		
	September 30,		
	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 24,075	\$ 25,178	\$ 23,702
Interest	16,602	16,054	15,113
Differences between expected and actual experience	(3,180)	-	2,109
Changes of assumptions	88,007	-	-
Benefit payments	(21,563)	(15,519)	(14,609)
Net change in total OPEB liability	103,941	25,713	26,315
Total OPEB liability, beginning of fiscal year	474,518	448,805	422,490
Total OPEB liability, end of fiscal year	\$ 578,459	\$ 474,518	448,805
Village Covered Employee Payroll	\$ 10,382,123	\$ 9,984,483	\$ 9,399,015
Net OPEB Liability as a Percentage of Village Covered Employee Payroll	5.6%	4.8%	4.8%

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 liability, 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.

Actuarial Assumption Changes

Discount rate - 2020	2.14%
Discount rate - 2019 and 2018	3.64%

**COMBINING FUND
FINANCIAL STATEMENTS AND
DEBT SCHEDULES**

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, 2020

	Special Revenue Fund		Total Nonmajor Governmental Funds
	Law Enforcement Fund	Debt Service Fund	
Assets			
Cash and cash equivalents	\$ 54,669	\$ 249,462	\$ 304,131
Total assets	\$ 54,669	\$ 249,462	\$ 304,131
Fund balances			
Restricted for:			
Law enforcement	\$ 54,669	\$ -	\$ 54,669
Debt service	-	249,462	249,462
Total fund balances	\$ 54,669	\$ 249,462	\$ 304,131

VILLAGE OF PALM SPRINGS, FLORIDA

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended September 30, 2020

	Special Revenue Fund		Debt Service Fund	Total Nonmajor Governmental Funds
	Law Enforcement Fund			
Revenues				
Taxes	\$ -	\$ 433,129	\$ 433,129	\$ 433,129
Total revenues	-	433,129	433,129	433,129
Expenditures				
Debt service:				
Principal	-	305,496	305,496	305,496
Interest and other fiscal charges	-	125,420	125,420	125,420
Total expenditures	-	430,916	430,916	430,916
Excess of revenues over expenditures	-	2,213	2,213	2,213
Net change in fund balances	-	2,213	2,213	2,213
Fund balances, beginning of year	54,669	247,249	301,918	301,918
Fund balances, end of year	\$ 54,669	\$ 249,462	\$ 304,131	\$ 304,131

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, 2020

	General Employees Pension Fund	Police Officers Pension Fund	Total Pension Funds
Assets			
Cash and cash equivalents	\$ 1,273,633	\$ 556,596	\$ 1,830,229
Receivables:			
Interest and dividends	29,043	30,162	59,205
Investments:			
U.S. Treasury securities	673,401	431,752	1,105,153
U.S. Government agencies	3,014,768	2,950,071	5,964,839
Mortgage and asset-backed securities	206,698	325,423	532,121
Domestic corporate bonds	2,844,511	2,852,394	5,696,905
International fixed income mutual fund	1,009,728	1,292,999	2,302,727
Domestic equity securities and mutual fund	14,175,799	20,485,364	34,661,163
Foreign equity securities and mutual fund	3,291,255	3,352,495	6,643,750
Real estate investment account	2,588,973	2,960,988	5,549,961
Total investments	27,805,133	34,651,486	62,456,619
Total assets	\$ 29,107,809	\$ 35,238,244	\$ 64,346,053
Liabilities			
Accounts payable	\$ 25,509	\$ 21,223	\$ 46,732
Total liabilities	\$ 25,509	\$ 21,223	\$ 46,732
Net position			
Net position restricted for pension benefits	\$ 29,082,300	\$ 35,217,021	\$ 64,299,321
Total net position	\$ 29,082,300	\$ 35,217,021	\$ 64,299,321

VILLAGE OF PALM SPRINGS, FLORIDA

Combining Statement of Changes in Fiduciary Net Position

Fiduciary Funds

Year Ended September 30, 2020

	General Employees Pension Fund	Police Officers Pension Fund	Total Pension Funds
Additions			
Contributions:			
Employer	\$ 933,633	\$ 791,883	\$ 1,725,516
Plan members	55,317	109,215	164,532
State of Florida	-	153,120	153,120
Total contributions	988,950	1,054,218	2,043,168
Investment income:			
Interest	146,268	151,975	298,243
Dividends	476,310	1,226,499	1,702,809
Net increase in fair value of investments	1,614,234	1,920,823	3,535,057
Investment expenses	(47,696)	(29,307)	(77,003)
Net investment income	2,189,116	3,269,990	5,459,106
Total additions	3,178,066	4,324,208	7,502,274
Deductions			
Administration	74,305	76,382	150,687
Benefits	1,097,195	1,009,708	2,106,903
Total deductions	1,171,500	1,086,090	2,257,590
Net increase in plan net position	2,006,566	3,238,118	5,244,684
Net position restricted for pension benefits, beginning of year	27,075,734	31,978,903	59,054,637
Net position restricted for pension benefits, end of year	\$ 29,082,300	\$ 35,217,021	\$ 64,299,321

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, 2020

Fiscal Year Ending September 30,	Governmental Activities		Total
	General Obligation Note Payable	Business-type Activities Note Payable	
2021	\$ 429,335	\$ 942,237	\$ 1,371,572
2022	427,714	942,237	1,369,951
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
Total	\$ 4,831,700	\$ 12,249,085	\$ 17,080,785

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		
2021	\$ 155,491	\$ 157,350	\$ 59,376	\$ 57,118	\$ 429,335	2.905%
2022	159,230	161,132	54,832	52,520	427,714	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%
Total	\$ 2,133,520	\$ 1,954,671	\$ 387,249	\$ 356,260	\$ 4,831,700	

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		
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%
Total	\$ 5,034,166	\$ 5,107,284	\$ 1,090,375	\$ 1,017,260	\$ 12,249,085	

STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
Financial Trends	100
<i>These schedules contain trend information to help the reader understand how the Village of Palm Springs’ financial performance and well-being have changed over time.</i>	
Revenue Capacity	113
<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

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 7,886,263	\$ 7,814,268	\$ 8,421,324	\$ 8,549,304
Restricted	74,591	36,542	173,140	199,423
Unrestricted (deficit)	5,925,371	6,149,891	5,700,543	5,896,704
Total governmental activities net position	\$ 13,886,225	\$ 14,000,701	\$ 14,295,007	\$ 14,645,431
Business-type activities				
Net investment in capital assets	\$ 34,478,958	\$ 36,404,485	\$ 34,510,573	\$ 33,752,308
Restricted	1,185,083	1,068,872	-	-
Unrestricted	2,719,288	3,402,239	8,326,003	12,361,298
Total business-type activities net position	\$ 38,383,329	\$ 40,875,595	\$ 42,836,576	\$ 46,113,606
Primary government				
Net investment in capital assets	\$ 42,365,221	\$ 44,218,752	\$ 42,931,897	\$ 42,301,612
Restricted	1,259,674	1,105,414	173,140	199,423
Unrestricted	8,644,659	9,552,129	14,026,546	18,258,002
Total primary government net position	\$ 52,269,554	\$ 54,876,296	\$ 57,131,583	\$ 60,759,037

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					
2015	2016	2017	2018	2019	2020
\$ 8,975,454	\$ 9,045,692	\$ 9,696,530	\$ 10,168,421	\$ 12,007,314	\$ 14,490,482
220,651	265,623	1,413,016	2,694,732	3,790,452	4,476,498
(1,336,279)	128,127	724,425	3,340,999	4,593,586	5,442,274
\$ 7,859,826	\$ 9,439,442	\$ 11,833,971	\$ 16,204,152	\$ 20,391,352	\$ 24,409,254
\$ 36,619,254	\$ 35,225,407	\$ 34,619,498	\$ 35,346,033	\$ 36,936,597	\$ 37,408,106
-	-	-	-	-	-
11,936,786	18,310,727	23,050,351	26,410,896	29,391,851	32,816,459
\$ 48,556,040	\$ 53,536,134	\$ 57,669,849	\$ 61,756,929	\$ 66,328,448	\$ 70,224,565
\$ 45,594,708	\$ 44,271,099	\$ 44,316,028	\$ 45,514,454	\$ 48,943,911	\$ 51,898,588
220,651	265,623	1,413,016	2,694,732	3,790,452	4,476,498
10,600,507	18,438,854	23,774,776	29,751,895	33,985,437	38,258,733
\$ 56,415,866	\$ 62,975,576	\$ 69,503,820	\$ 77,961,081	\$ 86,719,800	\$ 94,633,819

VILLAGE OF PALM SPRINGS, FLORIDA

Changes in Net Position

Last Ten Fiscal Years

Accrual Basis of Accounting

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities:				
General government	\$ 1,667,207	\$ 1,732,639	\$ 1,973,168	\$ 1,934,046
Public safety	6,433,149	7,271,962	7,574,060	7,743,529
Physical environment	856,370	891,160	951,966	942,471
Transportation	1,026,758	927,757	1,103,302	1,258,994
Culture/recreation	1,684,424	1,864,707	1,845,343	1,940,040
Interest on long-term debt	350,260	369,275	149,486	143,255
Total governmental activities expenses	12,018,168	13,057,501	13,597,325	13,962,335
Business-type activities:				
Water and Sewer Utility	10,996,082	11,470,128	12,370,744	12,031,302
Stormwater Utility	-	-	-	-
Total business-type activities expenses	10,996,082	11,470,128	12,370,744	12,031,302
Total primary government expenses	\$ 23,014,250	\$ 24,527,629	\$ 25,968,069	\$ 25,993,637
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 300,037	\$ 399,433	\$ 493,069	\$ 609,849
Public safety	1,458,760	1,239,586	1,110,553	908,282
Physical environment	882,409	883,230	924,432	971,312
Culture/recreation	408,706	393,644	332,020	369,651
Operating grants and contributions:				
General government	2,800	7,200	4,669	931
Public safety	308,271	309,576	167,967	60,303
Physical environment	54,982	34,627	22,304	20,530
Transportation	54,020	68,854	69,743	71,833
Culture/recreation	14,034	16,741	19,128	20,840
Capital grants and contributions:				
General government	13,544	27,755	35,237	20,351
Public safety	60,400	93,016	82,870	25,037
Transportation	-	-	-	7,495
Culture/recreation	-	-	250,000	144,796
Total governmental activities program revenues	3,557,963	3,473,665	3,511,992	3,231,210
Business-type activities:				
Charges for services:				
Water/Sewer Utility	13,871,774	14,510,608	15,065,056	15,681,023
Stormwater Utility	-	-	-	-
Operating grants and contributions:				
Stormwater	-	-	-	-
Capital grants and contributions:				
Water and Sewer Utility	871,217	979,989	250,582	1,263,195
Total business-type activities program revenues	14,742,991	15,490,597	15,315,638	16,944,218
Total primary government program revenues	\$ 18,300,954	\$ 18,964,262	\$ 18,827,630	\$ 20,175,428
Net (expense)/revenue				
Governmental activities	\$ (8,460,205)	\$ (9,583,837)	\$ (10,085,333)	\$ (10,731,125)
Business-type activities	3,746,909	4,020,470	2,944,894	4,912,916
Total primary government net expense	\$ (4,713,296)	\$ (5,563,367)	\$ (7,140,439)	\$ (5,818,209)

