

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

Prepared By:

The Finance Department

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TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED SEPTEMBER 30, 2014

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TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FISCAL YEAR ENDED SEPTEMBER 30, 2014**

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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

April 24, 2015

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, 2014.

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, 2014, 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 unmodified opinion that the Town of Lauderdale-By-The-Sea's financial statements for the fiscal year ended September 30, 2014, 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 12,000.

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 to 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's Budget (Continued)

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. 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 when the Manager's recommended budget for the following year is presented to the Commission in July.

Economic Condition

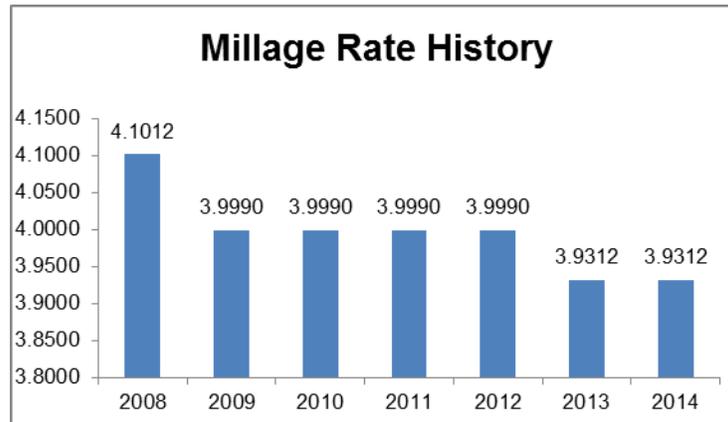
The Town of Lauderdale-By-The-Sea's taxable assessed value for fiscal year 2014 increased by \$52,576,285 or approximately 3.0% from 2013 (including net new construction). New construction, which represents improvements to real property that were not on the tax roll in the prior year, accounted for \$2,758,740 of the increase in the tax roll. The Town's total taxable assessed value has declined by \$509,333,974 or approximately 22% since property values peaked in fiscal year 2008. However, property values started to rebound in fiscal year 2013.

The following chart shows the size of the labor force, the number employed and unemployed, and the unemployment rate for Broward County for each of the past five years. The table shows that the unemployment rate reached a high of 9.6 percent in 2010 and has steadily declined in since then. During the same period, the size of the labor force has continued to increase. This is a good indicator that the local economy is continuing to recover.

<u>Year</u>	<u>Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate (%)</u>
2014	1,065,778	1,008,128	57,650	5.4%
2013	1,037,323	972,735	64,589	6.2%
2012	1,023,406	947,585	75,822	7.4%
2011	1,005,101	915,980	89,121	8.9%
2010	988,418	893,724	94,693	9.6%

As indicated in the following chart, during fiscal year 2014 the Town kept the millage rate at 3.9312 per 1,000 of assessed taxable value, the fourth lowest millage rate of any city in Broward County.

Economic Condition (Continued)



Fund Balances, As of September 30, 2014

Governmental Funds

	General Fund	Capital Projects Fund	Non-Major Funds	Total Governmental Funds
Fund balances				
Nonspendable:				
Prepaid items	\$ 160,359	\$ -	\$ 65,270	\$ 225,629
Restricted for:				
Fire department	-	-	792,593	792,593
Law enforcement	-	-	155,615	155,615
El Mar beautification per contract	-	677,566	-	677,566
Assigned to:				
Emergency reserve	2,333,105	-	-	2,333,105
Vehicle and equipment reserve	60,463	-	-	60,463
Capital projects	-	714,124	-	714,124
Hotel improvement program	32,191	-	-	32,191
Subsequent year's expenditures	1,555,783	-	-	1,555,783
Unassigned	3,323,865	-	-	3,323,865
Total fund balances	<u>\$ 7,465,766</u>	<u>\$ 1,391,690</u>	<u>\$ 1,013,478</u>	<u>\$ 9,870,934</u>

The table above shows the balances of the governmental funds as of September 30, 2014. The unassigned balance of the general fund was \$3,323,865. You will note there was \$1,555,783 assigned to subsequent year's expenditures. This is the amount budgeted as an appropriation from the general fund balance in the fiscal year 2015 budget, and will be utilized for capital projects in fiscal year 2015. The last significant component of the general fund balance is the \$2,333,105 assigned to the emergency reserve. The balance of the fund is amounts that were prepaid as of September 30, 2014 (primarily property, liability, and health insurance), the vehicle and equipment reserve, and the hotel improvement program reserve.

As of September 30, 2014 the balance of the capital projects fund was \$1,391,690. Of that amount \$677,566 is contractually restricted to be used to make El Mar Drive more pedestrian friendly. This represents the balance of a \$1,000,000 settlement the Town received from Pier Pointe Developers in fiscal year 2009.

Fund Balances, As of September 30, 2014 (Continued)

The Town's non-major funds are the fire fund and the law enforcement trust fund (LETF). Excluding the amounts that were prepaid, as of September 30, 2014 these funds had \$792,593 and \$155,615 which are legally restricted to be used for fire protection and law enforcement purposes, respectively. The balance in the LETF fund is committed to the License Plate Reader system contract.

Proprietary Funds

As of September 30, 2014, the unrestricted balance of the sewer fund was \$1,281,780 and the unrestricted balance of the parking fund was \$1,384,554.

Acknowledgements

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 and to the 2014 Audit Committee consisting of Ben Freeney, John Oughton, and Patrick Murphy. 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,

