TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2012

Prepared By:

The Finance Department

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2012

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TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT
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Town of
LAUDERDALE-BY-THE-SEA
4501 Ocean Drive, Lauderdale-by-the-Sea, Florida 33308-3610
Telephone: (954) 640-4200 / Fax (954) 640-4236

March 27, 2013

Honorable Mayor and Commissioners:

State law requires that all general purpose local governments publish within nine months of the close of each fiscal year a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to these requirements, we hereby issue the Comprehensive Annual Financial Report (CAFR) of the Town of Lauderdale-By-The-Sea for the fiscal year ended September 30, 2012.

This report consists of management's representations concerning the finances of the Town of Lauderdale-By-The-Sea. Consequently, we assume full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the Town has established an internal control framework that is designed both to protect the Town's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP (generally Accepted Accounting Principles). Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. We assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Grau & Associates, a licensed certified public accounting firm, has audited the Town's financial statements. The goal of the independent audit was to provide reasonable assurance that the Town's financial statements for the fiscal year ended September 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon their audit, that there was a reasonable basis for rendering an unqualified opinion that the Town of Lauderdale-By-The-Sea's financial statements for the fiscal year ended September 30, 2012, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Lauderdale-By-The-Sea's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Lauderdale-By-The-Sea, incorporated in 1947, is located between the Atlantic Ocean and the Intracoastal Waterway in the east-central part of Broward County, Florida directly north of Fort Lauderdale and 33 miles south of Palm Beach. The Town of Lauderdale-By-The-Sea is primarily a residential community but, because of the Town's prime seaside location, the hospitality industry has historically been significant to the Town's economy and character. The major industries within the Town are hospitality, retail including restaurants, finance, insurance and real estate. Most residents are retired or employed in South Florida. The Town is 1.5 square miles in land area and has a year-round population of approximately 6,100 residents. We estimate the peak seasonal population to be approximately 11,000.

The Town of Lauderdale-By-The-Sea provides a full range of municipal services for its citizens. These include executive administration, financial accounting and reporting, public works, parks and recreation facilities, and planning and zoning. Police, fire prevention and suppression, emergency medical service, building inspections, code enforcement, and parking enforcement are all delivered via contracts with third party providers: Broward's Sherriff's Office for police services, the Lauderdale-By-the-Sea Volunteer Fire Department for fire services, American Medical Response for emergency medical services, C A P Government for building inspections, Calvin, Giordano & Associates for code enforcement, and Standard Parking for parking enforcement. Water service is provided our residents and businesses by the cities of Fort Lauderdale and Pompano Beach. Sewer services are provided to residents and commercial businesses in the north end of Town by the City of Pompano Beach. The Town provides sewer collection and transmission services in the south portion of Town, but the wastewater is transmitted to the City of Pompano Beach, which then transports it to Broward County's Wastewater Treatment Plant on Copans Road for treatment and disposal.

The Town operates under a Commission-Manager form of government. Policy-making and legislative authority are vested in the Town Commission, which consists of a Mayor, a Vice-Mayor and three Commissioners. Commissioners (including the Vice Mayor) are elected for four year terms and must live in a specified district, but are elected at large (by voters of the entire Town). The Mayor serves a two year term and is also elected at large. The Town Commission is responsible for setting Town policy, setting most Town fees, passing ordinances, adopting and amending the annual budget, approving large purchases, adopting resolutions, and appointing the Town Manager and Town Attorney.

The Town Manager is the chief executive officer of the Town. The Town Manager is responsible for carrying out the policies of the Commission, enforcing the Town's code of ordinances, appointing, directing, and removing all Town employees, overseeing the Town's contracts, preparing and submitting the annual budget, and overseeing the day-to-day operations of the Town.

The Town Commission meets in regular session on the second and fourth Tuesday of each month at 7:00 p.m. in Jarvis Hall, 4501 Ocean Drive, Lauderdale-By- The-Sea, Florida. The Commission schedules additional workshops and meetings on an as-needed basis.

The Town's Budget

The annual budget serves as the Town of Lauderdale-By-The-Sea's financial planning and control mechanism. All departments of the Town submit requests for funding to the Town Manager and these requests are the starting point for developing a proposed budget. The Finance/Budget Director reviews revenue trends and projects revenue for the current and upcoming fiscal year. The Broward County Property Appraiser advises the Town in late June or early July of the valuation of properties in the Town and the ad valorem tax millage rate required to raise the same amount of tax revenue as in the preceding year.

The Town Manager seeks budget policy direction from the Town Commission, then crafts a budget consistent with that policy direction and presents it to the Commission for review in July of each year. The Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the Town's fiscal year. The budget is legally enacted through the passage of a resolution which adopts the budget by fund and department. Given that, this administration's policy is that the classification detail at which expenditures may not legally exceed appropriations is at the department level. The Town Manager is authorized to transfer part or all of the unencumbered balance of an appropriation within a department; however, any revisions that alter the total appropriations of any department must be approved by the Town Commission. Transfers of appropriated funds between departments must be approved by the Town Commission.

Budget-to-actual comparisons are reported monthly to the Town Commission by the Finance/Budget Director and revenue and expenditure projections for the entire fiscal year are provided to the Commission midyear and again when the Manager's recommended for the following year is presented to the Commission in July.

Factors Affecting Financial Condition

State economy
The Town receives significant revenue from the state of Florida and, therefore, our financial condition is significantly affected by the state's economy. Municipal Revenue Sharing, Sales Tax, Local Option Gas Taxes and Communications Service Taxes which are collected and distributed by the State amounted to approximately 9% of the general fund revenues in fiscal year 2012 and are all affected by the economy. The Town has seen these revenues increase as a result of the ongoing economic recovery.

Local economy
There has been business turnover in the Town this fiscal year as a result of normal business cycles. 42 new businesses, excluding residential rentals, opened during fiscal year 2012 including real estate offices, financial services, professional services and retail businesses.

Significant Revenue Sources

Property taxes account for 46% of the Town's annual revenue. The Town's final gross property taxable value decreased from $1,773,134,094 in 2011 to $1,734,133,452 in 2012. Despite this decrease in home values the Town reduced property taxes for the majority of property owners by maintaining the millage rate at 3.9990 per $1,000 of assessed property values in fiscal year 2011-2012. This was accomplished primarily by continuing a conservative spending policy.

Franchise fees from the power and natural gas companies, building permit fees, and occupational license fees accounted for approximately 12% of General Fund revenues in fiscal year 2012 and are all affected by the South Florida economy.

Fire Assessment Fees were $1,049,989 in fiscal year 2012 and were sufficient to cover all the costs associated with providing fire suppression and prevention services. Fire Assessment Fees represent 7% of total Town revenues.

During fiscal year 2012, the Town engaged a consultant to determine whether sewer fees were sufficient to cover projected costs and to re-evaluate how fees were allocated to the different classes of customers. As a result of the study, which was completed in October 2012, a new fee structure was developed which allocated fees on the basis of detailed analysis of use by each customer class. The new fee structure will go into effect during fiscal year 2013. In fiscal year 2012, sewer fees collected were $1,131,899 and accounted for 8% of total Town revenues.

Fund Balances

The Town of Lauderdale-By-The-Sea maintains healthy cash balances in the general fund, the capital projects fund, and the sewer fund. At the end of the current fiscal year, the Town's General Fund balance increased by $943,942, primarily as a result of the Town holding the line on expenditures and revenues being slightly higher than budgeted.

In 2011, the Town staff analyzed factors that could impact the Town's financial ability to recover from a significant hurricane or other natural disaster. After reviewing that analysis, the Town Commission made the determination that the amount of the General Fund balance informally designated to recover from an emergency should remain at $2.3 million. The remaining $6.8 million in the General Fund cash balance is programmed to pay for significant drainage and streetscape capital projects that the Town has planned in its Five Year Capital Improvement Plan.

It is anticipated that the $1.4 million cash balance in the Sewer Fund will be used to make capital repairs to the sewer system during fiscal years 2013 through 2016.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada's (GFOA) issues a Certificate of Achievement for Excellence in Financial Reporting recognizes conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only.

The preparation of this report could not have been accomplished without the efficient and dedicated services of Edner Saint-Jean of our Finance staff. We would also like to extend our thanks to the firm of Grau & Associates for their cooperation, assistance and professional conduct of the Town's annual audit. Finally, we wish to acknowledge the Town Commission for their commitment to sound accounting, transparency, financial management and the diligent manner in which they exercise their financial oversight responsibilities.

Respectfully submitted,

Constance Hoffmann
Town Manager

Gerald Bryan
Finance Director

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Lauderdale-By-The-Sea

Florida

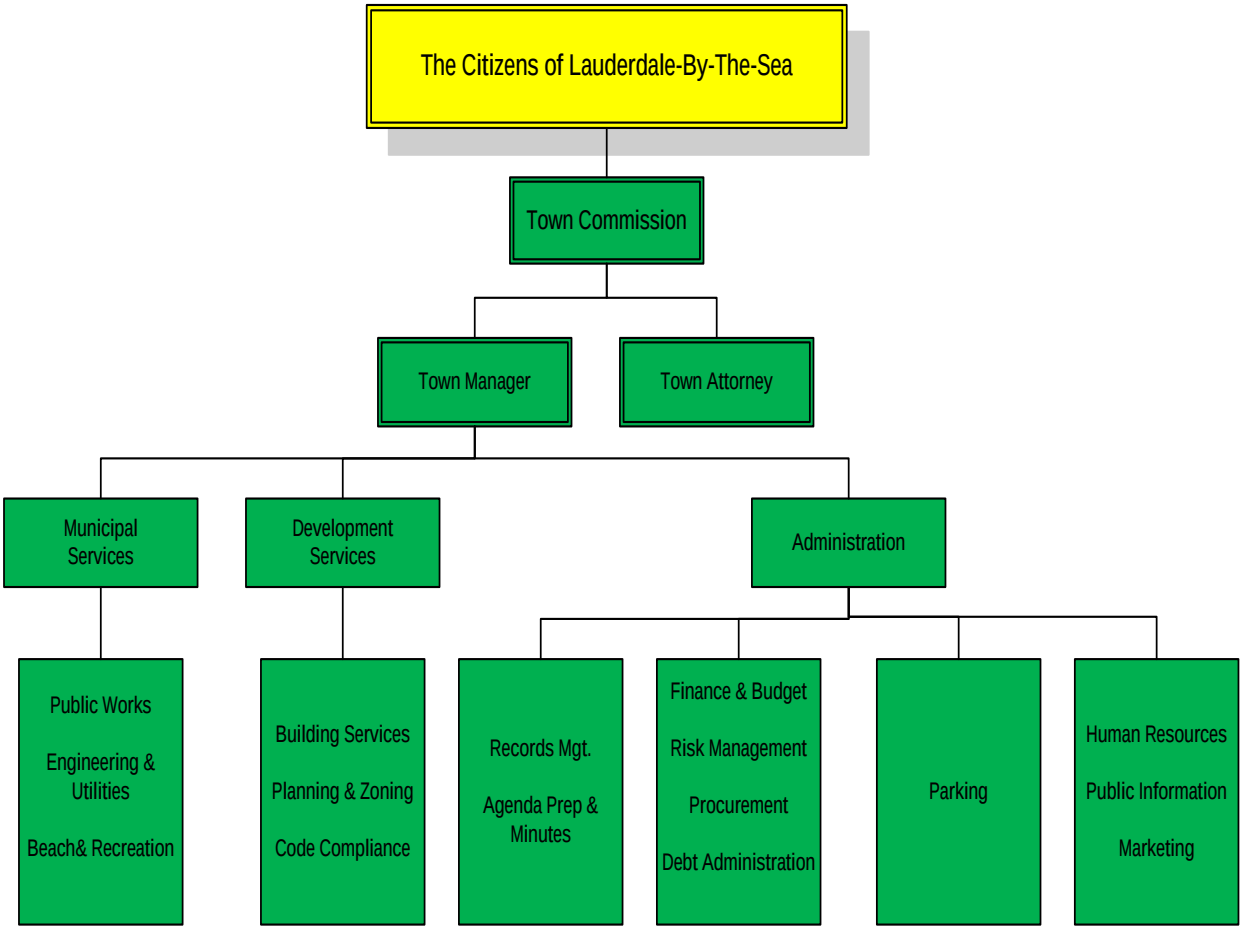
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2011

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

President

Executive Director

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
ORGANIZATION CHART
SEPTEMBER 30, 2012



TOWN COMMISSIONERS
Roseann Minnet, Mayor
Scot Sasser, Vice-Mayor
Mark Brown, Commissioner
Stuart Dodd, Commissioner
Chris Vincent, Commissioner

TOWN MANAGER
Constance Hoffmann

TOWN ATTORNEY
Susan L. Trevarthen

TOWN CLERK
June White

DIRECTOR OF FINANCE
Gerald Bryan

TOWN AUDITORS
Grau & Associates

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INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor, Town Commission and Town Manager
Town of Lauderdale-By-The-Sea, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Lauderdale By-The-Sea, Florida (the "Town") as of and for the fiscal year ended September 30, 2012, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Volunteer Fire Department's Pension Plan, which represent 100% of the assets and 100% of the revenues of the fiduciary fund totals. Those financial statements were audited by other independent auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town's Volunteer Fire Department's Pension Plan, is based solely on the report of the other independent auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, based on our report and the report of other auditors, 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 Town as of September 30, 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 27, 2013 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information on pages 3 through 10 and 45 through 50, respectively, 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 and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The introductory section, combining fund statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining fund statements and budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

March 27, 2013

MANAGEMENT'S DISCUSSION ANALYSIS
(MD&A)

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MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Lauderdale-By-The-Sea financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2012. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal in the introductory section and in conjunction with the Town's basic financial statements, which begins on page 11.

Financial Highlights

The assets of the Town of Lauderdale-By-The-Sea exceeded its liabilities at the close of the most recent fiscal year by $40,534,989 (*net assets*). Of this amount, $16,009,802 (*unrestricted net assets*) may be used to meet the ongoing obligations to citizens and creditors. The Town's net assets increased by $2,589,679 from the prior fiscal year.

As of the close of the current fiscal year, the Town of Lauderdale-By-The-Sea's governmental funds reported combined ending fund balances of $15,116,242, an increase of $490,220 from the prior fiscal year.

At the end of the current fiscal year, unassigned fund balance for the general fund was $6,775,996 or approximately 78% of total general fund expenditures.

Long-Term Debt

The Town of Lauderdale-By-The-Sea has outstanding debt of $839,598, which is a long-term promissory note with a maturity date extending to June 2020 (or March 2017 with prepayments) that was obtained to provide funding for parking improvement projects and associated property acquisition. Principal and interest payments are budgeted in the Parking Fund.

	September 30, 2012	Annual Principal /Interest Payments
Parking Fund (Proprietary Fund)	$839,598	$329,254

The following chart demonstrates the debt payments in the governmental funds as a percent of debt compared to the Town's property assessed valuation for the past five fiscal years.

Fiscal Year	Property Assessed Valuation	Debt Service Payments	Debt Payment % of Assessed Valuation
2007/2008	2,321,656,228	4,733,984	0.2039%
2008/2009	2,116,655,262	7,365,682	0.3480%
2009/2010	1,935,973,843	-	0.0000%
2010/2011	1,773,134,094	-	0.0000%
2011/2012	1,734,133,452	-	0.0000%

Additional information on the Town of Lauderdale-By-The-Sea's long-term debt can be found in Note 8 on page 35 of this report.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 11-12) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 13.

For governmental activities, these statements tell how these services were financed in the short-term as well as funds available for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide financial statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of third parties.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Lauderdale-By-The-Sea's basic financial statements which have three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide financial statements The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Lauderdale-By-The-Sea's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Town of Lauderdale-By-The-Sea's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indictor of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements distinguish functions of the Town of Lauderdale-By- The-Sea that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Lauderdale-By-The-Sea include general government, public safety, physical environment, recreation, and transportation services. The business-type activities of the Town of Lauderdale-By-The-Sea include parking and sewer operations.

The government-wide financial statements can be found on pages 11-12 of this report.

Fund financial statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Lauderdale-By-The-Sea, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Lauderdale-By-The-Sea can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable* resources, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Lauderdale-By-The-Sea maintains four individual governmental funds (general, capital projects, and two special revenue funds). Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, and the total of the two special revenue funds. The general fund and capital projects funds are both considered to be major funds. The two special revenue funds are both considered to be non-major funds.