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 1,926,924	\$ 2,066,477	\$ 2,294,992	\$ 2,211,693	\$ 2,835,997	\$ 2,879,926
7,519,632	8,503,036	8,797,959	8,839,413	9,970,520	9,446,884
936,986	966,071	1,119,815	1,067,111	1,075,033	1,173,626
1,278,825	1,703,726	2,214,506	1,787,841	2,093,367	2,201,178
1,940,121	1,998,486	1,925,521	1,875,636	1,986,225	1,644,442
136,871	130,337	123,644	133,395	133,416	124,680
13,739,359	15,368,133	16,476,437	15,915,089	18,094,558	17,470,736
11,916,368	12,980,353	13,870,807	14,465,968	15,383,962	15,595,379
-	-	109,848	125,644	87,898	12,885
11,916,368	12,980,353	13,980,655	14,591,612	15,471,860	15,608,264
\$ 25,655,727	\$ 28,348,486	\$ 30,457,092	\$ 30,506,701	\$ 33,566,418	\$ 33,079,000
\$ 761,725	\$ 595,521	\$ 640,371	\$ 772,038	\$ 866,346	\$ 938,452
1,410,893	1,297,305	1,335,980	1,492,961	1,997,624	1,055,961
977,800	1,078,923	1,090,501	1,109,491	1,133,848	1,147,017
406,639	353,494	383,402	267,262	285,825	102,789
12,789	6,269	47,206	7,281	368,408	69,606
200,830	97,117	70,454	31,083	35,217	38,517
15,180	12,553	22,208	5,731	2,015	461
73,985	76,203	104,519	107,930	111,168	114,504
28,194	29,510	26,173	22,159	25,188	17,166
100	27,642	292	9,936	6,993	16,578
24,453	38,173	-	34,779	30,446	35,840
-	6,288	148,881	-	97,305	84,103
231,224	-	-	-	247,522	882,802
4,143,812	3,618,998	3,869,987	3,860,651	5,207,905	4,503,796
16,916,445	18,010,253	19,159,149	19,920,293	20,955,084	21,095,572
-	-	366,756	382,799	382,253	519,265
-	-	-	-	-	6,902
928,503	1,479,734	779,774	544,508	732,102	134,188
17,844,948	19,489,987	20,305,679	20,847,600	22,069,439	21,755,927
\$ 21,988,760	\$ 23,108,985	\$ 24,175,666	\$ 24,708,251	\$ 27,277,344	\$ 26,259,723
\$ (9,595,547)	\$ (11,749,135)	\$ (12,606,450)	\$ (12,054,438)	\$ (12,886,653)	\$ (12,966,940)
5,928,580	6,509,634	6,325,024	6,255,988	6,597,579	6,147,663
\$ (3,666,967)	\$ (5,239,501)	\$ (6,281,426)	\$ (5,798,450)	\$ (6,289,074)	\$ (6,819,277)

VILLAGE OF PALM SPRINGS, FLORIDA

Changes in Net Position (Continued)

Last Ten Fiscal Years

Accrual Basis of Accounting

	Fiscal Year			
	2011	2012	2013	2014
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes:				
Property taxes	\$ 2,647,462	\$ 2,560,178	\$ 2,594,762	\$ 2,821,713
Utility service taxes	1,992,185	2,060,461	2,325,477	2,344,161
Franchise fees	983,164	991,051	997,396	1,185,784
Sales and use taxes	1,353,681	1,595,146	1,710,823	1,850,102
Business taxes	246,354	273,306	281,084	304,853
Intergovernmental, unrestricted	452,923	496,719	590,295	669,279
Investment revenues	17,131	25,979	21,968	-
Miscellaneous	67,780	20,045	76,241	29,118
Transfers	1,541,902	1,675,428	1,781,592	1,876,539
Total governmental activities	9,302,582	9,698,313	10,379,638	11,081,549
Business-type activities:				
Investment revenues	73,861	94,951	97,441	75,522
Miscellaneous	29,755	52,273	700,238	165,131
Transfers	(1,541,902)	(1,675,428)	(1,781,592)	(1,876,539)
Total business-type activities	(1,438,286)	(1,528,204)	(983,913)	(1,635,886)
Total primary government	\$ 7,864,296	\$ 8,170,109	\$ 9,395,725	\$ 9,445,663
Changes in Net Position				
Governmental activities	\$ 842,377	\$ 114,476	\$ 294,305	\$ 350,424
Business-type activities	2,308,623	2,492,266	1,960,981	3,277,030
Total primary government	\$ 3,151,000	\$ 2,606,743	\$ 2,255,286	\$ 3,627,454

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 2,998,529	\$ 3,548,352	\$ 3,875,182	\$ 4,326,702	\$ 4,593,448	\$ 4,905,214
2,434,013	2,756,176	2,701,235	2,746,260	2,782,726	2,790,188
1,280,301	1,426,438	1,469,041	1,523,434	1,547,089	1,505,749
1,996,947	2,095,247	3,225,861	3,984,756	4,055,851	3,792,719
309,652	343,981	362,931	395,733	386,375	394,669
783,950	853,427	890,179	918,574	952,709	851,029
5,648	3,933	21,112	107,903	233,021	110,534
133,277	67,163	76,907	135,819	107,496	144,641
1,935,796	2,234,034	2,378,531	2,423,338	2,415,138	2,490,099
11,878,113	13,328,751	15,000,979	16,562,519	17,073,853	16,984,842
129,029	120,205	143,781	214,215	326,288	186,550
259,680	584,289	43,441	71,805	62,790	52,003
(1,935,796)	(2,234,034)	(2,378,531)	(2,423,338)	(2,415,138)	(2,490,099)
(1,547,087)	(1,529,540)	(2,191,309)	(2,137,318)	(2,026,060)	(2,251,546)
\$ 10,331,026	\$ 11,799,211	\$ 12,809,670	\$ 14,425,201	\$ 15,047,793	\$ 14,733,296
\$ 2,282,566	\$ 1,579,616	\$ 2,394,529	\$ 4,508,081	\$ 4,187,200	\$ 4,017,902
4,381,493	4,980,094	4,133,715	4,118,670	4,571,519	3,896,117
\$ 6,664,059	\$ 6,559,710	\$ 6,528,244	\$ 8,626,751	\$ 8,758,719	\$ 7,914,019