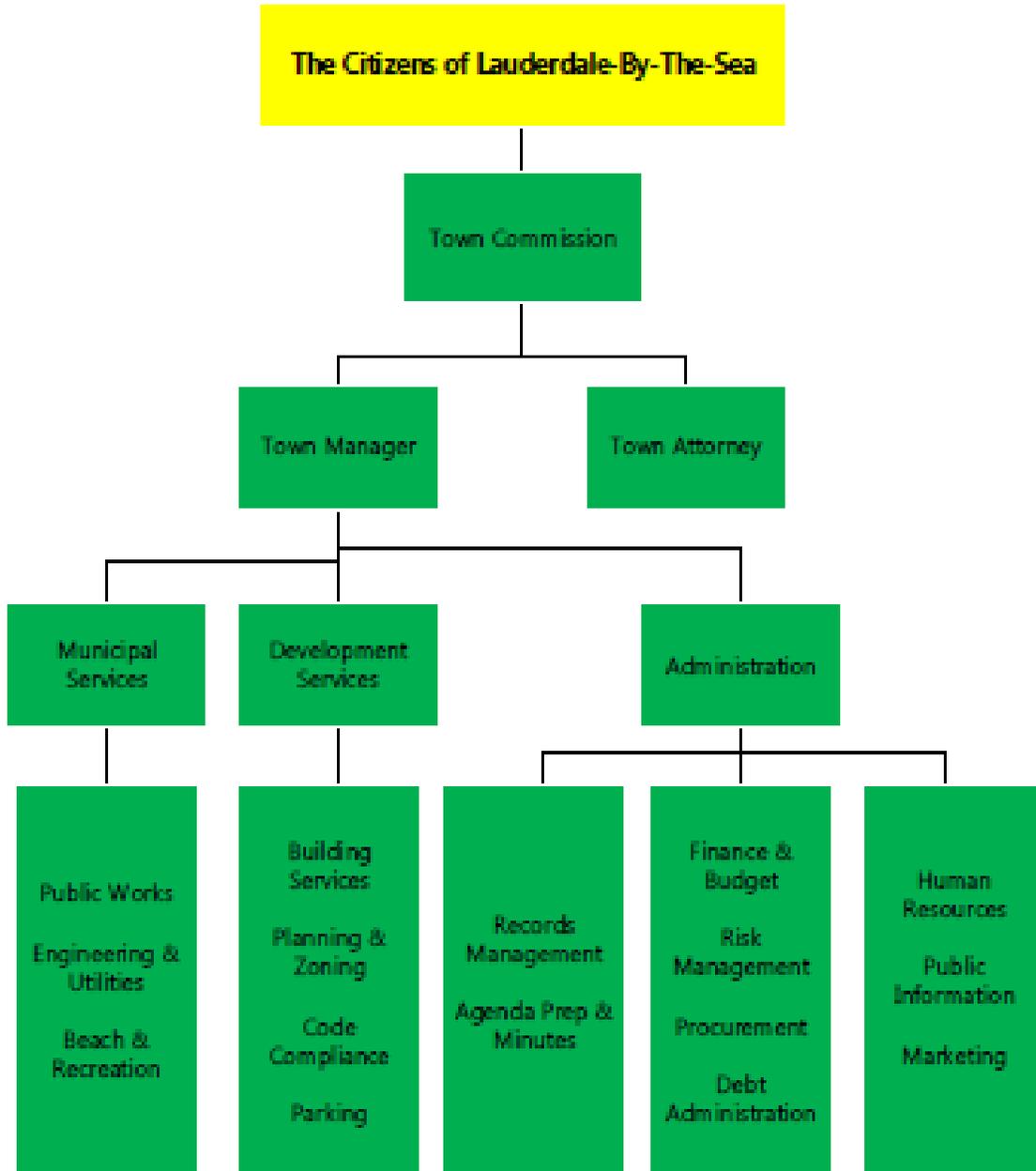


Constance Hoffmann
Town Manager



Gerald Bryan
Finance Director

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
ORGANIZATION CHART
SEPTEMBER 30, 2014**



TOWN COMMISSIONERS

Scot Sasser, Mayor
Chris Vincent, Vice-Mayor
Mark Brown, Commissioner
Stuart Dodd, Commissioner
Elliot Sokolow, Commissioner

TOWN MANAGER

Constance Hoffmann

TOWN ATTORNEY

Susan L. Trevarthen

TOWN CLERK

Tedra Smith

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

Report on the Financial Statements

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 ("Town"), as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. 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 basic 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the combining fund statements and budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2015, 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, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

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

Report on Other Legal and Regulatory Requirements

We have also issued our report dated April 24, 2015, on our consideration of the Town's compliance with the requirements of Section 218.415, Florida Statutes, as required by Rule 10.556(10) of the Auditor General of the State of Florida. The purpose of that report is to provide an opinion based on our examination conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants.

April 24, 2015

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**MANAGEMENT'S DISCUSSION ANALYSIS
(MD&A)**

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, 2014. 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.

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 \$44,693,663 (*net position*). Of this amount, \$10,989,448 (*unrestricted net position*) may be used to meet the ongoing obligations to citizens and creditors. The Town's net position increased by \$1,859,666 from the prior fiscal year as a result of capital repairs to the Town's infrastructure and other capital improvements.

The most significant capital projects undertaken in fiscal year 2014 were:

- Completed replacement of stormwater drainage in the Bel Air neighborhood,
- Completed drainage and streetscape improvements on Commercial Boulevard,
- Acquired property in the downtown area to expand parking and build public restrooms.
- Completed construction of a parking lot to serve our public safety facilities, and
- Installed T Liners throughout a significant portion of the Town-owned sewer system.

At the close of the fiscal year 2014, the Town of Lauderdale-By-The-Sea's governmental funds reported combined ending fund balances of \$9,870,934, a decrease of \$1,903,427 from the prior fiscal year.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,323,865 or approximately 33% of total general fund expenditures. It is the Town's intent to continue to use the general fund balance to pay for capital projects.

Long-Term Debt

At start of the fiscal year, the Town owed a balance of \$587,208 on a long-term promissory note with a maturity date of September 30, 2020. The note was obtained in October 2005 to provide funding for parking improvement projects. In a prior fiscal year the Town negotiated an amendment to the note allowing the Town to make prepayments of up to 15% of the principal balance of the note each calendar year without prepayment penalties. During the current fiscal year the Town paid off the balance of the note from the Parking Fund.

As a result, there is no debt in the governmental funds. Additional information on the Town of Lauderdale-By-The-Sea's long-term debt can be found in Note 8 of this report.

Using This Annual Report

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. For governmental activities, these statements tell how services were financed in the short-term as well as the amount of 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 position* presents information on all of the Town of Lauderdale-By-The-Sea's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position 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.

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 Town of Lauderdale-By-The-Sea's funds 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*.

Overview of the Financial Statements (Continued)

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 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.

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 uses enterprise funds to account for its parking and sewer operations.

The proprietary fund statements provide 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.

Fiduciary funds The Town is the sponsor for the Volunteer Firefighters' Pension Plan. 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.

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.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Town of Lauderdale-By-The-Sea's financial position. The Town's total net position exceeded liabilities by \$44,693,663 at the close of the most recent fiscal year.

By far the largest portion of the Town of Lauderdale-By-The-Sea's net position 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. A portion of the Town of Lauderdale-By-The-Sea's net position are subject to external restrictions on how they may be used such as the remaining balance (\$677,566) of the \$1 million settlement received from Pier Pointe which is contractually restricted to El Mar Drive improvements. The remaining balance of unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, 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's net position by \$1,025,476 in fiscal year 2014. The increase represents the extent to which ongoing program and general revenues exceeded the cost of operations and depreciation expense.

Government-Wide Financial Analysis (Continued)

Business-type activities Business-type activities increased the Town of Lauderdale-By-The-Sea's net position by \$834,190. Operating revenues from business-type activities declined 4% driven by a 14% decline in sewer revenues. Sewer expenditures increased due in large part to increased spending on repairs to the sewer infrastructure.