The Town of Lauderdale-By-The-Sea adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

Proprietary funds The Town of Lauderdale-By-The-Sea maintains one type of proprietary fund, enterprise funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town of Lauderdale-By-The-Sea uses enterprise funds to account for its parking and sewer operations.

The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for the sewer and parking operations, both of which are considered to be major funds of the Town of Lauderdale-By-The-Sea.

The basic proprietary funds financial statements can be found on pages 17-19 of this report.

Fiduciary funds The Town is the trustee, or fiduciary, for the Volunteer Firefighters' Pension Trust Fund. The *Pension Trust Fund* uses the accrual basis of accounting and is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of this fund are included on the balance sheet. We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations.

The basic fiduciary fund financial statements can be found on pages 20-21 of this report.

Notes to the basic financial statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22-45 of this report.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of the Town of Lauderdale-By-The-Sea's financial position. The Town's total net assets exceeded liabilities by $40,534,989 at the close of the most recent fiscal year.

By far the largest portion of the Town of Lauderdale-By-The-Sea's net assets reflects its investment in capital assets (e.g., roadways, improvements, equipment, buildings, and land). The Town uses these capital assets to provide services to citizens; consequently they are not available for future spending. An additional portion of the Town of Lauderdale-By-The-Sea's net assets represents resources that are subject to external restrictions on how they may be used such as the remaining balance ($927,566) of the $1 million settlement received from Pier Pointe which is contractually restricted to El Mar Drive improvements. The remaining balance of unrestricted net assets may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town of Lauderdale-By-The-Sea is able to report positive balances in all three categories of net assets, both for the Town as a whole, as well as for its separate governmental and business-type activities.

Governmental activities Governmental activities increased the Town of Lauderdale-By-The-Sea's net assets by $1,887,496. The increase represents the extent to which ongoing program and general revenues exceeded the cost of operations and depreciation expense.

Business-type activities Business-type activities increased the Town of Lauderdale-By-The-Sea's net assets by $711,183. Operating revenues from business-type activities improved 34% driven by a 69% increase in parking revenues. The increase in parking revenues is due to the first full year since parking rates were increased and credit card capability was implemented in the downtown area. Expenses rose by 42%, due to repairs to the sewer infrastructure.

Key components of the Town's net assets are reflected in the following table:

Net Assets
September 30,

	Governmental Activities		Business Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 16,065,105	$ 15,334,584	$ 2,717,249	$ 2,226,617	$ 18,782,354	$ 17,561,201
Capital assets, net	16,454,693	15,192,548	7,380,805	7,385,807	23,835,498	22,578,355
Total assets	32,519,798	30,527,132	10,098,054	9,612,424	42,617,852	40,139,556
Long-term liabilities	121,437	108,171	841,853	1,131,241	963,290	1,239,412
Other Liabilities	716,241	615,479	403,332	339,497	1,119,573	954,976
Total liabilities	837,678	723,650	1,245,185	1,470,738	2,082,863	2,194,388
Net Assets:						
Invested in capital assets, net of related debt	16,454,693	15,295,980	6,541,207	6,255,084	22,995,900	21,551,064
Restricted for:						
Town beautification per contractual agreement	927,566	927,566	-	-	927,566	927,566
Fire department	415,877	485,980	-	-	415,877	485,980
Law enforcement	185,844	198,211	-	-	185,844	198,211
Unrestricted	13,698,140	12,886,887	2,311,662	1,886,602	16,009,802	14,773,489
Total net assets	$ 31,682,120	$ 29,794,624	$ 8,852,869	$ 8,141,686	$ 40,534,989	$ 37,936,310

Government-Wide Financial Analysis (Continued)

Key elements of the change in net assets are reflected in the following table:

Changes in Net Assets
For the Fiscal Year Ended September 30,

	Governmental Activities		Business Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program Revenues:						
Charges for services	$ 694,936	$ 495,293	$ 2,827,025	$ 2,101,242	$ 3,521,961	$ 2,596,535
Operating grants and contributions	83,937	144,653	-	-	83,937	144,653
Capital grants and contributions	441,700	-	-	295,160	441,700	295,160
General Revenues:						
Property taxes and fire assessments	7,798,158	7,938,090	-	-	7,798,158	7,938,090
Franchise taxes and utility taxes	1,698,650	1,707,308	-	-	1,698,650	1,707,308
Grants and contributions not restricted to specific programs	969,266	887,117	-	-	969,266	887,117
Unrestricted investment earnings	48,940	51,906	2,154	2,816	51,094	54,722
Miscellaneous revenues	107,426	109,409	24	11,206	107,450	120,615
Total revenues	11,843,013	11,333,776	2,829,203	2,410,424	14,672,216	13,744,200
Expenses:						
General government	2,391,752	2,274,520	-	-	2,391,752	2,274,520
Public safety	5,565,808	4,953,249	-	-	5,565,808	4,953,249
Transportation	1,269,211	1,660,312	-	-	1,269,211	1,660,312
Recreation	333,107	397,283	-	-	333,107	397,283
Physical environment	562,639	124,576	-	-	562,639	124,576
Sewer	-	-	1,511,063	974,431	1,511,063	974,431
Parking	-	-	439,957	424,119	439,957	424,119
Total expenses	10,122,517	9,409,940	1,951,020	1,398,550	12,073,537	10,808,490
Change in net assets before transfers and special item	1,720,496	1,923,836	878,183	1,011,874	2,598,679	2,935,710
Transfers in (out), net	167,000	167,000	(167,000)	(167,000)	-	-
Increase (decrease) in net assets	1,887,496	2,090,836	711,183	844,874	2,598,679	2,935,710
Net assets, beginning	29,794,624	27,703,788	8,141,686	7,296,812	37,936,310	35,000,600
Net assets, ending	$ 31,682,120	$ 29,794,624	$ 8,852,869	$ 8,141,686	$ 40,534,989	$ 37,936,310

- The decrease in property tax revenue is due to holding the millage rate the same despite the decline in property values.

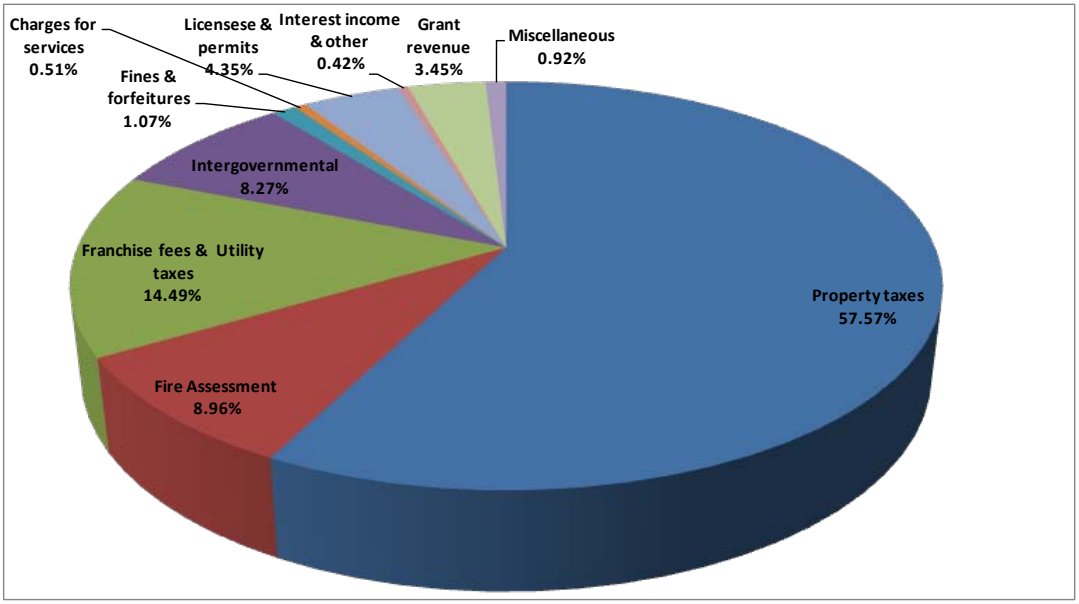
- The increase in capital grants and contributions relates to grant monies received from the Florida Department of Transportation for State Road A1A landscaping and hardscape enhancements.

- The increase in public safety expense is due to a change in recording building permit costs and the increase in the cost of the contract with BSO for police services.

- The spending reduction on transportation expenses and the corresponding spending increase on physical environment expenses are due primarily to a cost reallocation to achieve better alignment with the municipal chart of accounts.

- The increased expenses in the sewer fund are associated with repairs to the sewer infrastructure.

Revenues – Governmental Activities



Financial Analysis of the Town's Funds

As noted earlier, the Town of Lauderdale-By-The-Sea uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Town's *governmental funds* is to provide information on near term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Lauderdale-By-The-Sea's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of the Town's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Lauderdale-By-The-Sea's *governmental funds* reported combined ending fund balances of $15,116,242, an increase of $490,220 from the prior fiscal year.

The general fund is the primary operating fund of the Town. At the end of the current fiscal year, the fund balance of the general fund was $9,614,133, an increase of $943,942. Revenues in the general fund were only slightly higher than budgeted due to higher than budgeted Property Taxes ($160,110) and Building Permit Revenues ($120,894). A significant factor contributing to the increased fund balance is spending less than was budgeted for business development and marketing activities. The fund balance of the capital projects fund decreased $371,252 to $4,900,388 primarily due to the completion of the Harbor Drive stormwater improvement project and the design of the East Commercial drainage and streetscape project.

Proprietary funds. The Town of Lauderdale-By-The-Sea's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Revenues increased substantially from the prior fiscal year in the proprietary funds, particularly in the parking fund, as a result of the parking rate increase and the implementation of credit card processing of meter fees in the downtown area in mid-2011. Operating expenses in the sewer fund increased primarily due to increased spending on infrastructure repairs. Unrestricted net assets of the Sewer and Parking Funds combined at the end of the year amounted to $2,311,662 an increase of $425,060 from the prior fiscal year.

General Fund Budgetary Highlights

The differences in the actual revenues and expenditures as compared to the budget are summarized as follows:

- Ad valorem taxes can only be budgeted at 95% of anticipated revenue to provide an allowance for uncollected taxes and adjustment in property values as a result of appeals that occur after the millage rate is set. The Broward County Value Adjustment Board did lower the property valuations of many properties in Town after the millage rate was adopted. Property tax collections amounted to 97.3% of possible revenues.
- Utility taxes came in at 99.2% of budgeted levels. Franchise fee collections came in at 103.8% of budgeted levels. Both utility taxes and franchise fees were flat compared to the prior fiscal year.
- Intergovernmental revenues collected were 112.2% of budget. This is represents an 8% increase over the prior year. This increase was the result of increased Sales Tax and Communication Service Tax revenue.
- Licenses, permits and fees revenues increased by $355,959 or 231% from the prior fiscal year. However, this increase is due entirely to a change in reporting for building permit revenue and was accompanied by a corresponding increase in building permit expenditures. As a result of this change, actual revenues were 125% of budget.
- Due to conservative spending, actual expenditures of the general fund were approximately 7% less than budgeted.
- No department materially exceeded their amended budgets.

Please refer to the Budgetary Comparison Schedule for more detailed information located on pages 46-47.

Capital Assets

The Town of Lauderdale-By-The-Sea's investment in capital assets for its governmental and business type activities as of September 30, 2012, amounts to $23,835,498 (net of accumulated depreciation). These are investments in capital assets which include land, buildings, infrastructure, and improvements other than buildings, machinery and equipment.

Additional information on the Town of Lauderdale-By-The-Sea's capital assets can be found in Note 7 on pages 33-34 of this report.

Economic Factors and Next Year's Budget

As of September 2012, the unemployment rate in Florida was 8.4% versus a national average of 7.8%. However, economists predict that the Florida's economy will grow in 2013. The Fort Lauderdale metro area is expected to show moderate growth, with employment expanding at an average of 1.8 percent each year. Construction is expected to be the fastest growing sector of the economy with 5.5 percent annual growth, followed by business and professional services at 4.3 percent. The education and healthcare sectors are expected to grow at 2.1 percent.

In preparing the fiscal year 2013 budget, the Town provided funding for several important tasks and projects, including:

- A dynamic streetscape plan for the two easternmost blocks of Commercial Boulevard;
- A vastly improved drainage system for Bougainvilla Drive between the fire station and Pine Avenue;
- The beautification of Commercial Boulevard and the four shopping centers between the Intracoastal Bridge and Seagrape Drive that will set the stage for reinvigorating those retail areas;
- The creation of an entryway feature near the Town's western entrance on Commercial Boulevard consisting of a beautiful metal sculpture depicting the sea creatures and coral that live on one of the Town's most unique features – the coral reef;
- Repairs that will extend the useful life of the Town's sewer infrastructure;
- Storm water drainage improvements in the Bel-Air and Hibiscus/Allenwood/Tropic neighborhoods;
- Exterior improvements to small hotels that agree to maintain the quality standards set by the Superior Small Lodgings group; and
- Expansion of parking at the municipal complex, in the A1A parking lot, and on South Bougainvilla Drive as well as creation of a temporary parking lot to accommodate parking disrupted by the construction of the East Commercial streetscape project.

Requests for Information

This financial report is designed to provide a general overview of the Town of Lauderdale-By-The-Sea's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Budget and Finance, Town of Lauderdale-By-The-Sea, 4501 Ocean Drive, Lauderdale-By-The-Sea, Florida 33308, or, at fd@lauderdalebythesea-fl.gov.

BASIC FINANCIAL STATEMENTS

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TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	$ 15,220,294	$ 2,347,702	$ 17,567,996
Investments	218,330	-	218,330
Accounts receivable, net	411,329	335,032	746,361
Due from business/governmental type activities	47,169	1,285	48,454
Prepaid items	56,832	33,230	90,062
Net pension asset	111,151	-	111,151
Capital assets:			
Nondepreciable capital assets	3,466,320	5,767,324	9,233,644
Depreciable capital assets, net	12,988,373	1,613,481	14,601,854
Total assets	32,519,798	10,098,054	42,617,852
LIABILITIES			
Accounts payable and other liabilities	343,356	310,731	654,087
Contracts and retainage payable	103,168	-	103,168
Accrued liabilities	118,451	40,627	159,078
Due to business/governmental type activities	1,285	47,169	48,454
Unearned revenues	141,674	4,805	146,479
Deposits	8,307	-	8,307
Noncurrent liabilities due within one year	11,015	242,512	253,527
Noncurrent liabilities:			
Net Other Post Employment Benefit obligation	11,287	2,255	13,542
Due in more than one year	99,135	597,086	696,221
Total liabilities	837,678	1,245,185	2,082,863
NET ASSETS			
Invested in capital assets, net of related debt	16,454,693	6,541,207	22,995,900
Restricted for:			
Town beautification per contractual agreement	927,566	-	927,566
Law enforcement	185,844	-	185,844
Fire department	415,877		415,877
Unrestricted	13,698,140	2,311,662	16,009,802
Total net assets	$ 31,682,120	$ 8,852,869	$ 40,534,989

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2012

		Program Revenues			Net (Expenses) Revenue and Changes in Net Assets		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grant and Contributions**	**Governmental Activities**	**Business-type Activities**	**Total**
Primary government:							
Governmental activities:							
General government	$ 2,391,752	$ 635,652	$ -	$ -	$ (1,756,100)	$ -	$ (1,756,100)
Public safety	5,565,808	59,284	-	-	(5,506,524)	-	(5,506,524)
Transportation	1,269,211	-	-	-	(1,269,211)	-	(1,269,211)
Recreation	333,107	-	83,937	441,700	192,530	-	192,530
Physical environment	562,639	-	-	-	(562,639)	-	(562,639)
Total government activities	10,122,517	694,936	83,937	441,700	(8,901,944)	-	(8,901,944)
Business-type activities:							
Sewer	1,511,063	1,207,309	-	-	-	(303,754)	(303,754)
Parking	439,957	1,619,716	-	-	-	1,179,759	1,179,759
Total business-type activities	1,951,020	2,827,025	-	-	-	876,005	876,005
Total primary government	$ 12,073,537	$ 3,521,961	$ 83,937	$ 441,700	(8,901,944)	876,005	(8,025,939)
General revenues:							
Property taxes and fire assessments					7,798,158	-	7,798,158
Franchise taxes and utility taxes					1,698,650	-	1,698,650
Grants and contributions not restricted to specific programs					969,266	-	969,266
Unrestricted investment earnings					48,940	2,154	51,094
Miscellaneous revenues					107,426	24	107,450
Transfers					167,000	(167,000)	-
Total general revenues and transfers					10,789,440	(164,822)	10,624,618
Change in net assets					1,887,496	711,183	2,598,679
Net assets, beginning					29,794,624	8,141,686	37,936,310
Net assets, ending					$ 31,682,120	$ 8,852,869	$ 40,534,989