VILLAGE OF PALM SPRINGS, FLORIDA

Governmental Activities Tax Revenues by Source

Last Ten Fiscal Years

Accrual Basis of Accounting

Fiscal Year	Property Tax	Utility Service Taxes	Franchise Fees	Sales and Use Taxes⁽¹⁾	Business Taxes	Total
2011	\$ 2,647,462	\$ 1,992,185	\$ 983,164	\$ 1,353,681	\$ 246,354	\$ 7,222,846
2012	2,560,178	2,060,461	991,051	1,595,146	273,306	7,480,142
2013	2,594,762	2,325,477	997,396	1,710,823	281,084	7,909,542
2014	2,821,713	2,344,161	1,185,784	1,850,102	304,853	8,506,613
2015	2,998,529	2,434,013	1,280,301	1,996,947	309,652	9,019,442
2016	3,548,352	2,756,176	1,426,438	2,095,247	343,981	10,170,194
2017	3,875,182	2,701,235	1,469,041	3,225,861	362,931	11,634,250
2018	4,326,702	2,746,260	1,523,434	3,984,756	395,733	12,976,885
2019	4,593,448	2,782,726	1,547,089	4,055,851	386,375	13,365,489
2020	4,905,214	2,790,188	1,505,749	3,792,719	394,669	13,388,539

⁽¹⁾ 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			
	2011	2012	2013	2014
General Fund				
Nonspendable:				
Inventory	\$ 34,717	\$ 28,984	\$ 40,204	\$ 25,056
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	3,000,000	1,769,439	1,500,000	1,500,000
Library	53,935	46,778	45,926	38,407
Subsequent year's budget	193,386	702,241	895,456	-
Unassigned	1,616,440	1,236,824	883,906	3,172,150
Total General Fund	\$ 6,398,478	\$ 6,514,827	\$ 6,096,053	\$ 6,235,613
All other governmental funds				
Restricted for:				
Law enforcement	\$ 30,045	\$ 32,875	\$ 73,102	\$ 67,356
Debt service	44,546	3,668	100,038	132,067
Total all other governmental funds	\$ 74,591	\$ 36,543	\$ 173,140	\$ 199,423

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 20,999	\$ 39,648	\$ 69,969	\$ 84,622	\$ 85,456	\$ 70,539
-	-	-	-	-	-
-	-	1,141,086	2,419,381	3,488,534	4,172,367
1,500,000	1,500,000	1,500,000	3,000,000	3,000,000	3,000,000
1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
38,851	38,240	37,488	36,651	36,651	-
-	1,227,384	1,625,101	1,471,258	2,338,399	1,183,000
4,308,087	4,208,075	4,523,176	5,741,431	6,307,593	8,095,194
<u>\$ 7,367,937</u>	<u>\$ 8,513,347</u>	<u>\$ 10,396,820</u>	<u>\$ 14,253,343</u>	<u>\$ 16,756,633</u>	<u>\$ 18,021,100</u>
\$ 61,393	\$ 73,907	\$ 51,890	\$ 44,309	\$ 54,669	\$ 54,669
159,258	191,716	220,040	231,042	247,249	249,462
<u>\$ 220,651</u>	<u>\$ 265,623</u>	<u>\$ 271,930</u>	<u>\$ 275,351</u>	<u>\$ 301,918</u>	<u>\$ 304,131</u>

VILLAGE OF PALM SPRINGS, FLORIDA

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

Modified Accrual Basis of Accounting

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Taxes	\$ 5,869,165	\$ 5,884,996	\$ 6,198,719	\$ 6,656,511
Permits	714,739	168,288	307,084	370,268
Intergovernmental	2,295,482	2,659,483	2,940,184	2,783,893
Confiscated property	15,917	13,141	54,418	13,006
Charges for services	1,610,698	1,714,744	1,725,760	1,791,823
Fines and forfeitures	502,914	722,558	442,231	344,128
Contributions and donations	15,051	15,163	8,755	10,437
Investment income	17,130	25,979	21,968	-
Facility rental	149,173	248,207	276,347	277,394
Miscellaneous	67,975	43,991	108,281	27,220
Total revenues	11,258,244	11,496,550	12,083,747	12,274,680
Expenditures				
General government	1,488,923	1,548,147	1,778,375	1,790,739
Public safety	6,189,105	7,011,301	7,260,425	7,508,307
Physical environment	822,736	857,942	918,747	920,662
Transportation	993,226	866,362	1,031,956	1,152,511
Culture/recreation	1,512,891	1,678,324	1,682,918	1,756,672
Capital outlay	506,477	404,172	1,066,404	414,008
Debt service				
Principal	170,000	6,706,976	258,690	264,908
Interest and other fiscal charges	353,182	497,915	150,001	143,783
Total expenditures	12,036,540	19,571,139	14,147,516	13,951,590
Excess of revenues over (under) expenditures	(778,296)	(8,074,589)	(2,063,769)	(1,676,910)
Other financing sources (uses)				
Proceeds from the sale of capital assets	-	-	-	-
Transfers in	1,541,902	1,813,637	1,919,801	1,876,539
Transfers out	-	(138,209)	(138,209)	-
Redemption of bonds	-	6,477,462	-	-
Total other financing sources (uses)	1,541,902	8,152,890	1,781,592	1,876,539
Net change in fund balances	\$ 763,606	\$ 78,301	\$ (282,177)	\$ 199,629
Debt service as a percentage of non-capital expenditures	4.54%	37.59%	3.12%	3.02%