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

	Net Position					
	September 30,					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 10,901,679	\$ 13,843,512	\$ 2,809,070	\$ 2,982,402	\$ 13,710,749	\$ 16,825,914
Capital assets, net	23,624,207	20,758,620	8,454,234	8,051,114	32,078,441	28,809,734
Total assets	34,525,886	34,602,132	11,263,304	11,033,516	45,789,190	45,635,648
Long-term liabilities	115,664	113,114	2,255	589,463	117,919	702,577
Other liabilities	837,127	1,941,399	140,481	157,675	977,608	2,099,074
Total liabilities	952,791	2,054,513	142,736	747,138	1,095,527	2,801,651
Net position:						
Investment in capital assets	23,624,207	20,758,620	8,454,234	7,463,906	32,078,441	28,222,526
Restricted for:						
El Mar beautification per contractual agreement	677,566	677,566	-	-	677,566	677,566
Fire department	792,593	604,181	-	-	792,593	604,181
Law enforcement	155,615	139,098	-	-	155,615	139,098
Unrestricted	8,323,114	10,368,154	2,666,334	2,822,472	10,989,448	13,190,626
Total net position	\$ 33,573,095	\$ 32,547,619	\$ 11,120,568	\$ 10,286,378	\$ 44,693,663	\$ 42,833,997

Government-Wide Financial Analysis (Continued)

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

	Changes in Net Position					
	For the Fiscal Year Ended September 30,					
	Governmental Activities		Business-type Activities		Total	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenues:						
Program Revenues:						
Charges for services, including fire assessments	\$ 2,223,642	\$ 1,972,581	\$ 2,582,766	\$ 2,678,253	\$ 4,806,408	\$ 4,650,834
Operating grants and contributions	81,387	69,150	-	-	81,387	69,150
Capital grants and contributions	31,757	-	-	39,055	31,757	39,055
General Revenues:						
Property taxes	6,914,773	6,722,881	-	-	6,914,773	6,722,881
Franchise taxes and utility taxes	1,677,798	1,631,074	-	-	1,677,798	1,631,074
Grants and contributions not restricted to specific programs	1,027,448	1,233,228	-	-	1,027,448	1,233,228
Unrestricted investment earnings	25,361	74,648	2,043	2,462	27,404	77,110
Miscellaneous revenues	477,969	266,653	-	-	477,969	266,653
Total revenues	12,460,135	11,970,215	2,584,809	2,719,770	15,044,944	14,689,985
Expenses:						
General government	2,408,910	2,566,366	-	-	2,408,910	2,566,366
Public safety	6,254,447	6,049,176	-	-	6,254,447	6,049,176
Transportation	1,381,642	1,317,065	-	-	1,381,642	1,317,065
Recreation	382,420	361,969	-	-	382,420	361,969
Physical environment	1,007,240	810,140	-	-	1,007,240	810,140
Interest	-	-	-	-	-	-
Sewer	-	-	1,260,183	860,890	1,260,183	860,890
Parking	-	-	490,436	425,371	490,436	425,371
Total expenses	11,434,659	11,104,716	1,750,619	1,286,261	13,185,278	12,390,977
Increase in net position	1,025,476	865,499	834,190	1,433,509	1,859,666	2,299,008
Net position, beginning	32,547,619	31,682,120	10,286,378	8,852,869	42,833,997	40,534,989
Net position, ending	\$ 33,573,095	\$ 32,547,619	\$ 11,120,568	\$ 10,286,378	\$ 44,693,663	\$ 42,833,997

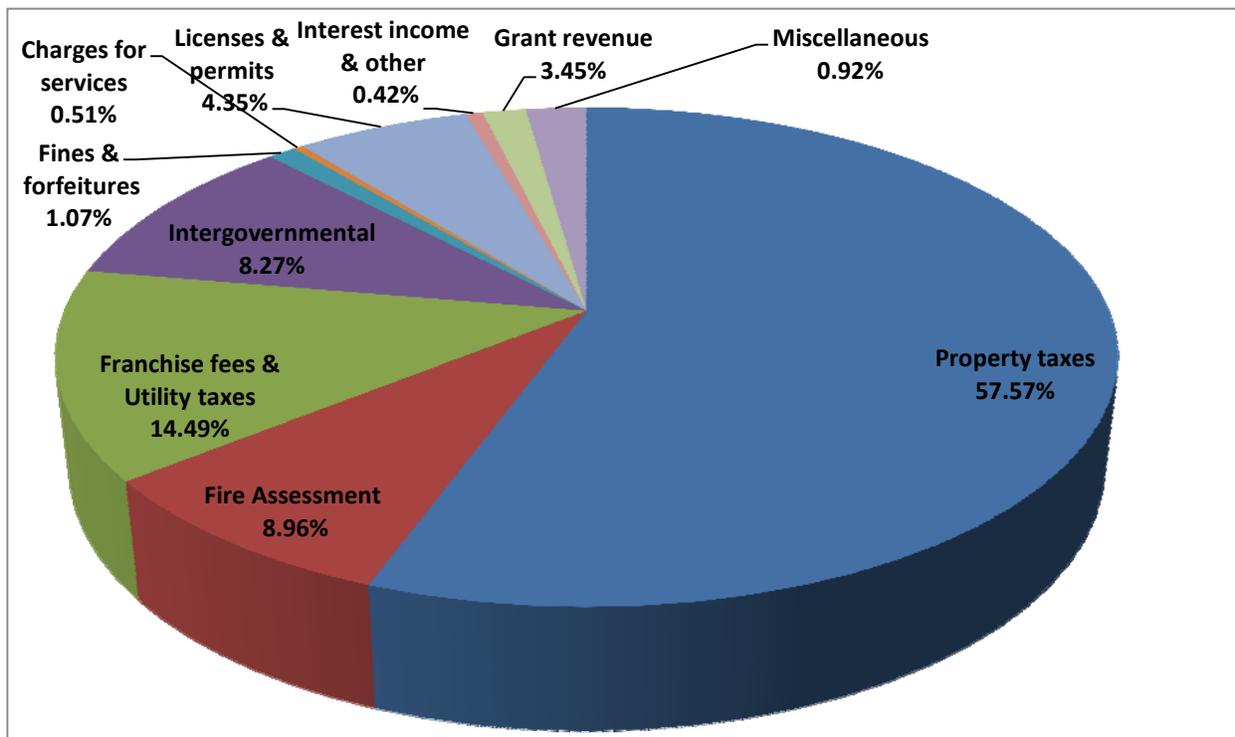
- Property tax revenue increased by approximately \$192,000 as the result of new construction and the increase in property valuations.
- In the governmental funds, revenue from charges for services increased by \$251,061. This increase is attributable to an increase in code enforcement fines collected during the fiscal year. In the proprietary funds, revenue from charges for services declined due to a drop in sewer revenue.
- The increase in miscellaneous revenues is the result of having received of a non-recurring grant from the Florida Department of Transportation associated with the Town's improvements to Commercial Boulevard.
- The increase in public safety expense is driven by the increase in the cost of the contract with BSO for police services.