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	Major Funds			
	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 9,800,324	$ 4,777,923	$ 642,047	$ 15,220,294
Investments	218,330	-	-	218,330
Accounts receivable, net	289,858	121,471	-	411,329
Due from other funds	49,273	218,900	-	268,173
Prepaid items	56,832	-	-	56,832
Total assets	$ 10,414,617	$ 5,118,294	$ 642,047	$ 16,174,958
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and other liabilities	$ 338,182	$ -	$ 5,174	$ 343,356
Contracts and retainage payable	-	92,931	10,237	103,168
Accrued liabilities	118,451	-	-	118,451
Due to other funds	218,785	3,504	-	222,289
Deferred revenue	-	121,471	-	121,471
Unearned revenue	116,759	-	24,915	141,674
Deposits	8,307	-	-	8,307
Total liabilities	800,484	217,906	40,326	1,058,716
Fund balances:				
Nonspendable:				
Prepaid items	56,832	-	-	56,832
Restricted for:				
Fire department	-	-	415,877	415,877
Law enforcement	-	-	185,844	185,844
El Mar Drive improvements	-	927,566	-	927,566
Assigned to:				
Emergency reserve	2,333,105	-	-	2,333,105
Vehicle and equipment reserve	183,285	-	-	183,285
Capital projects	-	3,972,822	-	3,972,822
Hotel improvement program	101,000	-	-	101,000
Subsequent year's expenditures	264,915	-	-	264,915
Unassigned	6,674,996	-	-	6,674,996
Total fund balances	9,614,133	4,900,388	601,721	15,116,242
Total liabilities and fund balances	$ 10,414,617	$ 5,118,294	$ 642,047	$ 16,174,958

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
SEPTEMBER 30, 2012

Fund balance - governmental funds		$ 15,116,242
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial assets therefore, are not reported as assets in the governmental funds. The statement of net assets includes those capital assets, net of any accumulated depreciation, in the net assets of the government as a whole.		
Cost of capital assets	$ 27,890,717	
Accumulated depreciation	(11,436,024)	16,454,693
Revenues that do not meet the availability criteria are reported as deferred revenue in the fund financial statements; these amounts are reported as revenues in the government-wide financial statements.		121,471
The net pension asset is not reported as a fund asset in the fund financial statements, but is reported as an asset in the government-wide financial statements.		111,151
Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.		
Compensated absences		(110,150)
Other Post Employment Benefit obligation		(11,287)
Net assets of governmental activities		$ 31,682,120

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Major Funds			
	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Revenues:				
Property taxes and fire assessments	$ 6,748,169	$ -	$ 1,049,989	$ 7,798,158
Franchise fees and utility taxes	1,698,650	-	-	1,698,650
Intergovernmental	969,266	-	-	969,266
Fines and forfeitures	125,760	-	-	125,760
Charges for services	7,755	-	51,529	59,284
Licenses and permits	509,892	-	-	509,892
Interest income and other	43,337	5,414	189	48,940
Grant revenue	83,937	320,229	-	404,166
Miscellaneous revenues	74,770	30,720	1,936	107,426
Total revenues	10,261,536	356,363	1,103,643	11,721,542
Expenditures:				
Current:				
General government	2,084,979	44,793	-	2,129,772
Public safety	4,781,632	-	790,909	5,572,541
Transportation	1,131,531	-	-	1,131,531
Recreation	330,408	-	-	330,408
Physical environment	193,526	-	-	193,526
Capital outlay	122,518	1,552,822	365,204	2,040,544
Total expenditures	8,644,594	1,597,615	1,156,113	11,398,322
Excess (deficiency) of revenues over (under) expenditures	1,616,942	(1,241,252)	(52,470)	323,220
Other financing sources (uses):				
Transfers in	197,000	870,000	-	1,067,000
Transfers out	(870,000)	-	(30,000)	(900,000)
Total other financing sources (uses)	(673,000)	870,000	(30,000)	167,000
Net change in fund balances	943,942	(371,252)	(82,470)	490,220
Fund balances, beginning	8,670,191	5,271,640	684,191	14,626,022
Fund balances, ending	$ 9,614,133	$ 4,900,388	$ 601,721	$ 15,116,242

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FISCAL YEAR ENDED SEPTEMBER 30, 2012

Net change in fund balances - total governmental funds	$	490,220
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets are reported in the governmental fund as expenditures. However, in the statement of activities, the cost of certain of those assets is eliminated and capitalized as capital assets.		1,979,537
Depreciation of capital assets is not recognized in the governmental fund statement but is reported as an expense on the statement of activities.		(717,392)
The change in net pension assets is not reported in the fund financial statements, but is reported in the government-wide financial statements.		26,926
Revenues in the statement of activities that do not provide current financial resources are deferred and not reported as revenues in the fund financial statements.		121,471
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund financial statements. The details of the differences are as follows:		
Change in compensated absence		(6,718)
Change in Other Post Employment Benefit obligation		(6,548)
Change in net assets of governmental activities	$	1,887,496

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
SEPTEMBER 30, 2012

	Enterprise Funds		
	Sewer Utility System	**Parking**	**Total**
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 1,439,026	$ 908,676	$ 2,347,702
Accounts receivable, net	315,370	19,662	335,032
Due from other funds	-	1,285	1,285
Prepaid items	-	33,230	33,230
Total current assets	1,754,396	962,853	2,717,249
Noncurrent Assets:			
Capital Assets:			
Land	-	5,767,324	5,767,324
Equipment	13,275	96,499	109,774
Buildings and utility plant	2,613,255	263,639	2,876,894
Work in progress	-	27,098	27,098
Total capital assets	2,626,530	6,154,560	8,781,090
Less accumulated depreciation	(1,253,330)	(146,955)	(1,400,285)
Net capital assets	1,373,200	6,007,605	7,380,805
Total noncurrent assets	1,373,200	6,007,605	7,380,805
Total assets	3,127,596	6,970,458	10,098,054
LIABILITIES			
Current Liabilities:			
Accounts payable	253,256	57,475	310,731
Accrued liabilities	-	40,627	40,627
Due to other funds	-	47,169	47,169
Unearned revenue	-	4,805	4,805
Current portion of revenue notes payable	-	242,512	242,512
Total current liabilities	253,256	392,588	645,844
Long-Term Liabilities:			
Revenue notes payable	-	597,086	597,086
Other Post Employment Benefit Obligation	385	1,870	2,255
Total long-term liabilities	385	598,956	599,341
Total Liabilities	253,641	991,544	1,245,185
NET ASSETS			
Invested in capital assets, net of related debt	1,373,200	5,168,007	6,541,207
Unrestricted	1,500,755	810,907	2,311,662
Total net assets	$ 2,873,955	$ 5,978,914	$ 8,852,869

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Enterprise Funds		
	Sewer Utility System	**Parking**	**Total**
Operating revenues:			
Charges for services	$ 1,207,309	$ 1,619,716	$ 2,827,025
Other operating revenues	-	24	24
Total operating revenues	1,207,309	1,619,740	2,827,049
Operating expenses:			
Operating, administrative and maintenance	1,458,147	385,595	1,843,742
Depreciation and amortization	52,916	16,233	69,149
Total operating expenses	1,511,063	401,828	1,912,891
Operating income (loss)	(303,754)	1,217,912	914,158
Nonoperating revenues (expenses):			
Interest income	1,541	613	2,154
Interest expense	-	(38,129)	(38,129)
Total nonoperating revenues (expenses)	1,541	(37,516)	(35,975)
Income (loss) before transfers	(302,213)	1,180,396	878,183
Transfers out	-	(167,000)	(167,000)
Total transfers	-	(167,000)	(167,000)
Change in net assets	(302,213)	1,013,396	711,183
Total net assets, beginning	3,176,168	4,965,518	8,141,686
Total net assets, ending	$ 2,873,955	$ 5,978,914	$ 8,852,869

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Enterprise Funds		
	Sewer Utility System	**Parking**	**Total**
Cash Flows From Operating Activities			
Receipts from customers and users	$ 1,131,899	$ 1,455,462	$ 2,587,361
Payments to suppliers	(1,120,597)	(257,170)	(1,377,767)
Payments to employees	(183,825)	(81,776)	(265,601)
Net cash provided (used) by operating activities	(172,523)	1,116,516	943,993
Cash Flows Provided (Used) By Noncapital Financing Activities			
Transfers to other funds	-	(167,000)	(167,000)
Net cash provided (used) by noncapital financing	-	(167,000)	(167,000)
Cash Flows Provided (Used) By Capital and Related Financing Activities			
Purchase of capital assets	-	(64,146)	(64,146)
Interest paid on long-term debt	-	(38,129)	(38,129)
Principal paid on notes payable	-	(291,125)	(291,125)
Net cash provided (used) by capital and related financing activities	-	(393,400)	(393,400)
Cash Flows Provided (Used) By Investing Activities			
Interest received	1,541	613	2,154
Net cash provided (used) by investing activities	1,541	613	2,154
Net increase (decrease) in cash	(170,982)	556,729	385,747
Cash and cash equivalents, beginning	1,610,008	351,947	1,961,955
Cash and cash equivalents, ending	$ 1,439,026	$ 908,676	$ 2,347,702
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	$ (303,754)	$ 1,217,912	$ 914,158
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	52,916	16,233	69,149
Changes in assets and liabilities:			
(Increase)/Decrease in accounts receivable	(71,549)	(7,679)	(79,228)
(Increase)/Decrease in interfund receivable	-	7,573	7,573
(Increase)/Decrease in prepaid items	-	(33,230)	(33,230)
Increase/(Decrease) in accounts payable	153,499	43,991	197,490
Increase/(Decrease) in accrued liabilities	-	34,377	34,377
Increase/(Decrease) in interfund payable	(3,861)	(168,977)	(172,838)
Increase/(Decrease) in unearned revenue	-	4,805	4,805
Increase/(Decrease) in Other Post Employment Benefit	226	1,511	1,737
Total adjustments	131,231	(101,396)	29,835
Net cash provided (used) by operating activities	$ (172,523)	$ 1,116,516	$ 943,993

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
SEPTEMBER 30, 2012

	Pension Trust Fund
ASSETS	
Cash and cash equivalents	$ 176,238
Investments, at fair value	1,017,199
Receivables:	
Due from State	119,184
Due from Town	1,053
Due from Plan members	1,053
Total assets	1,314,727
NET ASSETS	
Net assets held in trust for pension benefits	$ 1,314,727

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Pension Trust Fund
ADDITIONS	
Contributions:	
Plan member	$ 15,395
Town	15,395
Total contributions	30,790
Other contributions:	
State, transferred from general fund	121,011
Total other contributions	121,011
Investment income (loss):	
Net appreciation in fair value of investments	83,766
Interest	25,168
Net investment income (loss)	108,934
Total additions	260,735
DEDUCTIONS	
Pension benefits	15,204
Refunds of contributions	8,181
Administrative expenses	4,582
Total deductions	27,967
Net increase (decrease)	232,768
Net assets held in trust for pension benefits:	
Beginning	1,081,959
Ending	$ 1,314,727

See notes to the financial statements.

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NOTES TO BASIC FINANCIAL STATEMENTS

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Lauderdale-By-The-Sea, Florida (the "Town") was incorporated in 1947. The Town operates under a Commission-Manager form of government and provides a full range of municipal services, including public safety (police and fire), parks and recreation, public works, building, zoning and code enforcement, and general administrative services. The Town also operates two enterprise activities: sewer and parking.

The basic financial statements of the Town have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

1. Financial Reporting Entity

The financial statements were prepared in accordance with governmental accounting standards, which establish standards for defining and reporting on the financial reporting entity. The definition of the financial reporting entity is based upon the concept that elected officials are accountable to their constituents for their actions. One of the objectives of financial reporting is to provide users of financial statements with a basis for assessing the accountability of the elected officials. The financial reporting entity consists of the Town, organizations for which the Town is financially accountable and other organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Town is financially accountable for a component unit if it appoints a voting majority of the organization's governing board and it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Town. A blended component unit, although a legally separate entity, is, in substance, part of the Town's operations and so data from this unit is combined with data of the Town. Based upon the application of these criteria, there were no organizations that met the criteria described above.

2. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities,* which normally are supported by taxes and inter-governmental revenues, are reported separately from *business-type activities,* which rely to a significant extent on fees and charges for support. Interfund services provided and used are not eliminated in the process of consolidation.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific 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.*

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Government-Wide and Fund Financial Statements (Continued)

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

3. Measurement Focus, Basis of Accounting and Basis of Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, if any, are recorded only when payment is due.

The Town's fiduciary fund is presented in the fund financial statements. Since by definition these assets are being held for the benefit of a third party and cannot be used to address activities or obligations of the Town, these funds are not incorporated into the government-wide financial statements.

Property taxes, charges for services, franchise fees and other taxes, intergovernmental revenues, and interest associated with the current fiscal period are considered susceptible to accrual and so have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred. Other receipts and fees, including fines, become measurable and available when cash is received by the Town and are recognized as revenue at that time.

The Town reports the following major governmental funds:

> The *General Fund* is the Town's primary operating fund. It accounts for all or most of the Town's general activities except those required to be accounted for in another fund.
>
> The *Capital Projects Fund* is used to account for the acquisition and construction of major capital facilities.

The Town reports the following non-major governmental funds:

> The *Police Training and Forfeiture Fund* is used to account for the portion of traffic citation revenue dedicated to police training, the confiscation of property and the related authorized law enforcement expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The *Fire Fund* is used to account for the fire assessment revenues dedicated to fire protection and fire prevention services and the related authorized volunteer fire department expenditures.

The Town reports the following major proprietary funds:

The *Sewer Utility Fund* accounts for the activities associated with providing sewer services within the Town.

The *Parking Fund* accounts for parking meter revenue in the Town's business district.

Additionally, the Town reports the following fund type:

The *Pension Trust Fund* accounts for the activities of the Volunteer Fire Department's Pension Plan and the accumulation of resources for pension benefits.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. The Town has the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

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

Amounts reported as *program revenues* include: 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise 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 non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Capital Assets

Capital assets which include property, plant and equipment, and all infrastructure assets (e.g., roads, bridges, sidewalks, bike paths, 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 Town as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

The Town has elected to retroactively apply the capitalization requirements of GASB Statement No. 34 to major general infrastructure assets acquired since 1980.

The costs of normal maintenance and repairs that does not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred in both the Sewer Fund and the Parking Fund was $38,129. During the fiscal year ended 2012, there was no interest to be capitalized.

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

Assets	Years
Buildings	30 - 50
Utility plant	25 - 75
Infrastructure	50
Improvements other than buildings	25
Furniture, fixtures, machinery and equipment	5 - 10
Motor vehicles	5 - 7

5. Deposits and Investments

Town administration is authorized to invest in those instruments authorized by the Florida statutes.

All investments, except the Florida PRIME (formerly known as the Local Government Surplus Funds Trust Fund (LGIP) and Fund B, are reported at fair value. The Florida PRIME is recorded at the value of the pool shares (2a-7 like pool), which is fair value. Fund B is a fluctuating NAV pool and is reported based on the fair value factor.

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Interfund Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

7. Receivables

Receivables include amounts due from other governments and others for services provided by the Town. Receivables are recorded and revenues are recognized as earned or as specific program expenditures/expenses are incurred. Allowances for uncollectible receivables, if any, are based upon historical trends and the periodic aging of receivables.

8. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

9. Compensated Absences

Town employees are granted vacation in varying amounts based on length of service and sick leave at the rate of one day per month. For employees hired after September 30, 2011, up to 15 days of annual leave may be carried forward from one calendar year into the next calendar year. Accumulated leave in excess of 15 days must be used by December 31st of each calendar year or it will be lost. Employees hired before October 1, 2011 have until December 31, 2012 to bring the number of accrued vacation hours down to 15 days or they will forfeit the overage on January 1, 2013, as employees were previously permitted to carry forward 30 days of vacation time. Thereafter, they too may only carry forward a maximum of 15 days of vacation leave from one calendar year into the next calendar year. In the event of termination, an employee is reimbursed for accumulated vacation days. Up to 60 days of sick leave may be accrued and carried forward into the next year. Employees hired prior to October 1, 2011 are reimbursed for 25% of accumulated sick leave upon leaving Town employment in good standing. Employees hired after September 30, 2011 will be reimbursed for 0% - 15% of accumulated sick leave, depending on their number of years of continuous service.

The cost of accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee retirements or resignations. The general fund has been used to liquidate these amounts.

10. Long-Term Obligations

In the government-wide financial statements, and in the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Encumbrances

Encumbrance accounting, under 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 employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects Funds. Encumbrances outstanding at year end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

12. Net Assets

Net assets of the government-wide and proprietary funds are categorized as invested in capital assets, net of related debt; restricted or unrestricted. Invested in capital assets, net of related debt, is that portion of net assets that relates to the Town's capital assets reduced by accumulated depreciation and by any outstanding debt incurred to acquire, construct or improve those assets, excluding unexpended proceeds.

Restricted net assets is that portion of net assets that has been restricted for general use by external parties (creditors, grantors, contributors, or laws or regulations of other governments) or imposed by law through constitutional provisions or enabling legislation. Unrestricted net assets consist of all net assets that do not meet the definition of either of the other two components.

13. Fund Equity

In the fund financial statements, governmental funds report non spendable and restricted fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

The Town can establish limitations on the use of fund balance as follows:

Non-spendable fund balance – Amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. “Not in spendable form” includes items that are not expected to be converted to cash (such as inventories and prepaid amounts) and items such as long-term amount of loans and notes receivable, as well as property acquired for resale. The corpus (or principal) of a permanent fund is an example of an amount that is legally or contractually required to be maintained intact.

Restricted fund balance – Amounts that can be spent only for specific purposes stipulated by (a) external resource providers such as creditors (by debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

13. Fund Equity (Continued)

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution) of the Town Commission. Commitments may be changed or lifted only by the Town Commission taking the same formal action (resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance – Includes spendable fund balance amounts established by the Town Commission that are intended to be used for specific purposes that are neither considered restricted nor committed.

Unassigned fund balance – Unassigned fund balance is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Town first uses committed fund balance, followed by assigned fund balance and then unassigned fund balance when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

14. Use of Estimates

The financial statements and related disclosures are prepared in conformity with accounting principles generally accepted in the United States of America. Management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenditures/expenses during the period reported. These estimates include assessing the collectability of accounts receivable, the use and recoverability of inventory, pension and postretirement obligations, and useful lives and impairment of tangible and intangible assets, among others. Actual results could differ from these estimates.

15. Deferred and Unearned Revenues

Unearned revenue arises when resources are received by the Town before it has a legal claim to them. In addition, in the governmental funds, deferred revenue is reported for receivables arising from revenues which are not received in the available period.

16. Pension Accounting

Pension Trust Fund:

Plan member contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

16. Pension Accounting (Continued)

Funding policy:

The Town funds the contributions to its pension plan based on the actuarial required contribution.

A net pension asset is reported in the government-wide financial statements and represents the cumulative difference between pension expense and actual contributions since implementation.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits

All of the Town's deposits are held in qualified public depositories pursuant to State of Florida Statutes, Chapter 280, *Florida Security for Public Deposits Act.* Under the Act, every qualified public depository shall deposit with the Treasurer eligible collateral of the depository to be held subject to his or her order. The Treasurer, by rule, shall establish minimum required collateral pledging levels. The pledging level may range from 25% to 125% of the average monthly balance of public deposits depending upon the depository's financial condition and establishment period. All collateral must be deposited with an approved financial institution. Any potential losses to public depositors are covered by applicable deposit insurance, sale of securities pledged as collateral and, if necessary, assessments against other qualified public depositories of the same type as the depository in default.

Investments - Town

The Town has adopted an investment policy in accordance with Florida Statutes to establish guidelines for the efficient management of its cash reserves. The Town is authorized to invest in obligations of the U.S. Treasury, its agencies and instrumentalities, certificates of deposit, the State Board of Administration investment pool, any intergovernmental investment pools authorized pursuant to Chapter 163 of the Florida Statutes, SEC registered money market funds with the highest credit quality rating from a nationally recognized rating agency, and securities of any interest in any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, provided that the portfolio is limited to obligations of the U.S. government, its agencies and instrumentalities and to repurchase agreements fully collateralized by such U.S. government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

The State Board of Administration (SBA) administers the Florida PRIME (formerly known as the Local Government Surplus Funds Trust Fund (LGIP)), and the Fund B Surplus Funds Trust Fund (Fund B), both of which are governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME and Fund B. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of $1 per share. The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The Fund B is accounted for as a fluctuating NAV pool. As of September 30, 2012, the fair value factor for Fund B was $.94896811 per share. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida PRIME. The investments in the Florida PRIME and Fund B are not insured by FDIC or any other governmental agency.

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments – Town (Continued)

As of September 30, 2012, the Town had the following investments:

	Fair Value	Credit Risk	Weighted Average Maturity
Florida PRIME	$ 91,998	S&P AAAm	39 days
Fund B	126,332	Not rated	4.08 years
	$ 218,330		

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The investment policy of the Town minimizes this risk by establishing minimum standards for institutions and dealers used by the Town.

Interest Rate Risk - The Town has an investment policy of structuring the investment portfolio in such a manner as to provide sufficient liquidity to pay obligations as they come due. The Town's investment policy limits the maturities on individual investments to no more than two years.

Credit Risk - The Town's investment policy limits investments to the highest ratings issued by two of the nationally recognized statistical rating organizations (NRSRO) (Standard and Poor's and Moody's investment services).

Concentration of Credit Risk - The Town's investment policy states that assets shall be diversified to control the risk of loss resulting from concentration of assets to a specific maturity, instrument, issue, dealer, or bank through which these securities are bought and sold.

Investments - Volunteer Firefighter's Pension Plan

Custodial credit risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Pension Plan ("Plan") will not be able to recover the value of the investments or collateral securities that are in the possession of an outside party. The investment policy of the Plan minimizes this risk by establishing minimum standards for institutions and dealers used by the Plan.

Interest Rate Risk - Since all investments for the plan are in both outside managed open-end mutual funds (American Funds) and closed-end funds (Nuveen & Blackrock), and each has a mixture of both fixed income and equities within their portfolios, the information on the underlying fixed income securities is not available for disclosure. The risk related to these mutual funds is the extent of the interest rate risk on the underlying securities.

Credit Risk - All investments are limited to the highest ratings by two of the nationally recognized rating organizations (NRSRO) (Standard and Poor's and Moody's investment services). Investments in mutual fund equities with underlying fixed income securities are all rated AAA and AA.

Concentration of Credit Risk - The Plan's investment policy limits the investment in equities to no more than 70% of the fund's assets at cost. GASB Statement 40 requires disclosure when the percent is 5% or more in anyone issuer. The investment in equities and mutual fund equities is approximately 79%. Given the restriction to the highest rating, the additional concentration is not viewed to be an additional risk to the Plan.

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments - Volunteer Firefighter's Pension Plan (Continued)

As of September 30, 2012, the Pension Plan had the following investments:

Equities		
Equity	$	96,521
Mutual funds		
Equity		311,890
Fixed income		537,501
Cash and cash equivalents		
Money markets		71,287
	$	1,017,199

NOTE 3 – PROPERTY TAXES

Property taxes are assessed as of January 1 each year and are first billed (levied) and due the following November 1.

Under Florida law, the assessment of all properties and the collection of all county, municipal, school board and special district property taxes are consolidated in the offices of the County Property Appraiser and County Tax Collector. The laws for the State regulating tax assessments are also designed to assure a consistent property valuation method statewide. State statutes permit municipalities to levy property taxes at a rate of up to 10 mills ($10 per $1,000 of assessed taxable valuation). The millage rate assessed by the Town for the fiscal year ended September 30, 2012 was 3.9990 mills.

The tax levy of the Town is established by the Commission prior to October 1 of each year, and the County Property Appraiser incorporates the millage into the local tax levy, which includes Broward County, Broward County School Board and special taxing districts.

All property is reassessed according to its fair market value as of January 1 of each year. Each assessment roll is submitted to the Executive Director of the State Department of Revenue for review to determine if the rolls meet all of the appropriate requirements of State Statutes.

All real and tangible personal property taxes are due and payable on November 1 each year. Broward County mails to each property owner on the assessment roll a notice of the taxes due and Broward County also collects the taxes for the Town. Taxes may be paid upon receipt of such notice from Broward County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April of the year following the year in which taxes were assessed. Procedures for the collection of delinquent taxes by Broward County are provided for in the Laws of Florida. There were no material delinquent property taxes at September 30, 2012.

NOTE 4 – RECEIVABLES

Receivables for the Town's individual major funds including the applicable allowances for uncollectible accounts as of September 30, 2012 were as follows:

Receivables:	General	Capital Projects	Sewer	Parking	Total
Billed	$ -	$ -	$ 487,367	$ 19,662	$ 507,029
Utility tax	96,191	-	-	-	96,191
Intergovernmental	239,181	121,471	-	-	360,652
Other	(518)	-	-	-	(518)
Gross receivables	334,854	121,471	487,367	19,662	963,354
Less allowance for uncollectibles	(44,996)	-	(171,997)	-	(216,993)
Net total receivables	$ 289,858	$ 121,471	$ 315,370	$ 19,662	$ 746,361

NOTE 5 – UNEARNED REVENUES

Unearned revenue reported in the governmental funds and the basic financial statements as of September 30, 2012 was as follows:

Occupational licenses	$ 39,998
Planning advances	5,760
Advertisement advances	803
Right of way advances	45,449
Other	49,664
	$ 141,674

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2012 were as follows:

	Receivable	**Payable**
General Fund	$ 49,273	$ 218,785
Capital Projects Fund	218,900	3,504
Parking Fund	1,285	47,169
	$ 269,458	$ 269,458

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. The balances between the general fund and the parking fund relate to excess revenues collected by the parking fund that have been allocated for use by the general fund, but had not been transferred at September 30, 2012. The balances between the general fund and the capital projects fund relate to excess revenues collected by the general fund that have been allocated for use by the capital projects fund, but had not been transferred at September 30, 2012.

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS (Continued)

Interfund transfers for the fiscal year ended September 30, 2012 were as follows:

	Transfers In	Transfers Out
General Fund	$ 197,000	$ 870,000
Capital Projects Fund	870,000	-
Fire Fund	-	30,000
Parking Fund	-	167,000
	$ 1,067,000	$ 1,067,000

Transfers between the general fund and capital projects fund were to fund capital improvement projects. Transfers from the parking fund and fire fund to the general fund were to move revenues from the fund where collection occurred to the fund where funds have been reallocated for use, in accordance with the fiscal year 2012 budget.

NOTE 7 – CAPITAL ASSETS

Capital assets for the governmental activities for the fiscal year ended September 30, 2012 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 1,592,732	$ -	$ -	$ 1,592,732
Construction in progress	1,374,186	499,402	-	1,873,588
Total capital assets, not being depreciated	2,966,918	499,402	-	3,466,320
Capital assets, being depreciated:				
Building and building improvements	4,089,307	14,709	-	4,104,016
Improvements other than buildings	11,379,342	1,064,441	-	12,443,783
Furniture, fixtures, machinery and equipment	968,448	49,931	-	1,018,379
Motor vehicles	605,044	351,054	-	956,098
Infrastructure	5,902,121	-	-	5,902,121
Total capital assets, being depreciated	22,944,262	1,480,135	-	24,424,397
Less accumulated depreciation:				
Building and building improvements	953,110	71,796	-	1,024,906
Improvements other than buildings	4,598,901	368,437	-	4,967,338
Furniture, fixtures, machinery and equipment	554,098	103,600	-	657,698
Motor vehicles	484,169	60,952	-	545,121
Infrastructure	4,128,354	112,607	-	4,240,961
Total accumulated depreciation	10,718,632	717,392	-	11,436,024
Total capital assets, being depreciated, net	12,225,630	762,743	-	12,988,373
Governmental activities capital assets, net	$ 15,192,548	$ 1,262,145	$ -	$ 16,454,693

NOTE 7 – CAPITAL ASSETS (Continued)

Capital assets for the business-type activities for the fiscal year ended September 30, 2012 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets, not being depreciated:				
Land	$ 5,767,324	$ -	$ -	$ 5,767,324
Construction in progress	-	27,098	-	27,098
Total capital assets, not being depreciated	5,767,324	27,098	-	5,794,422
Capital assets, being depreciated:				
Buildings and utility plant	2,876,894	-	-	2,876,894
Equipment	72,725	37,049	-	109,774
Total capital assets, being depreciated	2,949,619	37,049	-	2,986,668
Less accumulated depreciation:				
Buildings and utility plant	1,328,962	65,826	-	1,394,788
Equipment	2,174	3,323	-	5,497
Total accumulated depreciation	1,331,136	69,149	-	1,400,285
Total capital assets, being depreciated, net	1,618,483	(32,100)	-	1,586,383
Business-type activities capital assets, net	$ 7,385,807	$ (5,002)	$ -	$ 7,380,805

Depreciation expense was charged to functions/programs of the Town as follows:

Governmental activities:	
General government	$ 251,639
Public safety	20,017
Transportation	134,931
Recreation	2,699
Physical environment	308,106
Total depreciation expense, governmental activities	$ 717,392
Business-type activities:	
Sewer utility	$ 52,916
Parking	16,233
Total depreciation expense, business-type activities	$ 69,149

NOTE 8 – LONG-TERM LIABILITIES

Business-Type Activities

In October 2005, the Town borrowed $2,000,000 at a 3.950% interest rate compounded monthly from SunTrust Bank with a maturity date of September 30, 2020 ("Series 2005B Promissory Note"). The funds were used for major parking improvement projects and property acquisitions. The note is secured by the pledge of and lien on parking meter fees, fines and non-ad valorem revenues if a shortfall occurs. Parking meter fees have averaged approximately $428,000 annually in the past eight years whereas parking fines have averaged approximately $116,000 in the past four years. The total principal and interest remaining on the note is $911,827. For the current fiscal year, principal and interest paid and net revenues were $329,254 and $1,619,716, respectively.

During the prior fiscal year, the Town negotiated an accelerated loan payoff on the Series 2005B Promissory Note. An amendment to the promissory note agreement with SunTrust was approved in the current fiscal year which permits the Town to make prepayments up to 15% of the principal amount then owing under the Note each calendar year, without any additional fees. The Town made prepayments of $204,972 and $164,945 during fiscal years 2011 and 2012, respectively, and intends to make prepayments of 15% in the subsequent fiscal years until the loan has been paid in full. As a result, it is anticipated that the outstanding loan balance will be paid off during the fiscal year ending September 30, 2017.

Changes in long-term liabilities for both governmental activities and business-type activities the fiscal year ended September 30, 2012 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Compensated absences	$ 103,432	$ 103,026	$ (96,308)	$ 110,150	$ 11,015
	$ 103,432	$ 103,026	$ (96,308)	$ 110,150	$ 11,015
Business-type activities:					
Series 2005B Promissory Note	$ 1,130,723	$ -	$ (291,125)	$ 839,598	$ 242,512
	$ 1,130,723	$ -	$ (291,125)	$ 839,598	$ 242,512

Annual debt service requirements to maturity on the enterprise notes are as follows:

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2013	$ 242,512	$ 31,234	$ 273,746
2014	210,809	21,578	232,387
2015	184,048	13,170	197,218
2016	161,497	5,817	167,314
2017	40,732	430	41,162
	$ 839,598	$ 72,229	$ 911,827

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Interlocal Agreement

The Town entered into an interlocal agreement with Broward Sheriff's Office on February 23, 2001 with an effective date of March 1, 2001 for police services in the Town. The agreement is for a five (5) year period and can be renewed for an additional two periods of five (5) years each, for a total of fifteen (15) years, without further action of the parties, unless terminated by either party as provided in the agreement. The Town has exercised both renewal options. During the fiscal year ended September 30, 2012, the Town paid $3,362,304 under this agreement.