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 7,022,495	\$ 7,869,639	\$ 8,499,637	\$ 9,083,377	\$ 9,332,450	\$ 9,595,820
806,590	665,536	690,965	909,219	1,265,557	617,014
3,204,028	3,261,846	4,597,449	5,176,714	5,983,674	5,918,164
16,493	16,785	1,280	2,703	10,357	-
1,878,058	1,914,794	2,021,952	1,940,784	2,400,465	2,142,807
485,486	389,492	370,904	431,063	220,837	170,208
17,917	8,249	14,729	23,378	36,729	20,602
5,648	3,933	21,112	107,903	233,021	110,534
280,365	288,091	291,873	266,395	274,923	260,495
137,825	90,042	73,782	149,544	131,419	105,112
13,854,905	14,508,407	16,583,683	18,091,080	19,889,432	18,940,756
1,828,984	1,832,467	1,974,447	1,875,696	2,370,836	2,592,658
7,774,189	8,344,900	8,679,630	8,935,301	9,725,185	8,992,315
936,986	966,071	1,119,815	1,067,111	1,075,033	1,173,626
1,201,392	1,549,616	2,009,735	1,607,774	1,903,355	2,055,397
1,876,357	1,841,391	1,674,011	1,568,223	1,683,120	1,493,489
644,337	608,924	1,285,469	1,180,940	2,630,253	3,484,721
271,279	277,800	284,480	291,319	298,323	305,496
137,411	130,890	124,211	131,962	134,138	125,420
14,670,935	15,552,059	17,151,798	16,658,326	19,820,243	20,223,122
(816,030)	(1,043,652)	(568,115)	1,432,754	69,189	(1,282,366)
-	-	79,364	3,852	45,530	58,947
1,935,796	2,234,034	2,378,531	2,423,338	2,415,138	2,490,099
-	-	-	-	-	-
-	-	-	-	-	-
1,935,796	2,234,034	2,457,895	2,427,190	2,460,668	2,549,046
\$ 1,119,766	\$ 1,190,382	\$ 1,889,780	\$ 3,859,944	\$ 2,529,857	\$ 1,266,680
2.91%	2.73%	2.58%	2.73%	2.52%	2.57%

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

Fiscal Year	Property Taxes	Utility Service Taxes	Franchise Fees	Sales Taxes ⁽¹⁾	Business Taxes	Total
2011	\$ 2,647,462	\$ 1,992,185	\$ 983,164	\$ 1,011,880	\$ 246,354	\$ 6,881,045
2012	2,560,178	2,060,461	991,051	1,247,855	273,306	7,132,851
2013	2,594,762	2,325,477	997,396	1,361,148	281,084	7,559,867
2014	2,821,713	2,344,161	1,185,784	1,460,937	304,853	8,117,448
2015	2,998,529	2,434,013	1,280,301	1,588,037	309,652	8,610,532
2016	3,548,352	2,590,541	1,386,765	1,666,296	343,981	9,535,935
2017	3,875,182	2,718,868	1,542,656	2,775,694	362,931	11,275,331
2018	4,326,702	2,763,893	1,597,049	3,539,375	395,733	12,622,752
2019	4,593,448	2,787,134	1,565,493	3,593,496	386,375	12,925,946
2020	4,905,214	2,790,188	1,505,749	3,380,088	394,669	12,975,908

⁽¹⁾ 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 ⁽¹⁾	Total Direct Village Tax Rate	Estimated Actual Taxable Value ⁽¹⁾
	Real Property	Personal Property			
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
2020	1,255,996,692	68,819,182	1,324,815,874	3.8381	1,394,543,025

⁽¹⁾ 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

Fiscal Year Ending September 30,	General Fund	Debt Service	Total Village of Palm Springs	School District	Palm Beach County	Palm Beach County Fire Rescue	Special Taxing Districts	Total All
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
2020	3.5000	0.3381	3.8381	7.1640	4.8500	3.4581	1.6800	20.9902

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

	2020			
	Taxable Assessed Valuation	Taxes	Rank	Percentage of Total Taxes Levied
Morguard Emerald Apartments LLC	\$ 33,670,079	\$ 117,845	1	2.32%
Oxygen Holdings LLC	23,278,490	81,475	2	1.60%
555 Kirk LLC	22,540,975	78,893	3	1.55%
Regency Centers LP	18,316,944	64,109	4	1.26%
Florida Power & Light Co	18,305,599	64,070	5	1.26%
Phillips Lake Worth	16,200,000	56,700	6	1.11%
Jerjo, Inc.	15,499,344	54,248	7	1.07%
Portofino Associates, Ltd	13,000,000	45,500	8	0.89%
Woodhaven LLC	12,747,728	44,617	9	0.88%
Four FLA Shopping Center Prop Ltd	12,125,607	42,440	10	0.83%
IRT Property Co	-	-	-	-
CSC Village Club Apts LTD	-	-	-	-
Advenir at Pines LLC	-	-	-	-
Syms Corp.	-	-	-	-
Lakeshore Center LLC	-	-	-	-
Totals	<u>\$ 185,684,766</u>	<u>\$ 649,897</u>		<u>12.77%</u>

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

2011			
Taxable Assessed Valuation	Taxes	Rank	Percentage of Total Taxes Levied
\$ -	\$ -	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
14,500,000	62,815	1	2.32%
5,579,619	24,171	9	0.89%
10,500,000	45,487	4	1.68%
6,973,540	30,210	8	1.11%
8,500,000	36,823	5	1.36%
13,493,798	58,456	2	2.16%
12,531,251	54,287	3	2.00%
8,200,537	35,526	6	1.31%
8,052,222	34,883	7	1.29%
5,529,309	23,954	10	0.88%
<u>\$ 93,860,276</u>	<u>\$ 406,612</u>		<u>15.00%</u>