Government-Wide Financial Analysis (Continued)

- The increase in expenses associated with transportation, recreation, and physical environment are all driven by an increase in depreciation expense which is a direct result of the capital expenditures that occurred in recent years.
- The increase in sewer fund expenses is associated with increased spending on repairs to the sewer infrastructure.

Revenues – Governmental Activities

The pie chart shows the major categories of revenue in the governmental funds and the percentage of governmental fund revenue represented by each category.



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 \$9,870,934 a decrease of \$1,903,427 from the prior fiscal year.

Financial Analysis of the Town's Funds (Continued)

The general fund is the primary operating fund of the Town. At the end of the fiscal year 2014, the fund balance of the general fund was \$7,465,766, a decrease of \$733,142. The decline is the result of having transferred \$1,900,000 to the capital projects fund to cover the cost of the Commercial Boulevard drainage and streetscape improvements. The decline is less than budgeted due to revenues being \$817,761 higher than expected and spending \$294,614 less than budgeted. The higher than expected revenue items were as follows: Property taxes (\$140,104), Franchise and utility taxes (\$96,848), and Fines and forfeitures (\$329,388). The Administration Department accounted for a significant portion of the unspent expenditures (\$116,432).

The fund balance of the capital projects fund decreased \$1,376,901 to \$1,391,690 primarily due to expenditures associated with the Commercial Boulevard drainage and streetscape projects (which totaled \$2,183,419).

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 declined from the prior fiscal year in the proprietary funds. The decrease is driven by the fact that we had to increase the allowance for doubtful accounts in the sewer fund to compensate for a substantial increase in the accounts receivable in that fund. During the first quarter of the fiscal year, parking revenues were negatively impacted by the Commercial Boulevard drainage and streetscape projects. Nevertheless, the remainder of the fiscal year was strong and overall parking revenues increased by approximately 4% from the prior fiscal year. Operating expenses in the sewer fund increased primarily due to increased spending on infrastructure repairs. The unrestricted net position of the Sewer and Parking Funds combined at the end of the fiscal year amounted to \$2,666,334 a decrease of \$156,138 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 are 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 97.0% of possible revenues.
- Utility taxes came in at 111.4% of budgeted levels. Franchise fee collections came in at 103.0% of budgeted levels. Utility taxes increased 6.9% from the prior fiscal year. We budgeted conservatively in this area as these revenues are economy-sensitive. Franchise fees were flat compared to the prior fiscal year.
- Intergovernmental revenues collected were 105.2% of budget. This represents a 14.9% decrease over the prior fiscal year. This decrease was primarily the result of a non-recurring distribution from the Broward County Solid Waste Resource Recovery Board in the prior fiscal year.
- Licenses, permits and fees revenue was flat relative to the prior fiscal year. Building activity, and the related building permit revenue, was strong in both fiscal years. Actual revenues were 108.9% of budget.
- Actual expenditures of the general fund were approximately 2.9% less than budgeted.
- No department exceeded their amended budgets.

Please refer to the Budgetary Comparison Schedule for more detailed information.

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, 2014, amounted to \$32,078,441 (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 of this report.

Economic Factors and Next Year's Budget

According to the University of Central Florida's Institute for Economic Competitiveness' March 2015 report, the Miami-Fort Lauderdale-Pompano Beach area is expected to show moderate growth in key economic indicators over the period 2015 to 2018. Employment is expected to grow at an average rate of 2.2% each year while unemployment is expected to average 5.3%. Personal income is expected to grow at an average of 5.2% per year.

In preparing the fiscal year 2015 budget, the Town provided funding for the completion of the following projects:

- Drainage improvements to Pine Avenue west of Ocean Drive.
- Drainage improvements and resurfacing Basin Drive.
- Finish the streetscape on the remaining two blocks of Commercial Boulevard (Ocean Drive to Seagrape).
- Design and construct public restrooms.
- Improvements to Freidt Municipal Park.
- Place utility wires and a conduit underground in the alley between El Mar Drive and A1A.
- Make the first of three payments for the County's Segment II Beach Nourishment 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@lauderdalebytheseafl.gov.

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BASIC FINANCIAL STATEMENTS

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 9,977,165	\$ 2,598,713	\$ 12,575,878
Investments	225,703	-	225,703
Accounts receivable, net	300,974	173,017	473,991
Due from business/governmental type activities	10,347	4,110	14,457
Prepaid items	225,629	33,230	258,859
Net pension asset	161,861	-	161,861
Capital assets:			
Nondepreciable capital assets	2,536,686	6,179,542	8,716,228
Depreciable capital assets, net	21,087,521	2,274,692	23,362,213
Total assets	<u>34,525,886</u>	<u>11,263,304</u>	<u>45,789,190</u>
<u>LIABILITIES</u>			
Accounts payable and other liabilities	308,547	83,987	392,534
Contracts and retainage payable	271,865	-	271,865
Accrued liabilities	118,539	148	118,687
Due to business/governmental type activities	4,110	10,347	14,457
Unearned revenues	123,904	45,999	169,903
Deposits	10,162	-	10,162
Noncurrent liabilities due within one year	10,979	-	10,979
Noncurrent liabilities:			
Net Other Post Employment Benefit obligation	5,871	2,255	8,126
Due in more than one year	98,814	-	98,814
Total liabilities	<u>952,791</u>	<u>142,736</u>	<u>1,095,527</u>
<u>NET POSITION</u>			
Investment in capital assets	23,624,207	8,454,234	32,078,441
Restricted for:			
El Mar beautification per contractual agreement	677,566	-	677,566
Law enforcement	155,615	-	155,615
Fire department	792,593	-	792,593
Unrestricted	8,323,114	2,666,334	10,989,448
Total net position	<u>\$ 33,573,095</u>	<u>\$ 11,120,568</u>	<u>\$ 44,693,663</u>