The Town entered into an interlocal agreement with Broward County Building and Permitting Division on July 27, 2004 to conduct plan examinations and inspection pursuant to the South Florida Building Code. The agreement was terminated in the current fiscal year. During the fiscal year ended September 30, 2012, Broward County collected $202,697 under this agreement and the Town received $16,319 from Broward County for surcharges. On December 19, 2011, the Town entered into an agreement with C.A.P. Government, Inc. to conduct plan examinations and inspection services. The term of the agreement is three years, beginning on January 3, 2012, and extends until December 31, 2014 unless the agreement is terminated earlier in accordance with the terms of the agreement. In accordance with the terms of the agreement, C.A.P. Government, Inc. collected approximately $390,980, of which the Town received $78,365 (or 25%) of actual revenue received for permit applications.

Litigation, Claims and Assessments

The Town is the defendant in four lawsuits related to the Charter building height limitations. Count I sought recovery under the Bert J. Harris, Jr. Private Property Rights Protection Act and collectively asserted that the Town deprived the private property owners of the reasonably expected investment-backed right to use their property due to land development regulations adopted by the Town. Count II alleged that the Town was estopped from applying the charter height limitations because an annexation agreement between the Town and the South Beach Civic Association provided that the Broward County height regulations then in effect would continue to apply post-annexation. One of the lawsuits also claims breach of a contract to install sanitary sewers. The Town is vigorously defending these claims, which have been consolidated as to liability under the Charter building height limitations.

During a prior fiscal year, the Town filed a motion to dismiss, as well as written discovery. A hearing was held on the motion to dismiss which concluded during a prior fiscal year. The Court granted the Town's motion to dismiss. The plaintiffs filed an amended complaint, reasserting both counts of the Charter height limit related claims, and the Town again moved to dismiss. A hearing on the motion to dismiss the amended claim was held on July 8, 2011. On September 1, 2011, the Judge entered an Order granting in part and denying in part the Town's motions to dismiss Counts I and II of the amended complaints filed in these consolidated cases. The Judge again dismissed the first Count, which sought compensation under the Bert J. Harris Act. However, the motion was denied as to the Count II estoppel claims. Under this claim, the four property owners claim that certain promises contained in an annexation agreement preclude application of the subsequently enacted charter height limits. No monetary damages are sought in connection with Count II. The Town filed an Answer to Count II. On August 20, 2012, the Plaintiffs propounded interrogatories and requests for production, but granted an open-ended extension of time to respond to same. The cases are not currently being vigorously prosecuted.

As for the sewer-related claims, the Plaintiff seeks to either compel the Town to connect it to the sanitary sewer system, or to pay the cost of installing a sewer system, which the Complaint alleges to be approximately $3.35 million. As of the report date, the outcome cannot be determined; therefore, no amounts related to the outcome of this matter have been reflected in the financial statements.

NOTE 9 – COMMITMENTS AND CONTINGENCIES (Continued)

Litigation, Claims and Assessments (Continued)

The Charter height limit-related claims in Count II seek only equitable relief, and therefore do not introduce the possibility of substantial monetary exposure. In the event that the Bert J. Harris claims contained in Count I are revived, the Plaintiffs presented the Town with a pre-suit appraisal quantifying the value of the purported loss of development rights at approximately $21 million. Given that Claim I has been dismissed, the likelihood of an unfavorable monetary outcome is deemed to be minimal.

Grants

Grant monies received and disbursed by the Town are for specific purposes and may be subject to audit by the grantor agencies. Such audits may result in requests for reimbursements due to disallowed expenditures or other actions by grantor agencies. Based upon prior experience, the Town does not believe that such disallowances or other actions taken by the grantor agencies, if any, would have a material effect on the financial position of the Town.

During the current fiscal year, the Town received grant money from the Florida Department of Transportation for State Road A1A landscaping and hardscape enhancements in the amount of $441,700. Construction on the project commenced during September 2011 and was completed in the current fiscal year.

Construction Contracts and Encumbrance Commitments

As of September 30, 2012, the Town had open contracts for various construction projects. The contracts totaled approximately $1,030,000, of which approximately $597,000 was uncompleted at September 30, 2012. The Town had an additional $8,400 in encumbrance commitments at September 30, 2012.

NOTE 10 – FLORIDA RETIREMENT SYSTEM

Plan Description

The Town participates in the statewide Florida Retirement System ("FRS"). FRS is a state-administered retirement system that is a multiple-employer cost sharing defined benefit plan. All rates, benefits and amendments are established by the State of Florida through its legislative body. The FRS issues a publicly available financial report that includes financial statements and required supplementary information for the PERS. Copies of the FRS's annual report, including a statement of financial condition, historical and statistical information and an actuarial report may be obtained by writing to the State of Florida, Division of Retirement, Research, Education and Policy Section, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560 or from their website at www.myfrs.com.

All full-time Town employees are eligible to participate in the FRS. Normal retirement is at 6 years of credited service and age 62 or at 30 years of credited service regardless of age for regular members.

Benefits vest after six years of credited service. Early retirement may be taken any time after vesting; however, there is a five percent benefit reduction for each year prior to normal retirement age or date. The FRS also provides disability and survivor benefits.

Funding Policy

Contributions to FRS are made by the Town as a percentage of covered payroll. Payroll for Town employees covered by FRS for the fiscal year ended September 30, 2012 was approximately $1.74 million. As of July 2011, employees are required to contribute 3% of their base pay. The Town is also required to contribute a certain percentage of employee compensation per year. The required contribution percentage is effective from July 1 – June 30 of a given year and is determined by employees' membership plan and class.

NOTE 10 – FLORIDA RETIREMENT SYSTEM (Continued)

Funding Policy (Continued)

The following are the required contributions and the percentage contributed by the Town for the current fiscal year and the preceding two fiscal years:

Fiscal Year Ended September 30,	Required Contribution	Actual Contribution	Percentage Contributed
2010	$ 187,882	$ 193,645	103%
2011	179,679	180,132	100%
2012	94,931	94,931	100%

NOTE 11 – VOLUNTEER FIREFIGHTERS PENSION FUND

Plan Description

The Volunteer Firefighters Pension Plan is a single-employer Public Employee Retirement System ("PERS") defined benefit pension plan. Volunteer firefighters do not receive salaries but receive incentive pay based on calls to which they respond. Participants should refer to the Plan documents for more complete information. A publicly available financial statement for the Plan can be obtained from the Board of Trustees, 4442 Sea Grape Drive, Lauderdale-By-The-Sea, Florida, 33308.

As of October 1, 2011, the date of the latest actuarial valuation, firefighters' membership data related to the Plan as stated in the actuarial valuation was as follows:

Retirees and beneficiaries currently receiving benefits and former volunteers entitled to receive benefits but not yet receiving them	8
Current volunteers:	
Fully vested	5
Non-vested	58
Total	63

All volunteer firefighters of the Town are eligible for membership in the Plan; eligibility is determined by a point system whereby a firefighter must accumulate 30 points during a Plan year to be credited for one year of service. Points are accumulated by attendance at meetings, drills, fires and false alarms. Normal retirement is at age 55 and 10 years of credited service. The benefit is $10 per month for each year of credited service payable in a life annuity, with other options available. Disability benefits are available for total and permanent disability payable at $10 per month for each year of credited service. Death benefits are available under the same terms as normal retirement benefits.

Basis of Accounting

The Volunteer Firefighters Pension Plan (the "Plan") financial statements are prepared on the accrual basis of accounting. All contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements.

NOTE 11 – VOLUNTEER FIREFIGHTERS PENSION FUND (Continued)

Investments

Investments, which consist primarily of mutual funds, are carried at fair value. Interest is recognized when earned. Purchases and sales are recorded on a trade-date basis.

Within certain limitations as specified in the Plan, the investment policy is determined by the Board of Trustees and is implemented by the Plan's investment advisor.

Funding Policy

Firefighters are not required to contribute to the Plan but may voluntarily do so. Contributions from the State of Florida are based on the amount of fire insurance premiums written by private insurers on property within Town limits. The Town is required to contribute if there is any shortfall between the State's contributions and funding requirements of the Plan.

Funding is based on actuarial determined required contributions using the aggregate actuarial cost method. The annual required contribution for the fiscal year ended September 30, 2012 was determined by the October 1, 2011 actuarial valuation report, using the aggregate actuarial cost method. The State contributions are received by the Town and are recorded as a revenue and expenditure in the General Fund and remitted to the Volunteer Fire Department treasurer for deposit to the pension bank account. This amount totaled $121,011 for the fiscal year ended September 30, 2012.

Funding Status and Funding Progress

The funded status of the plan as of October 1, 2011, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL), Entry Age (b)	(Over) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as Percent of Covered Payroll [(b-a)/c]
October 1, 2011*	$ 645,806	$ 467,091	$ (178,715)	138.3%	$ 347,941	-51.4%

*For purposes of this schedule, the AAL for the Plan is determined using the entry age actuarial cost method. Note that the ARC for the Plan is calculated using the aggregate actuarial cost method.

The schedule of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets are increasing or decreasing over time relative to the AAL for benefits.

Projections of benefits are based on benefit levela and cost-sharing arrangements as of the date of the valuation and do not explicitly reflect the potential effects of legal or contractual funding limitation.

NOTE 11 – VOLUNTEER FIREFIGHTERS PENSION FUND (Continued)

Additional information as of the latest actuarial valuation follows:

Valuation date	October 1, 2011
Contribution Rates:	
Employer and State	6.02%
Plan Member	5%
Actuarial cost method	Aggregate
Amortization method*	N/A
Remaining amortization period*	N/A
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	7.0%
Projected salary increases	5.5%
Includes inflation and other general increases at	3.0%
Cost-of-living adjustments	N/A

*The actuarial cost method used by the Plan is the Aggregate Method which does not have an explicit amortization method of period. Instead, the total cost is paid for over the expected future active lifetimes which is approximately 10 years for the Plan.

Annual Pension Cost and Net Pension Asset

The annual pension cost and net pension asset as of the latest actuarial valuation are as follows:

Annual required contribution (ARC)	$ 20,932
Interest on net pension obligation (NPO)	(6,690)
Adjustment to ARC	9,047
Annual pension cost (APC)	23,289
Contributions made	38,866
Increase (decrease) in NPO	(15,577)
NPO (asset), beginning	(95,574)
NPO (asset), ending	$ (111,151)

The annual required contribution for fiscal year 2012 was determined as part of the most recent actuarial report dated October 1, 2011, using the aggregate actuarial cost method. Because the method does not identify or separately amortize unfunded actuarial liabilities, information about the Plan's funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and the information presented is intended to serve as a surrogate for the funded status and funding progress of the Plan.

Trend Information

Fiscal Year Ended September 30,	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Assets)
2010	$ 28,831	$ 40,224	139.5%	$ (84,225)
2011	29,111	40,460	139.0%	(95,574)
2012	23,289	38,866	166.9%	(111,151)

The following are the required contributions and the percentage contributed by the Town for the current fiscal year and the preceding two fiscal years:

Fiscal Year Ended September 30,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2010	$ 27,036	$ 40,224	148.8%
2011	27,036	40,460	149.7%
2012	20,932	38,866	185.7%

NOTE 12 – DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. As outlined in the Town's personnel policies manual, if an employee eligible to participate in the Town's health insurance program does not elect to participate, the Town will contribute 66% of the Town's normal health insurance contribution for an employee with no spouse or dependent coverage to the deferred compensation plan on their behalf in lieu of providing health insurance. Additionally, contributions are also paid to the deferred compensation plan on behalf of the Town Manager. Except for the plan provisions related to loans, the deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency. The plan was previously administered by ICMA Retirement Corporation, but is currently being administered by Nationwide Retirement Solutions. Except for the plan provisions related to loans, the Town has no fiduciary responsibility for the plan and therefore, the Town does not report the balances and activities in its financial statements. During the current fiscal year, the Town contributed approximately $17,000 on behalf of employees to the deferred compensation plan and employees contributed approximately $43,000.

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS

During the fiscal year ended September 30, 2010, the Town implemented Governmental Accounting Standards Board Statement No. 45, *Accounting and Reporting by Employers for Postemployment Benefits other than Pensions* (OPEB) for certain postemployment health care benefits. The requirements of the statement were implemented prospectively.

Plan Description: Pursuant to Section 112.081, Florida Statutes, the Town is required to permit eligible retirees and their eligible dependents to participate in the Town's health insurance program at a cost to the retiree that is no greater than the cost at which coverage is available for active employees. These retirees pay 100% of the blended rate for active and retired employees. Because the blended rate is greater than that of a plan including active employees only and less than that of a plan including retirees only, the amount the Town expends for active employees includes an implicit subsidy for participating retirees and dependents.

Funding Policy: An actuarial valuation was performed as of October 1, 2011, for the purpose of enhancing the Town's understanding of the OPEB obligation and to establish policy implications regarding the funding of this obligation. The actuary's estimate, using the Entry Age Normal Cost Method, included other actuarial assumptions as classified below. The calculation produced an unfunded actuarially accrued liability (UAAL) of $57,890, and an estimated net OPEB obligation of $13,543. At this time, the Town has opted to pay as you go rather than fund a portion or the entire net OPEB obligation.

Calculation of the net OPEB obligation as of the latest actuarial valuation is as follows:

Annual Required Contribution (ARC)	$ 11,195
Interest on Net OPEB Obligation (NPO)	534
Adjustment to ARC	(369)
Annual OPEB Cost/(Expense)	11,360
Estimated net contributions made*	(9,688)
Increase/(Decrease) in NPO	1,672
Net OPEB obligation/(asset), beginning	11,871
Net OPEB obligation/(asset), ending	$ 13,543

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial methods and significant actuarial assumptions used to determine the annual required contribution for the prior fiscal year were as follows:

Valuation date	October 1, 2011
Actuarial cost method	Entry age normal
Amortization method for unfunded actuarial liability	Level percentage of payroll, closed
Amortization period - closed	30 Years
Asset valuation method	Market value
Actuarial assumptions:	
Investment rate of return	4.50%
Projected salary increases	0.00%
Health Care inflation:	
Pre-Medicare and Post-Medicare	9% in fiscal year 2012; then 8.5% in fiscal year 2013 trending to 4.5% in 2017

The actuarial valuation of the calculation of OPEB involves estimates of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information is designed to provide multi-year trend information to how whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Fiscal year 2010 was the initial year of implementation. The Town has not contributed assets to the plan at this time.

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Town and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Funding progress of the OPEB liability as of October 1, 2011 valuation date, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL), Entry Age (b)	(Over) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as Percent of Covered Payroll [(b-a)/c]
October 1, 2011	$ -	$ 57,890	$ 57,890	0%	$ 1,099,999	5.3%

Participants of the plan consisted of the following at September 30, 2012:

Retirees and beneficiaries currently receiving benefits	3
Active employees	35
Total	38

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Three year information for the years ended September 30, is presented as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
September 30, 2010	$ 11,560	54.5%	$ 5,257
September 30, 2011	N/A	N/A	N/A
September 30, 2012	11,360	69.1%	13,543

The net OPEB obligation is reported as a liability in the statement of net assets of the Town.

NOTE 14 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Town carries commercial insurance. There were no significant reductions in insurance coverage from the prior fiscal year. The Town provides employee medical benefits through commercial insurance coverage. Settlements during the previous three years did not exceed insurance coverage.

NOTE 15 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED

GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*

This statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The requirements for Statement 60 are effective for financial statements for periods beginning after December 15, 2011. In general, its provisions are required to be applied retroactively for all periods presented.

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*

This statement is designed to improve financial reporting for governmental entities by amending the requirements of Statements No. 14, *The Financial Reporting Entity, and No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments,* to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively. The Statement will improve the information presented about the financial reporting entity, which is comprised of a primary government and related entities (component units). The Statement is effective for financial statements for periods beginning after June 15, 2012.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

This Statement is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements. The requirements of Statement 62 are effective for financial statements for periods beginning after December 15, 2011.