VILLAGE OF PALM SPRINGS, FLORIDA

Property Tax Levies and Collections

Last Ten Fiscal Years

Fiscal Year Ending September 30,	Net Tax Levy ⁽¹⁾	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Property Tax Collections	Collections as a Percent of Current Levy
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%
2020	5,085,728	4,897,102	96.29%	8,112	4,905,214	96.45%

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

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

VILLAGE OF PALM SPRINGS, FLORIDA

Water and Sewer Revenue Base

Last Ten Fiscal Years

Fiscal Year Ending September 30,	Water		Number of Active Water Customer Accounts	Wastewater		Number of Active Wastewater Customer Accounts
	Gallons Consumed ⁽¹⁾	Base Rate ⁽²⁾		Gallons Treated ⁽¹⁾	Base Rate ⁽³⁾	
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
2020	1,496,422	24.47	13,696	1,120,147	39.85	12,597

⁽¹⁾ Gallons are in thousands.

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

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

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 ⁽¹⁾ Primary Government	Percentage of Personal Income ⁽²⁾	Per Capita
	General Obligation Bonds	General Obligation Note Payable	Water & Sewer Revenue Bonds	Water & Sewer Notes Payable			
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	1.65%	652
2020	-	4,088,191	-	10,141,450	14,229,641	1.48%	607

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

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

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

VILLAGE OF PALM SPRINGS, FLORIDA

Ratios of General Bonded Debt Outstanding

Last Ten Fiscal Years

Fiscal Year	General Obligation Bonded Debt	Less: Amounts Available in Debt Service Fund	Total	Assessed Value of Taxable Property	Percentage of Assessed Value of Taxable Property	Population	Per Capita
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	-
2020	-	-	-	1,324,815,874	0.00%	23,448	-

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, 2020*

	Total Outstanding	Percentage Applicable to Village of Palm Springs⁽¹⁾	Amount Applicable to Village of Palm Springs
Direct:			
Village of Palm Springs	\$ 4,088,191	100.00%	\$ 4,088,191
Overlapping:			
Palm Beach County	44,740,000	0.54%	241,596
Palm Beach County School District	6,498,000	0.54%	35,089
Total overlapping debt	51,238,000		276,685
Total direct and overlapping debt payable from ad valorem taxes			\$ 4,364,876
Estimated population			23,448
Total direct and overlapping debt per capita			\$ 186.15

⁽¹⁾ Estimates based on 2020 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

Fiscal Year Ended September 30,	Gross Revenue*	Operating Expenses**	Revenue Available for Debt Coverage	Current Debt Service	Current Coverage
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
2020	21,443,640	12,295,481	9,148,159	942,237	9.71

* 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

Fiscal Year	Population⁽¹⁾	Per Capita Personal Income⁽²⁾	Estimated Total Personal Income⁽³⁾	Median Age⁽²⁾	Education Level in Years of Formal Schooling	School Enrollment⁽²⁾	Unemployment Rate⁽²⁾
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	39,508	918,561,000	44.7	N/A	176,000	2.9%
2020	23,448	40,888	958,741,824	44.8	N/A	169,250	7.0%

Data Sources:

- ⁽¹⁾ The population for 2011 through 2020 was obtained from the University of Florida, Bureau of Economic Business Administration.
- ⁽²⁾ 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.
- ⁽³⁾ Total personal income information estimated based on per capita personal income for Palm Beach County, Florida.

N/A - Not Available.

VILLAGE OF PALM SPRINGS, FLORIDA

Principal Employers

Current Year and Nine Years Ago

Employer	2020 ⁽¹⁾			2011 ⁽¹⁾		
	Employees	Rank	Percentage of Total Village Employment	Employees	Rank	Percentage of Total Village Employment
Palm Beach County School District	22,049	1	N/A	21,718	1	N/A
Tenet Healthcare Corp.	6,505	2	N/A	5,127	3	N/A
Palm Beach County	5,438	3	N/A	11,381	2	N/A
NextEra Energy (formerly FPL)	4,807	4	N/A	3,658	5	N/A
Florida Atlantic University	2,898	5	N/A	2,776	7	N/A
Hospital Corp of America - HCA	2,806	6	N/A	4,150	4	N/A
Boca Raton Regional Hospital	2,800	7	N/A	-	-	-
Veterans Health Administration	2,700	8	N/A	2,205	9	N/A
The Breakers Hotel	2,300	9	N/A	-	-	-
Bethesda Health, Inc.	2,282	10	N/A	2,300	8	N/A
Wackenhut Corporation	-	-	-	3,000	6	N/A
Office Depot	-	-	-	2,200	10	N/A
Totals	<u>54,585</u>		<u>N/A</u>	<u>58,515</u>		<u>N/A</u>

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

N/A - Not Available.

VILLAGE OF PALM SPRINGS, FLORIDA

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

	<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>	<u>2020</u>
General government	14.5	15	16	15	15	15.5	15.5	11.5	17.5	18
Public safety (a)										
Building official	1	1	1	-	1	1	1	-	-	-
Planning, zoning & building	4.5	5.5	4.5	5	5	6	6	6.5	7	6
Police officers	40	40	40	40	41	42	42	43	38	43
Civilian police	15.5	17	19	18.5	19.5	19	21	19	25	23.5
Transportation	11	12	13	13	13	12	18	16	19	18
Culture/recreation										
Library	10	10	10	10	10	10.5	10	10.5	9	9
Parks & recreation	7.5	13	10	12.5	13.5	6	7	7.5	6.5	6.0
Water & Sewer Utility	<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>	<u>60</u>
Total	162.0	173.5	179.0	177.5	182.0	177.0	180.0	173.5	181.5	183.5