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF ACTIVITIES
FISCAL YEAR ENDED SEPTEMBER 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grant and Contributions	Governmental Activities	Business- type Activities	
Primary government:							
Governmental activities:							
General government	\$ 2,408,910	\$ 1,194,584	\$ -	\$ -	\$ (1,214,326)	\$ -	\$ (1,214,326)
Public safety	6,254,447	1,029,058	-	-	(5,225,389)	-	(5,225,389)
Transportation	1,381,642	-	-	-	(1,381,642)	-	(1,381,642)
Recreation	382,420	-	81,387	31,757	(269,276)	-	(269,276)
Physical environment	1,007,240	-	-	-	(1,007,240)	-	(1,007,240)
Total government activities	11,434,659	2,223,642	81,387	31,757	(9,097,873)	-	(9,097,873)
Business-type activities:							
Sewer	1,260,183	966,499	-	-	-	(293,684)	(293,684)
Parking	490,436	1,616,267	-	-	-	1,125,831	1,125,831
Total business-type activities	1,750,619	2,582,766	-	-	-	832,147	832,147
Total primary government	\$ 13,185,278	\$ 4,806,408	\$ 81,387	\$ 31,757	(9,097,873)	832,147	(8,265,726)
General revenues:							
Property taxes					6,914,773	-	6,914,773
Franchise taxes and utility taxes					1,677,798	-	1,677,798
Grants and contributions not restricted to specific programs					1,027,448	-	1,027,448
Unrestricted investment earnings					25,361	2,043	27,404
Miscellaneous revenues					477,969	-	477,969
Total general revenues and transfers					10,123,349	2,043	10,125,392
Change in net position					1,025,476	834,190	1,859,666
Net position, beginning					32,547,619	10,286,378	42,833,997
Net position, ending					\$ 33,573,095	\$ 11,120,568	\$ 44,693,663

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2014

	Major Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Non-Major Funds	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 7,334,535	\$ 1,670,763	\$ 971,867	\$ 9,977,165
Investments	225,703	-	-	225,703
Accounts receivable, net	300,974	-	-	300,974
Due from other funds	17,220	-	254	17,474
Prepaid items	160,359	-	65,270	225,629
Total assets	<u>\$ 8,038,791</u>	<u>\$ 1,670,763</u>	<u>\$ 1,037,391</u>	<u>\$ 10,746,945</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and other liabilities	\$ 305,942	\$ -	\$ 2,605	\$ 308,547
Contracts and retainage payable	-	271,865	-	271,865
Accrued liabilities	118,204	335	-	118,539
Due to other funds	4,364	6,873	-	11,237
Unearned revenue	102,596	-	21,308	123,904
Deposits	10,162	-	-	10,162
Total liabilities	<u>541,268</u>	<u>279,073</u>	<u>23,913</u>	<u>844,254</u>
Deferred inflows of resources:				
Unavailable revenue	31,757	-	-	31,757
Total deferred inflows of resources	<u>31,757</u>	<u>-</u>	<u>-</u>	<u>31,757</u>
Fund balances:				
Nonspendable:				
Prepaid items	160,359	-	65,270	225,629
Restricted for:				
Fire department	-	-	792,593	792,593
El Mar beautification per contract	-	677,566	-	677,566
Committed for:				
License plate reader system contract	-	-	155,615	155,615
Assigned to:				
Emergency reserve	2,333,105	-	-	2,333,105
Vehicle and equipment reserve	60,463	-	-	60,463
Capital projects	-	714,124	-	714,124
Hotel improvement program	32,191	-	-	32,191
Subsequent year's expenditures	1,555,783	-	-	1,555,783
Unassigned	3,323,865	-	-	3,323,865
Total fund balances	<u>7,465,766</u>	<u>1,391,690</u>	<u>1,013,478</u>	<u>9,870,934</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,038,791</u>	<u>\$ 1,670,763</u>	<u>\$ 1,037,391</u>	<u>\$ 10,746,945</u>

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 POSITION
SEPTEMBER 30, 2014

Fund balance - governmental funds		\$ 9,870,934
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial assets and, therefore, are not reported as assets in the governmental funds. The statement of net position includes those capital assets, net of any accumulated depreciation, in the assets of the government as a whole.</p>		
Cost of capital assets	36,435,221	
Accumulated depreciation	<u>(12,811,014)</u>	23,624,207
<p>Revenues that do not meet the availability criteria are reported as unavailable revenue in the governmental fund financial statements; these amounts are reported as revenues in the government-wide financial statements.</p>		
		31,757
<p>The net pension asset is not reported as a fund asset in the governmental fund financial statements, but is reported as an asset in the government-wide financial statements.</p>		
		161,861
<p>Liabilities not due and payable from current available resources are not reported as liabilities in the governmental fund financial statements. All liabilities, both current and long-term, are reported in the government-wide financial statements.</p>		
Compensated absences		(109,793)
Other Post Employment Benefit obligation		(5,871)
Net position of governmental activities		<u><u>\$ 33,573,095</u></u>

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, 2014

	<u>Major Funds</u>			Total Governmental Funds
	General Fund	Capital Projects Fund	Non-Major Funds	
Revenues:				
Property taxes and fire assessments	\$ 6,914,773	\$ -	\$ 979,710	\$ 7,894,483
Franchise fees and utility taxes	1,677,798	-	-	1,677,798
Intergovernmental	1,027,448	-	-	1,027,448
Fines and forfeitures	444,386	-	-	444,386
Charges for services	12,534	-	36,814	49,348
Licenses and permits	750,198	-	-	750,198
Interest income and other	23,988	1,265	108	25,361
Grant revenue	81,387	-	-	81,387
Miscellaneous revenues	256,573	216,717	4,679	477,969
Total revenues	<u>11,189,085</u>	<u>217,982</u>	<u>1,021,311</u>	<u>12,428,378</u>
Expenditures:				
Current:				
General government	2,294,617	73,115	-	2,367,732
Public safety	5,419,102	-	795,475	6,214,577
Transportation	1,298,636	-	-	1,298,636
Recreation	370,420	-	-	370,420
Physical environment	229,228	-	-	229,228
Capital outlay	418,494	3,421,768	10,950	3,851,212
Total expenditures	<u>10,030,497</u>	<u>3,494,883</u>	<u>806,425</u>	<u>14,331,805</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,158,588</u>	<u>(3,276,901)</u>	<u>214,886</u>	<u>(1,903,427)</u>
Other financing sources (uses):				
Transfers in	20,000	1,900,000	11,730	1,931,730
Transfers out	(1,911,730)	-	(20,000)	(1,931,730)
Total other financing sources (uses)	<u>(1,891,730)</u>	<u>1,900,000</u>	<u>(8,270)</u>	<u>-</u>
Net change in fund balances	(733,142)	(1,376,901)	206,616	(1,903,427)
Fund balances, beginning	<u>8,198,908</u>	<u>2,768,591</u>	<u>806,862</u>	<u>11,774,361</u>
Fund balances, ending	<u>\$ 7,465,766</u>	<u>\$ 1,391,690</u>	<u>\$ 1,013,478</u>	<u>\$ 9,870,934</u>