NOTE 15 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (Continued)

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

This Statement is intended to provide financial reporting guidance for deferred outflows of resources and deferred inflows of resources and their effects on a government's net position. The requirements of Statement 63 are effective for financial statements for periods beginning after December 15, 2011.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*

This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

GASB Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*

The objective of this Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012.

GASB Statement No. 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement No. 25*

The objective of this Statement is to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, and No. 50, *Pension Disclosures*, as they relate to pension plans that are administered through trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013.

NOTE 15 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (Continued)

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers,* as well as the requirements of Statement No. 50, *Pension Disclosures,* as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements (hereafter jointly referred to as trusts) that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. Statement No. 67, *Financial Reporting for Pension Plans,* revises existing standards of financial reporting for most pension plans. This Statement and Statement 67 establish a definition of a pension plan that reflects the primary activities associated with the pension arrangement—determining pensions, accumulating and managing assets dedicated for pensions, and paying benefits to plan members as they come due. This Statement is effective for fiscal years beginning after June 15, 2014.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*

The objective of this Statement is to improve accounting and financial reporting for U.S. state and local governments' combinations and disposals of government operations by providing guidance specific to the situations and circumstances encountered within the governmental environment. This Statement is effective for periods beginning after December 15, 2013.

The Town's management has not yet determined the effect these Statements will have on the Town's financial statements.

NOTE 16 – SUBSEQUENT EVENTS

As a result of the analysis conducted during the current fiscal year in accordance with the wastewater rate study performed, the Town will reduce its wastewater rates by 10% for fiscal year 2013.

REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Property taxes	$ 6,588,059	$ 6,588,059	$ 6,748,169	$ 160,110
Franchise fees and utility taxes	1,704,800	1,704,800	1,698,650	(6,150)
Intergovernmental	938,272	938,272	969,266	30,994
Fines and forfeitures	90,500	90,500	125,760	35,260
Charges for services	8,000	8,000	7,755	(245)
Licenses and permits	156,300	407,706	509,892	102,186
Interest income and other	48,000	48,000	43,337	(4,663)
Grant revenue	-	-	83,937	83,937
Miscellaneous revenues	40,000	40,000	74,770	34,770
Total revenues	9,573,931	9,825,337	10,261,536	436,199
Expenditures:				
General Government:				
Town commission	101,805	107,640	105,057	2,583
Administration	872,288	872,288	816,714	55,574
Legal	368,000	368,000	322,795	45,205
General	951,885	888,095	713,581	174,514
Nondepartmental	392,393	392,393	171,708	220,685
Total general government	2,686,371	2,628,416	2,129,855	498,561
Public safety:				
Emergency medical services	754,659	754,659	754,484	175
Police department	3,459,554	3,459,554	3,379,865	79,689
Total public safety	4,214,213	4,214,213	4,134,349	79,864
Municipal services:				
Administrative	755,873	769,562	750,444	19,118
Engineer and utilities	177,130	180,130	193,526	(13,396)
Public works	492,285	523,551	446,367	77,184
Total municipal services	1,425,288	1,473,243	1,390,337	82,906

See notes to Required Supplementary Information.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2012
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	**Final**	**Amounts**	**Positive (Negative)**
Development services:				
Development services administrative	393,240	302,850	253,275	49,575
Building services	-	251,406	312,615	(61,209)
Code compliance	11,000	101,390	93,755	7,635
Total development services	404,240	655,646	659,645	(3,999)
Recreation services:				
Beach and recreation	344,554	344,554	330,408	14,146
Total recreation services	344,554	344,554	330,408	14,146
Excess (deficiency) of revenues over (under) expenditures	499,265	509,265	1,616,942	1,107,677
Other financing sources (uses):				
Use of fund balance	163,735	163,735	-	(163,735)
Transfers in	207,000	197,000	197,000	-
Transfers out	(870,000)	(870,000)	(870,000)	-
Total other financing sources (uses)	(499,265)	(509,265)	(673,000)	(163,735)
Net change in fund balance	$ -	$ -	943,942	$ 943,942
Fund balance, beginning			8,670,191	
Fund balance, ending			$ 9,614,133	

See notes to Required Supplementary Information.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTE TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – BUDGETS AND BUDGETARY ACCOUNTING

Annual appropriated budgets are adopted for all governmental funds on a basis consistent with accounting principles generally accepted in the United States.

The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

(a) In July, the Town Manager submits to the Commission a proposed operating and capital budget for the ensuing fiscal year. The budget includes proposed expenditures and the means of financing them.

(b) Public hearings are conducted to obtain taxpayer comments.

(c) Prior to October 1, the budget is legally enacted through passage of an ordinance.

(d) The Town Commission, by motion, may make supplemental appropriations for the fiscal year.

(e) Formal budgetary integration is employed as a management control device during the fiscal year for the general fund.

(f) The Town Manager is authorized to transfer part or all of an unencumbered appropriation balance within a department; however, any revisions that alter the total appropriations of any fund must be approved by the Town Commission. The classification detail at which expenditures may not legally exceed appropriations is at the department level.

(g) Unencumbered appropriations lapse at fiscal year end. Unencumbered amounts are reappropriated in the following fiscal year's budget.

(h) Budgeted amounts are as originally adopted or as amended.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FROM THE TOWN
FISCAL YEAR ENDED SEPTEMBER 30, 2012

RETIREMENT PLAN FOR VOLUNTEER FIREFIGHTERS

Fiscal Year Ended September 30,	Annual Required Contribution	Amounts Contributed	Percentage Contributed
2007	$ 36,648	$ 36,648	100.0%
2008	15,495	15,569	100.5%
2009	30,674	41,177	134.2%
2010	20,932	40,224	192.2%
2011	27,036	40,460	149.7%
2012	20,932	38,866	185.7%

The amounts reported above as "Amounts Contributed" may also include a portion of the State contributions as reported on the Statement of Changes in Fiduciary Net Assets thereby accounting for any differences in reporting.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
VOLUNTEER FIREFIGHTERS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

RETIREMENT PLAN FOR VOLUNTEER FIREFIGHTERS

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL), Entry Age (b)	(Over) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as Percent of Covered Payroll [(b-a)/c]
October 1, 2005	$ 370,278	$ 368,144	$ (2,134)	100.6%	$ 225,310	-0.9%
October 1, 2006	470,369	396,486	(73,883)	118.6%	249,866	-29.6%
October 1, 2007	579,283	351,231	(228,052)	164.9%	198,451	-114.9%
October 1, 2008	412,514	273,795	(138,719)	150.7%	111,182	-124.8%
October 1, 2009	515,934	325,837	(190,097)	158.3%	286,224	-66.4%
October 1, 2011	645,806	467,091	(178,715)	138.3%	347,941	-51.4%

GASB No. 50, Pension Disclosures - an amendment of GASB Statements No. 25 and No. 27, requires plans using the aggregate actuarial cost method to also prepare information about the funded status and funding progress using the entry age actuarial cost method. Plans are required to disclose that because the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial unfunded actuarial liabilities, information about the funded status and funding progress has been prepared using the entry age actuarial cost method and is intended to serve as a surrogate for the funded status and funding progress.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFIT PLAN
FISCAL YEAR ENDED SEPTEMBER 30, 2012

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL), Entry Age (b)	(Over) Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as Percent of Covered Payroll [(b-a)/c]
October 1, 2009	$ -	$ 42,184	$ 42,184	0%	$ 1,257,243	3.4%
October 1, 2011	-	57,890	57,890	0%	1,099,999	5.3%

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COMBINING FUND STATEMENTS

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TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2012

	Special Revenue Funds		
	Police Training and Forfeiture	Fire Fund	Total Non-Major Funds
ASSETS			
Cash and cash equivalents	$ 191,018	$ 451,029	$ 642,047
Total assets	$ 191,018	$ 451,029	$ 642,047
LIABILITIES AND FUND BALANCES			
Liabilities:			
Contracts and retainage payable	$ -	$ 10,237	$ 10,237
Accounts payable and other liabilities	5,174	-	5,174
Unearned revenue	-	24,915	24,915
Total liabilities	5,174	35,152	40,326
Fund balances:			
Restricted for:			
Fire department	-	415,877	415,877
Law enforcement	185,844	-	185,844
Total fund balances	185,844	415,877	601,721
Total liabilities and fund balances	$ 191,018	$ 451,029	$ 642,047

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Special Revenue Funds		
	Police Training and Forfeiture	**Fire Fund**	**Total Non-Major Funds**
Revenues:			
Fire assessments	$ -	$ 1,049,989	$ 1,049,989
Charges for services	-	51,529	51,529
Interest income	189	-	189
Miscellaneous revenues	1,936	-	1,936
Total revenues	2,125	1,101,518	1,103,643
Expenditures:			
Current:			
Public safety	328	790,581	790,909
Capital outlay	14,164	351,040	365,204
Total expenditures	14,492	1,141,621	1,156,113
Excess (deficiency) of revenues over (under) expenditures	(12,367)	(40,103)	(52,470)
Other financing sources (uses):			
Transfers out	-	(30,000)	(30,000)
Total other financing sources (uses)	-	(30,000)	(30,000)
Net change in fund balances	(12,367)	(70,103)	(82,470)
Fund balances, beginning	198,211	485,980	684,191
Fund balances, ending	$ 185,844	$ 415,877	$ 601,721

BUDGETARY COMPARISON SCHEDULES

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TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL
CAPITAL PROJECTS FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget-
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Grant revenue	$ 441,700	$ 441,700	$ 320,229	$ (121,471)
Interest income	12,000	12,000	5,414	(6,586)
Miscellaneous	-	-	30,720	30,720
Total revenues	453,700	453,700	356,363	(97,337)
Expenditures:				
General Government:				
Administrative	287,325	51,561	44,793	6,768
Capital outlay	3,977,342	3,912,634	1,552,822	2,359,812
Total expenditures	4,264,667	3,964,195	1,597,615	2,366,580
Excess (deficiency) of revenues over (under) expenditures	(3,810,967)	(3,810,967)	(1,241,252)	2,269,243
Other financing sources (uses):				
Transfers in	1,170,472	870,000	870,000	-
Use of fund balance	2,640,495	2,640,495	-	(2,640,495)
Total other financing sources (uses)	3,810,967	3,510,495	870,000	(2,640,495)
Net change in fund balance	$ -	$ (300,472)	(371,252)	$ (371,252)
Fund balance, beginning			5,271,640	
Fund balance, ending			$ 4,900,388	

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL
SPECIAL REVENUE FUND
POLICE TRAINING AND FORFEITURE FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget-
	Original	Final	Amounts	Positive (Negative)
Revenues:				
Interest income	$ 362	$ 362	$ 189	$ (173)
Miscellaneous	-	-	1,936	1,936
Total revenues	362	362	2,125	1,763
Expenditures:				
Current:				
Public Safety	-	1,000	328	672
Capital outlay	20,000	19,000	14,164	4,836
Total expenditures	20,000	20,000	14,492	5,508
Excess (deficiency) of revenues over (under) expenditures	(19,638)	(19,638)	(12,367)	7,271
Other financing sources (uses):				
Use of fund balance	19,638	19,638	-	(19,638)
Total other financing sources (uses)	19,638	19,638	-	(19,638)
Net change in fund balances	$ -	$ -	(12,367)	$ (12,367)
Fund balance, beginning			198,211	
Fund balance, ending			$ 185,844	

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
BUDGET TO ACTUAL
SPECIAL REVENUE FUND
FIRE FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual	Variance With Final Budget -
	Original	**Final**	**Amounts**	**Positive (Negative)**
Revenues:				
Fire assessments	$ 1,012,808	$ 1,012,808	$ 1,049,989	$ 37,181
Charges for services	30,000	30,000	51,529	21,529
Total revenues	1,042,808	1,042,808	1,101,518	58,710
Expenditures:				
Current:				
Public Safety	840,308	834,872	790,581	44,291
Capital outlay	349,500	354,936	351,040	3,896
Total expenditures	1,189,808	1,189,808	1,141,621	48,187
Excess (deficiency) of revenues over (under) expenditures	(147,000)	(147,000)	(40,103)	106,897
Other financing sources (uses):				
Use of fund balance	187,000	187,000	-	(187,000)
Transfers out	(40,000)	(40,000)	(30,000)	10,000
Total other financing sources (uses)	147,000	147,000	(30,000)	(177,000)
Net change in fund balances	$ -	$ -	(70,103)	$ (70,103)
Fund balance, beginning			485,980	
Fund balance, ending			$ 415,877	

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STATISTICAL SECTION

This part of the Town of Lauderdale-By-The-Sea's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	**57-63**
Revenue Capacity These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.	**64-67**
Debt Capacity These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	**68-70**
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	**71-72**
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.	**73-75**

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

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TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 1
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(ACCOUNTS EXPRESSED IN THOUSANDS)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
Invested in capital assets, net of related debt	$ 8,288	$ 6,585	$ 5,736	$ 380	$ 11,756	$ 17,822	$ 15,518	$ 15,222	$ 15,296	$ 16,455
Restricted for:										
Town beautification per contractual agreement	-	-	-	-	-	-	1,000	1,000	928	928
Law enforcement	-	-	-	-	-	-	291	212	198	186
Fire enforcement	-	-	-	-	-	-	63	216	486	416
Unrestricted	3,652	7,145	10,156	19,993	13,473	11,901	8,358	11,054	12,887	13,698
Total governmental activities net assets	11,940	13,730	15,892	20,373	25,229	29,723	25,230	27,704	29,795	31,683
Business-type activities:										
Invested in capital assets, net of related debt	2,328	2,734	3,782	4,518	6,156	5,955	5,578	5,629	6,255	6,541
Unrestricted	1,366	1,749	1,615	2,759	2,818	1,839	1,853	1,668	1,887	2,312
Total business-type activities net assets	3,694	4,483	5,397	7,277	8,974	7,794	7,431	7,297	8,142	8,853
Primary government:										
Invested in capital assets, net of related debt	10,616	9,319	9,518	4,898	17,912	23,777	21,096	20,851	21,551	22,996
Restricted for:										
Town beautification per contractual agreement	-	-	-	-	-	-	1,000	1,000	928	928
Law enforcement	-	-	-	-	-	-	291	212	198	186
Fire enforcement	-	-	-	-	-	-	63	216	486	416
Unrestricted	5,018	8,894	11,771	22,752	16,291	13,740	10,211	12,722	14,774	16,010
Total primary government net assets	$ 15,634	$ 18,213	$ 21,289	$ 27,650	$ 34,203	$ 37,517	$ 32,661	$ 35,001	$ 37,937	$ 40,536

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 2
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

Expenses:	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities:										
General government	$ 1,625	$ 1,914	$ 1,642	$ 2,294	$ 1,828	$ 1,981	$ 2,153	$ 2,442	$ 2,275	$ 2,392
Public safety	3,506	6,082	5,831	5,835	6,193	6,426	4,795	4,869	4,953	5,566
Transportation	868	1,276	1,522	1,442	1,430	1,286	1,602	1,592	1,660	1,269
Recreation	277	367	435	436	486	483	400	418	397	333
Physical environment	107	138	148	175	206	313	320	294	125	563
Interest on long-term debt	430	406	404	570	491	458	551	-	-	-
Total governmental activities	6,813	10,183	9,982	10,752	10,634	10,947	9,821	9,615	9,410	10,123
Business-type activities:										
Sewer	1,012	817	888	928	1,011	1,008	1,062	1,105	974	1,511
Stormwater	66	126	61	80	190	229	-	-	-	-
Parking	147	83	92	77	174	376	201	220	424	440
Interest on long-term debt	-	-	-	114	-	-	-	-	-	-
Total business-type activities	1,225	1,026	1,041	1,199	1,375	1,613	1,263	1,325	1,398	1,951
Total primary government	$ 8,038	$11,209	$11,023	$11,951	$12,009	$12,560	$11,084	$10,940	$10,808	$12,074
Program revenues:										
Governmental activities:										
Charges for services:										
General government	$ 63	$ 574	$ 802	$ 984	$ 898	$ 826	$ 244	$ 148	$ 154	$ 636
Public safety	138	271	8	4	2,048	6	-	202	38	59
Transportation	943	1,002	887	570	392	215	299	-	-	-
Recreation	4	6	6	6	5	6	6	226	303	-
Physical environment	7	50	53	78	123	118	19	-	-	-
Operating grants and contributions	530	265	140	1,397	34	26	71	107	145	84
Capital grants and contributions	28	116	74	920	769	96	1,201	-	-	442
Total governmental activities program revenues	1,713	2,284	1,970	3,959	4,269	1,293	1,840	683	640	1,221
Business type activities:										
Charges for services:										
Sewer	1,111	1,176	1,054	1,000	1,010	1,100	1,002	964	1,153	1,207
Stormwater	-	-	36	197	218	-	-	-	-	-
Parking	51	67	99	432	642	602	481	389	948	1,620
Capital grants and contributions	-	-	-	-	332	-	34	-	295	-
Total business-type activities program revenues	1,162	1,243	1,189	1,629	2,202	1,702	1,517	1,353	2,396	2,827
Total primary government program revenues	$ 2,875	$ 3,527	$ 3,159	$ 5,588	$ 6,471	$ 2,995	$ 3,357	$ 2,036	$ 3,036	$ 4,048