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		
	2011	2012	2013
Public Safety			
Police			
Physical arrests	1,021	1,039	1,017
Parking violations	79	54	32
Traffic violations	9,038	7,201	6,081
Fire (a)			
Sanitation (b)			
Roads and Streets			
Street resurfacing (miles)	2.27	3.2	2.1
Pot holes repaired	765	820	842
Culture/Recreation			
Library			
Circulation	114,881	91,643	80,014
Active cardholders	5,191	4,475	4,162
Reference questions	10,748	47,548	46,452
Programs offered	656	576	712
Program attendance	7,947	7,388	6,161
Total library visitors	109,002	96,817	91,514
Parks and Recreation			
Baseball participants	224	191	170
Soccer participants	224	233	201
Flag football participants	311	278	241
Cheerleading participants	22	28	14
Basketball participants	161	194	188
Youth athletic participants	942	924	814
Adult flag football	156	80	108
Camp program participants	385	365	442
Travel Club members	268	261	224
Special event participants	5,123	5,109	4,536
Facility rentals	836	1,241	1,199
Water/Sewer Utility			
Water accounts	12,374	12,536	12,455
Water customers	19,878	19,952	19,996
Water main breaks	6	11	84
Sewer accounts	10,375	10,716	10,722
Sewer customers	17,459	17,812	17,903
Avg daily water consumption (thousands of gallons)	3,743	3,710	3,747

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.

Fiscal Year						
2014	2015	2016	2017	2018	2019	2020
964	1,084	1,005	815	759	543	434
15	23	19	38	16	15	23
6,533	7,143	10,501	5,928	4,153	4,612	5,000
1.2	3.3	3.93	3.1	2.1	1.3	1.2
800	848	973	52	48	35	27
71,855	59,976	49,159	37,613	31,175	26,519	13,642
4,019	3,549	3,475	3,245	3,262	4,001	6,380
43,490	41,405	40,945	32,736	39,272	36,024	17,942
430	435	335	360	350	242	268
4,333	3,944	876	9,170	9,329	5,174	6,495
92,768	86,648	80,498	78,896	70,553	61,505	31,102
129	122	80	83	68	52	-
188	209	165	161	147	101	210
242	236	234	187	156	156	141
14	-	-	-	-	-	-
258	236	255	220	170	162	-
831	803	734	651	541	471	351
168	-	-	-	-	-	-
452	550	486	394	696	892	272
230	229	196	115	146	119	59
6,000	6,200	7,380	2,610	6,085	6,480	3,750
1,250	1,200	1,150	237	133	157	79
12,568	12,536	12,588	12,604	12,658	12,982	13,037
20,121	20,140	20,152	20,178	19,985	20,251	20,300
82	17	4	10	3	-	3
11,069	11,247	11,590	11,653	11,606	12,043	12,100
18,333	18,567	18,921	19,028	18,770	19,274	19,239
3,800	3,919	3,926	3,960	3,627	3,561	3,397

VILLAGE OF PALM SPRINGS, FLORIDA

Capital Asset Statistics by Function

Last Ten Fiscal Years

Function	Fiscal Year				
	2011	2012	2013	2014	2015
Public Safety					
Police					
Stations	1	1	1	1	1
Patrol units	56	58	58	58	60
Fire (a)					
Sanitation (b)					
Garbage trucks	1	1	1	1	1
Trash trucks	1	1	1	1	1
Roads and Streets					
Street lights	29	81	81	81	81
Lane miles	69.21	66.61	72.7	76.19	76.29
Culture/Recreation					
Library					
Books	54,493	55,155	56,797	57,802	47,619
Parks & Recreation					
Ballfields - lighted	4	4	4	4	4
Basketball courts	2	2	2	2	3
Soccer fields	3	3	3	3	4
Tennis courts	4	4	4	4	4
Pickleball courts	-	-	-	-	-
Futsal courts	-	-	-	-	-
Mini-golf course	1	1	1	1	1
Parks	6	7	8	9	10
Water/Sewer Utility					
Water mains (miles)	126	126	126.58	130	130.11
Sanitary sewers (miles)	95.55	99.05	99.48	103.5	105.6
Storm sewers (miles)	3.96	3.96	4.29	24.5	25.66
Fire hydrants	872	872	872	992	993
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.

Fiscal Year				
2016	2017	2018	2019	2020
1 61	1 61	1 63	1 64	1 65
1 1	1 1	1 1	1 1	1 1
81 78.08	81 77.76	81 77.76	81 77.76	82 77.76
51,928	44,420	53,738	40,878	34,816
4 3 4 4 - - 1 10	4 3 4 4 - - 1 10	4 3 4 4 - - 1 11	4 3 4 4 - - 1 11	4 3 4 2 1 1 1 12
130.11 105.6 25.66 993	135.3 114.8 14.6 984	135.3 114.8 14.6 984	135.3 105.27 14.74 984	135.57 105.82 14.8 993
10,000	10,000	10,000	10,000	10,000

VILLAGE OF PALM SPRINGS, FLORIDA

Schedule of Insurance in Force

September 30, 2020

Company	Policy Number	Type of Coverage	Property Covered	Amount of Coverage
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	Chief Financial 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

COMPLIANCE SECTION



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

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

We have audited, 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, 2020, 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 April 26, 2021.

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, as a basis for designing 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 financial statements. 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.