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, 2014

Net change in fund balances - total governmental funds	\$ (1,903,427)
Amounts reported for governmental activities in the statement of activities are different because:	
Capital assets are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of certain of those assets is eliminated and capitalized as capital assets.	3,713,128
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense on the statement of activities.	(847,541)
Revenues in the statement of activities that do not provide current financial resources are unavailable in the governmental fund financial statements	31,757
The change in net pension assets is not reported in the governmental fund financial statements, but is reported in the government-wide financial statements.	34,109
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 absences	(7,966)
Change in Other Post Employment Benefit obligation	5,416
Change in net position of governmental activities	\$ 1,025,476

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Enterprise Funds		
	Sewer Utility		Total
	System	Parking	
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 1,176,473	\$ 1,422,240	\$ 2,598,713
Accounts receivable, net	166,602	6,415	173,017
Due from other funds	-	4,110	4,110
Prepaid items	-	33,230	33,230
Total current assets	<u>1,343,075</u>	<u>1,465,995</u>	<u>2,809,070</u>
Noncurrent Assets:			
Capital Assets:			
Land	-	6,113,175	6,113,175
Equipment	13,275	85,575	98,850
Buildings and utility plant	2,920,148	808,637	3,728,785
Construction in progress	-	66,367	66,367
Total capital assets	<u>2,933,423</u>	<u>7,073,754</u>	<u>10,007,177</u>
Less accumulated depreciation	(1,368,021)	(184,922)	(1,552,943)
Net capital assets	<u>1,565,402</u>	<u>6,888,832</u>	<u>8,454,234</u>
Total noncurrent assets	<u>1,565,402</u>	<u>6,888,832</u>	<u>8,454,234</u>
Total assets	<u>2,908,477</u>	<u>8,354,827</u>	<u>11,263,304</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	53,694	30,293	83,987
Accrued liabilities	-	148	148
Due to other funds	7,216	3,131	10,347
Unearned revenue	-	45,999	45,999
Total current liabilities	<u>60,910</u>	<u>79,571</u>	<u>140,481</u>
Long-Term Liabilities:			
Other Post Employment Benefit Obligation	385	1,870	2,255
Total long-term liabilities	<u>385</u>	<u>1,870</u>	<u>2,255</u>
Total Liabilities	<u>61,295</u>	<u>81,441</u>	<u>142,736</u>
<u>NET POSITION</u>			
Investment in capital assets	1,565,402	6,888,832	8,454,234
Unrestricted	1,281,780	1,384,554	2,666,334
Total net position	<u>\$ 2,847,182</u>	<u>\$ 8,273,386</u>	<u>\$ 11,120,568</u>

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Enterprise Funds		
	Sewer Utility System	Parking	Total
Operating revenues:			
Charges for services	\$ 966,499	\$ 1,616,267	\$ 2,582,766
Total operating revenues	<u>966,499</u>	<u>1,616,267</u>	<u>2,582,766</u>
Operating expenses:			
Operating, administrative and maintenance	1,198,408	437,586	1,635,994
Depreciation and amortization	61,775	21,734	83,509
Total operating expenses	<u>1,260,183</u>	<u>459,320</u>	<u>1,719,503</u>
Operating income	<u>(293,684)</u>	<u>1,156,947</u>	<u>863,263</u>
Nonoperating revenues (expenses):			
Interest income	1,065	978	2,043
Interest expense	-	(31,116)	(31,116)
Total nonoperating revenues (expenses)	<u>1,065</u>	<u>(30,138)</u>	<u>(29,073)</u>
Change in net position	<u>(292,619)</u>	<u>1,126,809</u>	<u>834,190</u>
Total net position, beginning	3,139,801	7,146,577	10,286,378
Total net position, ending	<u>\$ 2,847,182</u>	<u>\$ 8,273,386</u>	<u>\$ 11,120,568</u>

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Enterprise Funds		
	Sewer Utility System	Parking	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 973,255	\$ 1,654,754	\$ 2,628,009
Payments to suppliers	(1,179,238)	(384,912)	(1,564,150)
Payments to employees	(40,981)	(93,607)	(134,588)
Net cash provided (used) by operating activities	(246,964)	1,176,235	929,271
Cash Flows Provided (Used) By Capital and Related Financing Activities			
Purchase of capital assets	-	(486,628)	(486,628)
Interest paid on long-term debt	-	(31,116)	(31,116)
Principal paid on notes payable	-	(587,208)	(587,208)
Net cash provided (used) by capital and related financing activities	-	(1,104,952)	(1,104,952)
Cash Flows Provided (Used) By Investing Activities			
Interest received	1,065	978	2,043
Net cash provided (used) by investing activities	1,065	978	2,043
Net increase (decrease) in cash	(245,899)	72,261	(173,638)
Cash and cash equivalents, beginning	1,422,372	1,349,979	2,772,351
Cash and cash equivalents, ending	\$ 1,176,473	\$ 1,422,240	\$ 2,598,713
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities operating income (loss)	\$ (293,684)	\$ 1,156,947	\$ 863,263
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	61,775	21,734	83,509
Changes in assets and liabilities:			
(Increase)/Decrease in accounts receivable	2,630	(3,818)	(1,188)
(Increase)/Decrease in interfund receivable	-	882	882
Increase/(Decrease) in accounts payable	(21,811)	(40,946)	(62,757)
Increase/(Decrease) in accrued liabilities	-	13	13
Increase/(Decrease) in interfund payable	4,126	2,416	6,542
Increase/(Decrease) in unearned revenue	-	39,007	39,007
Total adjustments	46,720	19,288	66,008
Net cash provided (used) by operating activities	\$ (246,964)	\$ 1,176,235	\$ 929,271

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
SEPTEMBER 30, 2014

			Pension Trust Fund
<u>ASSETS</u>			
Cash	\$	172,950	
Investments, at fair value			1,393,324
Receivables:			
Due from State			<u>153,054</u>
Total assets			<u><u>1,719,328</u></u>
<u>NET POSITION</u>			
Net position restricted for pensions			<u><u>\$ 1,719,328</u></u>

See notes to the financial statements.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Pension Trust Fund
ADDITIONS	
Contributions:	
Plan member	\$ 13,976
State	153,054
Town	13,976
Total contributions	181,006
Investment income (loss):	
Net appreciation in fair value of investments	30,342
Interest and dividends	28,295
Net investment income (loss)	58,637
Total additions	239,643
DEDUCTIONS	
Pension benefits	15,194
Refunds of contributions	15,195
Administrative expenses	8,350
Total deductions	38,739
Net increase (decrease)	200,904
Net position restricted for pensions:	
Beginning	1,518,424
Ending	\$ 1,719,328

See notes to the financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
FISCAL YEAR ENDED SEPTEMBER 30, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Lauderdale-By-The-Sea, Florida (“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. The Town is financially accountable for a component unit if an organization is fiscally dependent on and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the Town regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government, or a jointly appointed board. 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 position 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*.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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.