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 2 (Continued)
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net (expense) revenue:										
Governmental activities	$ (5,100)	$ (7,899)	$ (8,012)	$ (6,793)	$ (6,365)	$ (9,654)	$ (7,981)	$ (8,932)	$ (8,770)	$ (8,902)
Business-type activities	(63)	217	148	430	827	89	254	28	998	876
Total primary government net expense	$ (5,163)	$ (7,682)	$ (7,864)	$ (6,363)	$ (5,538)	$ (9,565)	$ (7,727)	$ (8,904)	$ (7,772)	$ (8,026)
General revenues and other changes in net assets:										
Governmental activities:										
Property taxes and fire assessments	$ 5,531	$ 7,833	$ 8,565	$ 9,937	$ 9,029	$10,092	$ 9,196	$ 8,404	$ 7,938	$ 7,798
Utility taxes based on gross receipts	763	760	785	782	844	907	943	1,033	1,006	995
Franchise fees based on gross receipts	536	565	583	655	777	817	822	734	701	703
Communications services tax	468	376	372	350	353	358	434	366	330	376
Intergovernmental	852	321	-	-	-	-	556	539	557	594
Unrestricted Interest earnings	691	171	593	637	790	428	34	86	52	49
Miscellaneous	210	223	4	240	172	171	73	78	109	107
Transfers	(526)	(560)	(728)	(1,327)	(744)	1,375	624	166	167	167
Special item-contribution to other government unit	-	-	-	-	-	-	(9,194)	-	-	-
Total governmental activities	8,525	9,689	10,174	11,274	11,221	14,148	3,488	11,406	10,860	10,789
Business-type activities:										
Unrestricted Interest earnings	13	12	36	122	126	73	7	4	3	2
Miscellaneous	-	-	-	-	-	-	-	-	11	-
Gain on sale of assets	-	-	-	-	-	33	-	-	-	-
Transfers	526	560	728	1,327	744	(1,375)	(624)	(166)	(167)	(167)
Total business-type activities	539	572	764	1,449	870	(1,269)	(617)	(162)	(153)	(165)
Total primary government	$ 9,064	$10,261	$10,938	$12,723	$12,091	$12,879	$ 2,871	$11,244	$10,707	$10,624
Changes in net assets:										
Government activities	$ 3,425	$ 1,790	$ 2,162	$ 4,481	$ 4,856	$ 4,494	$ (4,493)	$ 2,474	$ 2,090	$ 1,887
Business-type activities	476	789	912	1,879	1,697	(1,180)	(363)	(134)	845	711
Total primary government	$ 3,901	$ 2,579	$ 3,074	$ 6,360	$ 6,553	$ 3,314	$ (4,856)	$ 2,340	$ 2,935	$ 2,598

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 3
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

Fiscal Year	Ad Valorem and Fire Taxes	Franchise Fees on Services	Utility Tax	Communications Service Tax	Transportation Tax	Total
2003	$ 5,531	$ 536	$ 763	$ 468	$ 167	$ 7,465
2004	7,833	565	760	376	120	9,654
2005	8,565	583	785	372	119	10,424
2006	9,937	655	782	350	119	11,843
2007	9,029	777	844	353	116	11,119
2008	10,092	817	907	358	106	12,280
2009	9,196	822	943	434	109	11,504
2010	8,404	734	1,033	366	102	10,639
2011	7,938	701	1,006	330	104	10,079
2012	7,798	703	995	376	104	9,976

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 4
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	Pre-GASB 54							
	2003	2004	2005	2006	2007	2008	2009	2010
General fund:								
Reserved	$ -	$ -	$ -	$ 56	$ 60	$ 179	$ 250	$ 220
Unreserved, designated	2,070	2,475	3,389	3,310	5,222	3,743	4,163	4,556
Unreserved, undesignated	2,676	3,818	4,374	9,451	8,740	7,242	2,189	3,052
Total general fund	$ 4,746	$ 6,293	$ 7,763	$ 12,817	$ 14,022	$ 11,164	$ 6,602	$ 7,828
All other governmental funds:								
Reserved								
Capital project funds	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,000	$ 1,000
Unreserved, undesignated	9,835	3,005	2,880	-	-	-	-	-
Special revenue funds	-	-	-	363	378	301	140	176
Capital project funds	-	-	-	550	(222)	-	1,805	3,236
Unreserved, undesignated :								
Special revenue funds	-	-	-	-	-	4	151	36
Capital project funds	-	4,415	6,047	6,206	6,596	1,300	162	215
Total all other governmental funds	$ 9,835	$ 7,420	$ 8,927	$ 7,119	$ 6,752	$ 1,605	$ 3,258	$ 4,663

	Post-GASB 54		
	2010	2011	2012
General fund:			
Nonspendable	$ 4	$ 76	$ 57
Restricted	216	-	-
Assigned	4,556	2,680	2,882
Unassigned	3,052	5,914	6,675
Total general fund	**$ 7,828**	**$ 8,670**	**$ 9,614**
All other governmental funds:			
Restricted	$ 1,000	$ 1,612	$ 1,529
Assigned	3,663	4,344	3,973
Total all other governmental funds	**$ 4,663**	**$ 5,956**	**$ 5,502**

Note: Eight years of data are available for GASB 34 compliance.
Three years of data are available for GASB 54 compliance which was adopted in fiscal year 2011.
Fiscal year 2010 data was restated for GASB 54 comparable presentation.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 5
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Revenues:										
Property taxes and fire assessments	$ 7,798,158	$ 7,938,090	$ 8,404,054	$ 9,195,526	$ 10,092,717	$ 11,070,231	$ 9,936,889	$ 8,565,376	$ 7,833,400	$ 5,531,092
Franchise fees and utility taxes	1,698,650	1,707,308	1,766,623	1,765,462	1,723,546	1,621,017	1,436,887	1,367,937	1,324,511	1,298,731
Intergovernmental	969,266	887,117	905,076	989,834	1,036,497	1,105,240	1,117,108	1,029,253	1,236,821	1,326,982
Fines and forfeitures	125,760	303,767	226,089	254,080	245,270	261,746	484,816	451,109	584,927	522,436
Charges for services	59,284	37,593	202,053	159,131	79,196	209,990	198,798	540,762	696,934	558,188
Interest and other	48,940	51,906	86,830	33,821	427,693	790,138	637,029	593,123	170,729	690,604
Licenses and permits	509,892	153,933	147,549	154,835	167,373	200,610	191,363	106,684	80,573	67,035
Grants	404,166	144,653	106,159	272,262	123,155	154,875	1,475,654	213,335	325,481	558,331
Miscellaneous revenues	107,426	109,409	77,965	1,073,158	170,782	172,465	240,127	4,258	223,720	76,599
Total revenues	11,721,542	11,333,776	11,922,398	13,898,109	14,066,229	15,586,312	15,718,671	12,871,837	12,477,096	10,629,998
Expenditures:										
Current:										
General government	2,129,772	2,106,893	2,410,124	1,803,315	1,566,541	1,931,495	2,174,935	1,550,657	1,528,070	1,461,860
Public safety	5,572,541	4,923,024	4,868,578	4,774,384	6,419,902	6,174,381	5,800,530	5,794,821	6,026,492	3,398,569
Transportation	1,131,531	1,434,324	1,366,145	1,272,675	1,185,116	1,226,939	1,215,885	1,373,894	1,131,320	868,121
Economic	-	-	-	-	-	-	-	-	-	-
Recreation	330,408	304,613	325,912	307,685	397,597	400,533	349,687	364,797	300,690	277,542
Physical environment	193,526		198,313	311,328	167,986	174,499	146,417	104,002	103,193	107,469
Capital outlay	2,040,544	597,312	287,413	1,138,153	8,974,468	1,474,802	3,015,369	1,140,175	1,998,326	3,444,555
Debt service:										
Principal	-	-	-	6,814,833	4,275,881	2,129,786	1,835,615	1,384,254	1,291,439	1,161,654
Interest	-	-	-	550,849	458,103	491,596	607,376	403,442	406,104	429,724
Total expenditures	11,398,322	9,366,166	9,456,485	16,973,222	23,445,594	14,004,031	15,145,814	12,116,042	12,785,634	11,149,494
Excess (deficiency) of revenues over expenditures	323,220	1,967,610	2,465,913	(3,075,113)	(9,379,365)	1,582,281	572,857	755,795	(308,538)	(519,496)
Other financing sources (uses):										
Proceeds from notes payable and capital leases	-	-	-	-	-	-	-	-	-	2,712,658
Transfers in	1,067,000	1,562,690	1,781,401	2,365,244	6,340,968	2,711,647	1,927,969	1,393,519	1,179,854	1,795,944
Transfers out	(900,000)	(1,395,690)	(1,615,756)	(2,199,599)	(4,966,393)	(3,456,105)	(3,254,565)	(2,121,866)	(1,739,771)	(2,321,745)
Debt issued	-	-	-	-	-	-	4,000,000	2,950,000	-	-
Total other financing sources (uses)	167,000	167,000	165,645	165,645	1,374,575	(744,458)	2,673,404	2,221,653	(559,917)	2,186,857
Net change in fund balances	490,220	2,134,610	2,631,558	(2,909,468)	(8,004,790)	837,823	3,246,261	2,977,448	(868,455)	1,667,361
Fund balances - beginning	14,626,022	12,491,412	9,859,854	12,769,322	20,774,112	19,936,289	16,690,028	13,712,580	14,581,035	12,913,674
Fund balances - ending	$ 15,116,242	$ 14,626,022	$ 12,491,412	$ 9,859,854	$ 12,769,322	$ 20,774,112	$ 19,936,289	$ 16,690,028	$ 13,712,580	$ 14,581,035

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 6

GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)

LAST TEN FISCAL YEARS

Fiscal Year	Property Taxes and Fire Assessment Fees	Franchise Fees and Utility Taxes	Parking Meters	Licenses and Permits	Inter-Gov't	Charges Services	Fines and Forfeitures	Grants	Interest and Other	Total
2003	$ 5,531,092	$ 1,298,731	$ 484,563	$ 67,035	$ 1,326,982	$ 73,625	$ 522,436	$ 558,331	$ 767,203	$ 10,629,998
2004	7,833,400	1,324,511	526,748	80,573	1,236,821	170,186	584,927	325,481	394,449	12,477,096
2005	8,565,376	1,367,937	478,406	106,684	1,029,253	62,356	451,109	213,335	597,381	12,871,837
2006	9,936,889	1,436,887	146,804	191,363	1,117,108	51,994	484,816	1,475,654	877,156	15,718,671
2007	11,070,231	1,621,017	137,561	200,610	1,105,240	72,429	261,746	154,875	962,603	15,586,312
2008	10,092,717	1,723,546	55,448	167,373	1,036,497	23,748	245,270	123,155	598,475	14,066,229
2009	9,195,526	1,765,462	118,431	154,835	989,834	40,700	254,080	272,262	1,106,979	13,898,109
2010	8,404,054	1,766,623	156,585	147,549	905,076	45,468	226,089	106,159	164,795	11,922,398
2011	7,938,090	1,707,308	-	153,933	887,117	37,593	303,767	144,653	161,315	11,333,776
2012	7,798,158	1,698,650	-	509,892	969,266	59,284	125,760	404,166	156,366	11,721,542

(1) Governmental Fund Types: General, Special Revenue and Capital Projects.

Note: From fiscal year 2002 and forward, parking meter revenue is reflected in charges for services as included in the government-wide financial statements. However, for the purpose of this table, parking meter revenue has been separated. For the fiscal year 2006, business parking meter revenue is reported in the Parking Revenue

From fiscal year 2001 and forward, sewer fees are reflected in the Sewer Fund as included in the Statement of Revenue, Expenses and Changes in Net Assets for the Proprietary Funds.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 7
PRELIMINARY RECAPITULATION OF THE AD VALOREM ASSESSMENT ROLLS
LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll Year	Real Property Assessed Value	Personal Property Assessed Value	Exemptions Real	Exemptions Personal	Assessed Property Value	Final Actual Taxable Value
2003	2002	1,162,796,770	13,701,721	62,867,630	2,634	1,113,628,227	1,141,197,502
2004	2003	1,333,494,270	14,684,976	67,100,270	2,634	1,281,076,342	1,259,147,591
2005	2004	1,504,774,160	16,453,097	72,512,650	2,634	1,448,711,973	1,453,739,511
2006	2005	2,107,212,880	15,785,123	77,200,430	2,700	2,045,794,873	1,728,223,953
2007	2006	2,689,777,920	17,527,962	82,761,920	2,700	2,624,541,262	2,140,677,012
2008	2007	2,395,129,720	16,740,144	88,825,630	1,564	2,323,042,670	2,321,656,228
2009	2008	2,325,239,690	16,120,707	147,379,890	3,786,923	2,190,193,584	2,126,299,609
2010	2009	2,141,321,800	15,575,063	160,133,970	3,582,380	1,993,180,513	1,935,973,843
2011	2010	1,901,968,310	15,105,857	143,291,270	4,214,572	1,769,568,325	1,773,134,094
2012	2011	1,860,076,290	16,804,874	141,590,530	4,362,075	1,730,928,559	1,734,133,452

Source: Broward County, Florida, Property Appraiser

Note: Property in Broward County is reassessed once every year, on average. The county assesses property at approximately 85-100 percent of actual value for commercial and industrial property and 85-100 percent for residential property, as required by Florida law. Estimated actual taxable value is calculated by dividing taxable value by those percentages. Tax rates are per $1,000 of assessed value.