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

West Palm Beach, Florida
April 26, 2021

VILLAGE OF PALM SPRINGS, FLORIDA

Schedule of Expenditures of Federal Awards

Year Ended September 30, 2020

Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant Number/ Pass-through Entity Identifying Number	2020 Program Expenditures
FEDERAL AWARDS			
U.S. Department of Housing and Urban Development			
Pass-through Awards from Palm Beach County, Florida			
Community Development Block Grants/Entitlement Grants	14.218	R-2018-1569	\$ 397,100
Community Development Block Grants/Entitlement Grants	14.218	R-2019-1762	300,488
Total U.S. Department of Housing and Urban Development			<u>697,588</u>
U.S. Department of Justice			
Direct Award			
Bulletproof Vest Partnership Program	16.607	2019-LEBG-PALM-12L4-113	953
Pass-through Award from the State of Florida			
Florida Department of Law Enforcement			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2018-MU-BX-0292	8,882
Total U.S. Department of Justice			<u>9,835</u>
Department of Homeland Security - Federal Emergency Management Agency (FEMA)			
Pass-through Award from the State of Florida			
Florida Division of Emergency Management (FDEM)			
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Hurricane Irma	97.036	Z0716/FEMA-DR-4337-FL	124,203
Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Hurricane Dorian	97.036	Z1575/FEMA-DR-4468-FL	36,828
Hazard Mitigation Grant Program	97.039	FEMA-DR-4283-28-R	6,902
Total Department of Homeland Security			<u>167,933</u>
Total Federal Awards			<u><u>\$ 875,356</u></u>

See notes to schedule of expenditures of federal awards.

VILLAGE OF PALM SPRINGS, FLORIDA

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

September 30, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the Federal grant activity of the Village of Palm Springs Florida (the “Village”), under programs of the Federal government for the year ended September 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position or changes in net position, or cash flows of the Village. Expenditures of State financial assistance for the year ended September 30, 2020 did not exceed the \$750,000 threshold for a State Single Audit.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Expenditures relating to U.S. Department of Homeland Security, Federal Emergency Management Agency (“FEMA”), CFDA 97.036 Disaster Grants – Public Assistance (Hurricane Irma and Hurricane Dorian) are reported when 1) FEMA has approved the project worksheet, and 2) eligible expenditures have been incurred in accordance with FEMA regulations (See Note 4).
- b. Pass-through entity identifying numbers were not available for pass-through awards listed in the Schedule for the year ended September 30, 2020.
- c. The Village made no payments to subrecipients from Federal awards for the year ended September 30, 2020.

NOTE 3. INDIRECT COST RATE

The Village did not elect to use the 10% de minimus indirect cost rate as allowed under the Uniform Guidance.

NOTE 4. EXPENDITURES INCURRED IN PRIOR YEARS

Amounts reported in the Schedule of Expenditures of Federal Awards for U.S. Department of Homeland Security, Federal Emergency Management Agency, CFDA 97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters) - Hurricane Irma and Hurricane Dorian includes expenditures of \$161,031 incurred in a prior year.

NOTE 5. CONTINGENCY

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. In the opinion of management, all grant expenditures were in substantial compliance with the terms of the grant agreements and applicable Federal statutes and regulations.



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Independent Auditor's Report on Compliance for Each Major Federal Program
and on Internal Control Over Compliance Required by the Uniform Guidance

To the Honorable Mayor and
Village Council
Village of Palm Springs, Florida

Report on Compliance for Each Major Federal Program

We have audited the compliance of the Village of Palm Springs, Florida (the "Village"), with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Village's major Federal programs for the year ended September 30, 2020. The Village's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Village's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the Village's compliance.

Opinion on Each Major Federal Program

In our opinion, the Village complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended September 30, 2020.

Report on Internal Control Over Compliance

Management of the Village of Palm Springs, Florida, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Village's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

West Palm Beach, Florida
April 26, 2021

VILLAGE OF PALM SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARD PROGRAMS

Year Ended September 30, 2020

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	<i>Unmodified Opinion</i>
Internal control over financial reporting:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiency (ies) identified that are not considered to be material weakness?	_____ Yes <u> X </u> None reported
Noncompliance material to financial statements noted?	_____ Yes <u> X </u> No

Federal Award Programs

Internal control over major Federal Award Programs:	
Material weakness(es) identified?	_____ Yes <u> X </u> No
Significant deficiency (ies) identified that are not considered to be material weakness?	_____ Yes <u> X </u> None reported

Type of auditor’s report issued on compliance for major Federal Programs	<i>Unmodified Opinion</i>
--	---------------------------

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes <u> X </u> No
--	---------------------------

Identification of Major Federal Award Programs

<u>Federal Award Programs</u>	<u>CFDA No.</u>
U.S. Department of Housing and Urban Development Pass-through Awards from Palm Beach County, Florida Community Development Block Grants/Entitlement Grants	14.218
Dollar threshold used to distinguish between Type A and Type B programs:	<u> \$ 750,000 </u>
Auditee qualified as low-risk auditee?	_____ Yes <u> X </u> No

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS

None

VILLAGE OF PALM SPRINGS, FLORIDA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS –
FEDERAL AWARD PROGRAMS (Continued)

Year Ended September 30, 2020

SECTION IV – OTHER MATTERS

A Corrective Action Plan is not required because there were no audit findings reported.

A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings reported.



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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, 2020, and have issued our report thereon dated April 26, 2021.

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; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the 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*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on Investment Compliance on an 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 and schedule, which are dated April 26, 2021, 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. Also, as discussed in Note 1, the Village included the Palm Springs Community Redevelopment Agency as a component unit of the Village.

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 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, 2020.

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.

Special District Component Units

Section 10.554(1)(i)5.c., Rules of the Auditor General, requires, if appropriate, that we communicate the failure of a special district that is a component unit of a county, municipality, or special district, to provide the financial information necessary for proper reporting of the component unit within the audited financial statements of the county, municipality, or special district in accordance with Section 218.39(3)(b), Florida Statutes. In connection with our audit, we did not note any special district component units that failed to provide the necessary information for proper reporting in accordance with Section 218.39(3)(b), Florida Statutes.

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, Federal and other granting agencies 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
April 26, 2021



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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, 2020. Management of the Village of Palm Springs, Florida, (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, Florida, complied, in all material respects, with Section 218.415, Florida Statutes, during the year ended September 30, 2020.

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
April 26, 2021