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.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position. 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.

4. New Accounting Standards Adopted

During fiscal year 2014, the Town adopted four new accounting standards as follows:

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.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. New Accounting Standards Adopted (Continued)

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

This Statement resolves 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*.

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

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.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

This Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions (i.e., nonexchange financial guarantees). The issuer of the guaranteed obligation can be a legally separate entity or individual, including a blended or discretely presented component unit. Guidance is provided for situations where a state or local government extends or receives a nonexchange financial guarantee.

5. 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 \$31,116. During the fiscal year ended 2014, there was no interest to be capitalized.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Capital Assets (Continued)

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

	<u>Assets</u>	<u>Years</u>
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

6. 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), 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.

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.

7. 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.

8. 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.

9. 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.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

10. 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. 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.

11. 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 position. Bond premiums and discounts are deferred and amortized ratably 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 expensed when incurred.

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.

12. Unearned Revenue

Unearned revenue arises when resources are received by the Town before it has a legal claim to them.

13. 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. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at fiscal year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

14. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s). For example, the Town would record deferred outflows of resources on the statement of net position related to debit amounts resulting from current and advance refundings resulting in the defeasance of debt (i.e. when there are differences between the reacquisition price and the net carrying amount of the old debt).

Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s). For example, when an asset is recorded in the governmental fund financial statements, but the revenue is unavailable, the Town reports a deferred inflow of resources on the balance sheet until such times as the revenue becomes available.

15. Net Position

Net position is the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position of the government-wide and proprietary funds is categorized as net investment in capital assets, restricted or unrestricted. Net investment in capital assets is that portion of net position 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 position is that portion of net position 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 position consists of net position that does not meet the definition of either of the other two components.

16. 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:

Committed fund balance – Amounts that can be used only for the specific purposes determined by a formal action (resolution or ordinance) of the Town Commission, the Town's highest level of decision-making authority. Commitments may be changed or lifted only by the Town Commission taking the same formal action (resolution or ordinance) that imposed the constraint originally.

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.

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.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

17. 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.

18. 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 paid directly to participants and refunds of contributions are recognized when due and payable in accordance with the terms of the plan.

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.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments – Town (Continued)

The State Board of Administration’s Local Government Surplus Funds Trust Fund (Florida PRIME) is a “2a-7 like” pool. A “2a-7 like” pool is an external investment pool that is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. Rule 2a-7 is the rule that allows money market funds to use amortized cost to maintain a constant NAV of \$1.00 per share, provided that such funds meet certain conditions. The Town has reported its investment in Florida PRIME at the same value as the pooled shares allocated to the Town.

As of September 30, 2014, the Town had the following investments:

	Fair Value	Credit Risk	Weighted Average Maturity
Florida PRIME	\$ 225,703	S&P AAAm	39 days
	\$ 225,703		

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. 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 - Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. 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 - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. 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

Interest Rate Risk - Since all investments for the Plan are in both outside managed open-end mutual funds and closed-end funds, and there is a mixture of both fixed income and equities within the 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 - Credit risk is measured by the assignment of a rating by a nationally recognized statistical rating organization. Fixed income securities shall be one of the three highest classifications of a major rating service. The composite credit ratings of applicable investments by type are currently unavailable.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)

Investments - Volunteer Firefighter's Pension Plan (Continued)

Concentration of Credit Risk - The investment policy of the Plan contains limits on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. The Plan's investment policy limits the investment in equities to no more than 70% and fixed income to 60% 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 is approximately 31% and fixed income securities are approximately 37% of the Plan's total assets. Additionally, mutual fund investments total \$898,792 which represents about 64.5% of the Plan's total assets.

As of September 30, 2014, the Pension Plan had the following investments:

Equities	\$	436,996
Fixed income		515,097
Cash and cash equivalents		441,231
		436,996
	\$	1,393,324

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, 2014 was 3.9312 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, 2014.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 4 – RECEIVABLES

Receivables for the Town's funds including the applicable allowances for uncollectible accounts as of September 30, 2014 were as follows:

Receivables:	General	Sewer	Parking	Total
Billed	\$ -	\$ 504,448	\$ 6,415	\$ 510,863
Taxes	242,436	-	-	242,436
Intergovernmental	68,750	-	-	68,750
Other	60,291	-	-	60,291
Gross receivables	371,477	504,448	6,415	882,340
Less allowance for uncollectibles	(70,503)	(337,846)	-	(408,349)
Net total receivables	<u>\$ 300,974</u>	<u>\$ 166,602</u>	<u>\$ 6,415</u>	<u>\$ 473,991</u>

NOTE 5 – UNEARNED REVENUES

Unearned revenue reported in the governmental funds and the basic financial statements as of September 30, 2014 was as follows:

Occupational licenses	\$ 36,335
Planning advances	5,760
Advertisement advances	803
Right of way advances	50,349
Other	30,657
	<u>\$ 123,904</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables at September 30, 2014 were as follows:

	Receivable	Payable
General Fund	\$ 17,220	\$ 4,364
Capital Projects Fund	-	6,873
Police Training and Forfeiture Fund	254	-
Sewer Utility System Fund	-	7,216
Parking Fund	4,110	3,131
	<u>\$ 21,584</u>	<u>\$ 21,584</u>

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.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

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

Transfers between the general fund and capital projects fund were to fund capital improvement projects. Transfers from the fire fund to the general fund and from the general fund to the police training and forfeiture 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 2014 budget.

Interfund transfers for the fiscal year ended September 30, 2014 were as follows:

	Transfers In	Transfers Out
	In	Out
General Fund	\$ 20,000	\$ 1,911,730
Capital Projects Fund	1,900,000	-
Police Training and Forfeiture Fund	11,730	-
Fire Fund	-	20,000
	<u>\$ 1,931,730</u>	<u>\$ 1,931,730</u>