(1) From Table 10.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 8
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND TEN YEARS AGO
SEPTEMBER 30, 2012

		2012			2003		
Taxpayer	Type of Use	Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Walnut & Vine Properties II LLC	Hotel	13,099,790	1	0.76%	N/A	N/A	N/A
Ocean 4660 LLC	Hotel	9,732,410	2	0.56%	N/A	N/A	N/A
Edmondson, James P. - Seawatch	Restaurant	9,481,530	3	0.55%	N/A	N/A	N/A
White Cap of FL, Inc.	Condominiums	6,685,530	4	0.39%	N/A	N/A	N/A
Demko Family Holdings LTD	Restaurant/Prk. Lot	5,921,090	5	0.34%	N/A	N/A	N/A
Minto Villas-By-The-Sea	Condominiums	4,428,960	6	0.26%	N/A	N/A	N/A
Gorana International Inc	Hotel	4,380,430	7	0.25%	N/A	N/A	N/A
Little Italy Oceanside	Condominiums	3,854,780	8	0.22%	N/A	N/A	N/A
Benihana National of FL Corp	Restaurant	3,628,200	9	0.21%	N/A	N/A	N/A
Tropic Seas Resort Inc.	Hotel	2,711,970	10	0.16%	N/A	N/A	N/A

Source: Tax Roll of Broward County, Florida

Note: Information for 2003 was not available

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 9
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year Ended September 30,	Total Tax Levy (1)	Current Tax Collected	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2003	$ 5,686,237	$ 5,757,106	101.25%	-	$5,757,106	101.25%
2004	6,490,947	6,545,557	100.84%	-	6,545,557	100.84%
2005	7,716,520	7,855,365	101.80%	-	7,855,365	101.80%
2006	8,864,711	9,028,855	101.85%	-	9,028,855	101.85%
2007	9,565,704	9,087,410	95.00%	9	9,087,419	95.00%
2008	9,636,602	9,094,308	94.37%	1,707	9,096,015	94.39%
2009	8,077,919	8,176,504	101.22%	-	8,176,504	101.22%
2010	7,354,861	7,376,067	100.29%	-	7,376,067	100.29%
2011	6,736,225	6,901,414	102.45%	-	6,901,414	102.45%
2012	6,588,059	6,748,169	102.43%	-	6,748,169	102.43%

Source: Town of Lauderdale-By-The-Sea budget

(1) Net of an allowable discount of approximately 4% for early payment.
However, not all collections include available early payment 4% discount.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 10
PROPERTY TAX RATES (PER $1,000)
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS

				State Special Districts				
Fiscal Year	Lauderdale By-The-Sea	Broward County	Broward County Schools	Florida Inland Navigation	South Florida Water Management	North Broward Hospital	Hillsboro Inlet	Total
2003	4.7000	7.1880	8.4176	0.0385	0.6970	2.5000	0.2490	23.7901
2004	4.7000	7.0230	8.2695	0.0385	0.6970	2.4803	0.1845	23.3928
2005	4.7000	6.7830	8.0623	0.0385	0.6970	2.1746	0.1845	22.6399
2006	4.7000	6.0661	7.8687	0.0385	0.6970	1.8317	0.1170	21.3190
2007	4.7000	5.2868	7.6484	0.0345	0.6240	1.6255	0.4432	20.3624
2008	4.1012	5.3145	7.4170	0.0345	0.6240	1.7059	0.4614	19.6585
2009	3.9990	5.8132	7.4310	0.0345	0.6240	1.7059	0.0860	19.6936
2010	3.9990	5.5530	7.6310	0.0345	0.6240	1.8750	0.0860	19.8025
2011	3.9990	5.5530	7.4180	0.0345	0.1785	1.9187	0.0860	19.1877
2012	3.9990	5.5530	7.4560	0.0345	0.1757	1.8750	0.0860	19.1792

Source: Broward County, Florida, Property Appraiser

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 11
RATIO OF ANNUAL DEBT SERVICE EXPENDITURES TO
TOTAL GENERAL GOVERNMENTAL EXPENDITURES
LAST TEN FISCAL YEARS

Fiscal Year	Principal	Interest	Total Debt Service (1)	Total General Governmental Expenditures (2)	Ratio of Debt
2003	1,161,654	429,724	1,591,378	13,471,239	11.81%
2004	1,291,439	406,104	1,697,543	14,525,405	11.69%
2005	1,384,254	403,442	1,787,696	14,237,908	12.56%
2006	1,835,615	607,376	2,442,991	18,400,379	13.28%
2007	2,129,786	491,596	2,621,382	17,460,136	15.01%
2008	4,275,881	458,103	4,733,984	28,411,987	16.66%
2009	6,814,833	550,849	7,365,682	19,172,821	38.42%
2010	-	-	-	11,072,241	0.00%
2011	-	-	-	10,761,856	0.00%
2012	-	-	-	12,298,322	0.00%

(1) No general obligation debt fiscal years 2010 - 2012.

(2) Includes general, special, and capital projects funds, and transfers out.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 12
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities			Business-type Activities					
Fiscal Year	Promissory Notes	Line of Credit	Capital Leases	Promissory Notes	Primary Government	Population	Per Capita	Personal Income	Percentage of Personal Income
2003	$ 10,771,086	$ 48,381	$ 103,189	$ 375,134	$ 11,297,790	11,350	995	39,004	2.55%
2004	9,485,165	41,800	61,816	-	9,588,781	9,800	978	23,170	4.22%
2005	11,093,058	-	-	-	11,093,058	9,800	1,132	29,314	3.86%
2006	10,561,894	2,658,606	-	2,847,397	16,067,897	9,800	1,640	29,935	5.48%
2007	11,090,714	-	-	2,691,644	13,782,358	9,800	1,406	36,595	3.84%
2008	6,814,833	-	-	1,685,889	8,500,722	9,800	867	38,944	2.23%
2009	-	-	-	1,573,714	1,573,714	9,800	161	39,267	0.41%
2010	-	-	-	1,457,042	1,457,042	11,000	132	41,352	0.32%
2011	-	-	-	1,130,723	1,130,723	11,000	103	48,773	0.21%
2012	-	-	-	839,598	839,598	11,000	76	48,773	0.16%

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 13
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITY DEBT
SEPTEMBER 30, 2012

Governmental Unit	Net Bonded Debt Outstanding September 30, 2012	Percent of Debt Applicable to Town Lauderdale By-The-Sea (1)	Amount of Debt Debt Applied Town of Lauderdale By-The-Sea
Debt repaid with property taxes:			
Broward County	$ 328,500,000	1.4%	$ 4,548,688
Broward County School District	-	1.4%	-
Subtotal, overlapping debt			4,548,688
Town of Lauderdale-By-The-Sea Direct Debt			-
Total direct and overlapping debt			$ 4,548,688

(1) Based on ratio of assessed valuation for:

Town of Lauderdale-By-The-Sea	1,734,133,452
Broward County	125,236,746,807

Source: Broward County Revenue Collection
Broward County School Board, Florida

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the Town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town. This process recognizes that, when considering the Town's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 14
STATISTICS
DEMOGRAPHICS AND ECONOMICS
SEPTEMBER 30, 2012

Date of Incorporation:	November 30, 1947	
Year of Charter Adoption:	1947	
Form of Town Government:	Commission-Manager	
Location:	Lauderdale-By-The-Sea is in the east-central part of Broward County and shares boundaries with three other municipalities. Its eastern boundary is the Atlantic Ocean. It is 30 miles north of Miami and 33 miles south of Palm Beach. The Town is just over 8.5 square miles in area and has a population of 6,100 with a peak seasonal population of 11,000. It is a seaside community with primary industries being retail trade, tourism/hospitality, finance, insurance and real estate.	
Number of Employees:	Full and Part-Time	37
Recreation facilities:	Miles of Public Beach	2.3
	Miles of Navigable Water	2.3
	Parks	3
	Tennis Courts	2
	Shuffleboard Courts	2
	Bocci Ball Court	1
	Basketball Court	1
Infrastructure:	Town Buildings	7
	Fire Stations	1
	Surface Parking Lots	3
Socio-Economic Data:	Consumer Price Index (1)C	2.000%
	Per Capita Personal Income (2)	48,773
Population Statistics:	Civilian Labor Force (1)A	1,004.10
	Unemployment Rate (1)B	7.5%

Source:
(1) United States Department of Labor - Bureau of Labor Statistics
Broward County, Florida
A. Number of persons, in thousands, not seasonally adjusted
B. In percent, not seasonally adjusted
C. All urban consumers, base: 1982-84+100, not seasonally adjusted

(2) Bureau of Economic Analysis - U.S. Department of Commerce - Florida - Released 8/9/10

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 15
PRINCIPAL EMPLOYERS
CURRENT AND TEN YEARS AGO
SEPTEMBER 30, 2012

	2012			2003		
Employer	Employees	Rank	Percentage of Total Town Employment	Employees	Rank	Percentage of Total Town Employment
Aruba's Beach Café Restaurant	172	1	NA	NA	NA	NA
Sea Watch Restaurant	106	2	NA	NA	NA	NA
Blue Moon Fish Company - Restaurant	75	3	NA	NA	NA	NA
Benihana - Restaurant	70	4	NA	NA	NA	NA
Lauderdale-By-The-Sea Resort & Beach Club	30	5	NA	NA	NA	NA
Lauderdale Beachside Hotel - Hotel and Restaurant	24	6	NA	NA	NA	NA
Total	477					

Source: Lauderdale-By-The-Sea Development Services

Note: Information for 2003 was unavailable.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 16
FULL TIME EQUIVALENT GOVERNMENT POSITIONS BY FUNCTION
LAST TEN FISCAL YEARS

	Full-Time Equivalent Positions as of September 30,									
Function	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Administration	8.35	8.25	8.25	8.5	10	11	11	11	10.5	9.5
General Government	1.55	-	-	-	-	-	-	-	-	-
Public Works	12	15	15	15	15	16	17	17.5	16.5	12.5
Development Services	4	3.75	4.8	4.75	6	6	6	6	7	6
Parking	0.45	4.9	4	4	4	4	4	5	5.5	5.5
Project Management	1	-	-	-	-	-	-	-	-	-
Sewer	1.3	1.25	1.3	1.25	1	1	0.5	0.5	0.5	0.5
Stormwater	-	-	-	-	1	-	-	-	-	-
	28.65	33.15	33.35	33.5	37	38	38.5	40	40	34

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 17
OPERATING INDICATORS BY FUNCTION
LAST NINE FISCAL YEARS

	Fiscal Year								
Function	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government:									
Informational calls received	6,912	8,071	7,413	11,131	13,828	6,250	11,500	15,000	13,000
Public records request	90	99	277	294	223	191	218	216	214
Resolutions	61	44	39	29	24	21	24	19	27
Ordinances	22	20	16	28	16	19	11	16	23
Commission meetings	33	36	55	26	36	32	59	53	41
Cash receipts - general operating	3,263	2,608	2,539	2,346	2,075	2,615	2,367	3,013	N/A
Cash disbursements - general operating	3,423	2,932	2,110	2,314	2,684	2,204	2,033	2,159	2,620
Payroll disbursements - general operating	1,326	1,380	1,248	1,082	1,018	1,248	1,245	1,222	1,274
Purchase orders issued	140	190	197	208	235	285	165	166	N/A
Claims processed - general liability and workers comp	10	17	8	13	-	15	12	18	11
Hours of information technology services	102	256.37	111	90.0	161.0	92.8	61.5	133.0	N/A
Public safety:									
Informational calls received	5,063	4,941	5,185	7,660	4,952	7,764	8,868	8,694	5,307
Citizen on patrol membership	29	26	23	21	19	29	37	34	33
Neighborhood crime watch membership	-	-	-	55	26	50	59	44	N/A
Fire responses	339	411	345	349	514	485	533	463	355
Fire medical services (EMS)	943	874	943	1,056	826	874	877	782	934
Notices of violations code compliance	158	375	573	844	524	595	495	717	461
Citations issued code compliance	-	-	5	13	4	14	19	43	25
Complaints investigated	505	151	334	246	381	331	285	119	410
Parking citations	7,565	8,289	6,846	9,555	13,253	16,505	16,475	15,740	16,778
Municipal services:									
Parking maintenance (hours)	1,560	359	89	1,221	1,650	2,550	4,661	1,818	N/A
Street maintenance and repairs (hours)	1,253	952	668	206	226	252	283	136	N/A
Ground maintenance and repairs (hours)	5,587	7,508	7,277	1,572	1,507	1,658	1,084	576	N/A
Building maintenance and repairs (hours)	2,496	2,884	3,371	6,784	5,704	6,491	5,009	2,716	N/A
Cultural - recreation:									
Scheduled recreation activities	934	1,002	1,131	804	972	1,047	955	1,423	N/A
Recreation Volunteer hours	1,772	1,769	1,511	356	617	825	598	891	870
Recreation activity participants	6,065	5,740	4,116	5,263	5,465	5,596	5,553	5,096	5,591
Recreation areas maintenance (hours)	2,456	3,136	2,771	1,604	1,932	1,932	1,780	554	N/A

Note: Information prior to 2004 is unavailable.

N/A - Information not available

Source: Town of Lauderdale-By-The-Sea Fiscal Year 2012 Activity Report.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
TABLE 18
CAPITAL ASSETS BY FUNCTION
LAST TEN FISCAL YEARS

Function	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
General Government Facilities:										
Town Buildings	7	7	7	7	7	6	6	6	6	5
Recreation Facilities:										
Miles of Public Beach	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Parks	3	3	3	3	3	1	1	1	1	1
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Shuffleboard Court	2	2	2	2	2	2	2	2	2	2
Bocci Ball Court	1	1	1	1	1	1	1	1	1	1
Basketball Court	1	1	1	1	1	1	1	1	1	1
Beach Portals	6	6	6	6	6	6	6	6	2	1
Public Safety Facilities:										
Police Station	1	1	1	1	1	1	1	1	1	1
Police Vehicles	30	30	30	30	30	30	30	30	30	30
Fire Stations	1	1	1	1	2	2	2	2	2	2
Fire Rescue Station	1	1	1	1	2	1	1	1	1	1
Fire Vehicles	2	2	2	2	2	2	2	2	2	2
Fire Rescue Vehicle	3	2	2	2	1	1	1	1	1	1
Infrastructure:										
Miles of paved roads	16.68	16.68	16.68	16.68	16.68	16.68	16.68	16.68	16.68	16.68
Surface Parking Lot	3	3	3	3	3	3	2	2	1	1

Source: Town of Lauderdale-By-The-Sea Municipal Services Department.

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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*

Honorable Mayor, Town Commission and Town Manager
Town Of Lauderdale-By-The-Sea, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lauderdale-By-The-Sea, Florida (the "Town") as of and for the fiscal year ended September 30, 2012, which collectively comprise the Town's basic financial statements and have issued our report thereon dated March 27, 2013. We did not audit the financial statements of the Volunteer Fire Department's Pension Plan, which represent 100% of the assets and 100% of the revenues of the fiduciary fund totals, which are included in the fund financial statements. Those financial statements were audited by other independent auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town's Volunteer Fire Department's Pension Plan, is based solely on the report of the other independent auditors. Our report herein does not address their respective internal control or compliance. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

Management of the Town is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures 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 Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the Mayor, Town Commission, management, and regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

March 27, 2013

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MANAGEMENT LETTER PURSUANT TO THE RULES OF THE AUDITOR GENERAL FOR THE STATE OF FLORIDA

Honorable Mayor, Town Commission and Town Manager
Town of Lauderdale-By-The-Sea, Florida

We have audited the financial statements of the Town of Lauderdale-By-The-Sea, Florida (the "Town") as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated March 27, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; *Government Auditing Standards,* issued by the Comptroller General of the United State; and Chapter 10.550, Rules of the Florida Auditor General. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

In addition, we have issued our Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards* dated March 27, 2013. Disclosures in that report should be considered in conjunction with this management letter.

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General for the State of Florida. Accordingly, in connection with our audit of the financial statements of the Town, as described in the first paragraph, we report the following:

I. Current year findings and recommendations.
II. Status of prior year findings and recommendations.
III. Compliance with the Provisions of the Auditor General of the State of Florida.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. This letter is intended for the information and use of the Mayor, Town Commission, Town Manager, and the Auditor General of the State of Florida and is not intended to be and should not be used by anyone other than these specified parties.

We wish to thank the Town of Lauderdale-By-The-Sea, Florida and the personnel associated with it, for the opportunity to be of service to them in this endeavor as well as future engagements, and the courtesies extended to us.

March 27, 2013

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS

Significant Deficiencies

2012-01 Accounting

Current Status: Recommendation has been implemented.

2011-02 Not Maintaining Fixed Assets Schedules

Current Status: Recommendation has been implemented.

2011-03 Internal Controls

Current Status: Recommendation has been implemented.

Other Findings

2011-04 Interfund Transfers

Current Status: Recommendation has been implemented.

III. COMPLIANCE WITH THE PROVISIONS OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA

Unless otherwise required to be reported in the auditor's report on compliance and internal controls, the management letter shall include, but not be limited to the following:

1. A statement as to whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report.

   There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2011, except as noted above.

2. A statement as to whether or not the local governmental entity complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

   The Town complied with Section 218.415, Florida Statutes, regarding the investment of public funds.

3. Any recommendations to improve the local governmental entity's financial management.

   There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2012.

4. Violations of 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 more than inconsequential.

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported, for the fiscal year ended September 30, 2012.

5. For matters that have an inconsequential effect on the financial statements, considering both quantitative and qualitative factors, the following may be reported based on professional judgment:

   a. Violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse.

   b. Deficiencies in internal control that are not significant deficiencies.

   There were no such matters discovered by, or that came to the attention of, the auditor, that, in our judgment, are required to be reported, for the fiscal year ended September 30, 2012.

6. The name or official title and legal authority of the Town are disclosed in the notes to the financial statements.

7. The financial report filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes agrees with the September 30, 2012 financial audit report.

8. The Town has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.

9. We applied financial condition assessment procedures pursuant to Rule 10.556(7) and no deteriorating financial conditions were noted. It is management's responsibility to monitor financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.