NOTE 7 – CAPITAL ASSETS

Capital assets for the governmental activities for the fiscal year ended September 30, 2014 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,592,732	\$ 346,522	\$ -	\$ 1,939,254
Construction in progress	6,232,062	597,433	(6,232,063)	597,432
Total capital assets, not being depreciated	<u>7,824,794</u>	<u>943,955</u>	<u>(6,232,063)</u>	<u>2,536,686</u>
Capital assets, being depreciated:				
Building and building improvements	4,246,389	7,524	-	4,253,913
Improvements other than buildings	12,964,993	8,906,465	-	21,871,458
Furniture, fixtures, machinery and equipment	1,000,757	87,247	-	1,088,004
Motor vehicles	783,039	-	-	783,039
Infrastructure	5,902,121	-	-	5,902,121
Total capital assets, being depreciated	<u>24,897,299</u>	<u>9,001,236</u>	<u>-</u>	<u>33,898,535</u>
Less accumulated depreciation:				
Building and building improvements	1,098,914	79,702	-	1,178,616
Improvements other than buildings	5,383,029	436,179	-	5,819,208
Furniture, fixtures, machinery and equipment	702,267	136,047	-	838,314
Motor vehicles	425,695	83,006	-	508,701
Infrastructure	4,353,568	112,607	-	4,466,175
Total accumulated depreciation	<u>11,963,473</u>	<u>847,541</u>	<u>-</u>	<u>12,811,014</u>
Total capital assets, being depreciated, net	<u>12,933,826</u>	<u>8,153,695</u>	<u>-</u>	<u>21,087,521</u>
Governmental activities capital assets, net	<u>\$ 20,758,620</u>	<u>\$ 9,097,650</u>	<u>\$ (6,232,063)</u>	<u>\$ 23,624,207</u>

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 7 – CAPITAL ASSETS (Continued)

Capital assets for the business-type activities for the fiscal year ended September 30, 2014 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 5,767,324	\$ 345,851	\$ -	\$ 6,113,175
Construction in progress	66,367	-	-	66,367
Total capital assets, not being depreciated	<u>5,833,691</u>	<u>345,851</u>	<u>-</u>	<u>6,179,542</u>
Capital assets, being depreciated:				
Buildings and utility plant	3,601,394	127,391	-	3,728,785
Equipment	85,463	13,387	-	98,850
Total capital assets, being depreciated	<u>3,686,857</u>	<u>140,778</u>	<u>-</u>	<u>3,827,635</u>
Less accumulated depreciation:				
Buildings and utility plant	1,457,646	72,745	-	1,530,391
Equipment	11,788	10,764	-	22,552
Total accumulated depreciation	<u>1,469,434</u>	<u>83,509</u>	<u>-</u>	<u>1,552,943</u>
Total capital assets, being depreciated, net	<u>2,217,423</u>	<u>57,269</u>	<u>-</u>	<u>2,274,692</u>
Business-type activities capital assets, net	<u>\$ 8,051,114</u>	<u>\$ 403,120</u>	<u>\$ -</u>	<u>\$ 8,454,234</u>

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

Governmental activities:	
General government	\$ 38,628
Public safety	73,979
Transportation	83,006
Recreation	12,000
Physical environment	639,928
Total depreciation expense, governmental activities	<u>\$ 847,541</u>
Business-type activities:	
Sewer utility	\$ 61,775
Parking	21,734
Total depreciation expense, business-type activities	<u>\$ 83,509</u>

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 was 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 \$660,000 annually in the past eight years whereas parking fines have averaged approximately \$102,000 in the past four years.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 8 – LONG-TERM LIABILITIES (Continued)

Business-Type Activities (Continued)

During a 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 a prior fiscal year which permitted 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 \$164,945 and \$121,089 during fiscal years 2012 and 2013, respectively. During the current fiscal year, the Town paid the remaining balance of the loan, including applicable accrued interest and prepayment penalties. For the current fiscal year, principal and interest paid and net revenues were \$618,324 and \$1,616,267, respectively.

Changes in long-term liabilities for both governmental activities and business-type activities the fiscal year ended September 30, 2014 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
Compensated absences	\$ 101,827	\$ 142,530	\$ (134,564)	\$ 109,793	\$ 10,979
	<u>\$ 101,827</u>	<u>\$ 142,530</u>	<u>\$ (134,564)</u>	<u>\$ 109,793</u>	<u>\$ 10,979</u>
<u>Business-type activities:</u>					
Series 2005B Promissory Note	\$ 587,208	\$ -	\$ (587,208)	\$ -	\$ -
	<u>\$ 587,208</u>	<u>\$ -</u>	<u>\$ (587,208)</u>	<u>\$ -</u>	<u>\$ -</u>

For governmental activities, compensated absences are generally liquidated by the general fund.

NOTE 9 – OPERATING LEASES

On February 28, 2013, the Town entered into an agreement to lease certain real property for use as a restaurant. The term of the lease is for a period of five years commencing on March 1, 2013 and ending February 28, 2018, with an option for additional five year renewal options. Minimum future rental payments on this lease as of September 30, 2014 are as follows:

Fiscal Year Ending September 30,	Annual Minimum Payments
2015	\$ 57,898
2016	59,635
2017	61,424
2018	25,908
Total	<u>\$ 204,865</u>

Included in the buildings and building improvements classification in Note 7 is the building which is currently being leased. The cost of the building is \$1,406,644 and accumulated depreciation of \$234,441. For the fiscal year ended September 30, 2014, rental income received from the lease was approximately \$56,000.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 10 – COMMITMENTS AND CONTINGENCIES

Interlocal Agreements

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, 2014, the Town paid \$3,565,917 under this agreement.

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 \$671,572 in the current fiscal year, of which the Town received \$167,893 (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 Town ultimately responded to the discovery requests on October 31, 2014. On February 20, 2014, as a result of a status conference, the order consolidating the four cases was clarified. While the judge expressed a desire that the parties begin to prosecute the case with more diligence, no order was entered to that effect, and no substantial efforts have been made by the Plaintiffs to bring this case to resolution. On October 28, 2014, a case management conference was held. The cases were mediated on February 12, 2015. The Town is actively pursuing settlement discussions with the plaintiffs. The parties will be seeking to stay the litigation. If settlement discussions provide unsuccessful, the consolidated cases have been set for trial during the four week period commencing June 8, 2015.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)

Litigation, Claims and Assessments (Continued)

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.

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 count I has been dismissed, the likelihood of an unfavorable monetary outcome is deemed to be minimal.

On February 9, 2015, an agreed order of dismissal, with prejudice, was approved by the court between the Town and one of the four plaintiffs in the case related to the charter height limit-related case with each party to bear its own costs and attorneys' fees.

The Town is also a defendant in various lawsuits incidental to its operations. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the Town Attorney that resolution of these matters will not have a material adverse effect on the financial condition of the Town.

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.

Construction Contracts and Encumbrance Commitments

As of September 30, 2014, the Town had open contracts for various construction projects. The contracts totaled approximately \$602,000, of which approximately \$159,000 was uncompleted at September 30, 2014. The Town had an additional \$335,134 in encumbrance commitments at September 30, 2014.

NOTE 11 – 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.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 11 – FLORIDA RETIREMENT SYSTEM (Continued)

Basis of Accounting

The FRS fiduciary financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Member contributions are recognized in the period of time for which the contributions are assessed. Employer contributions are recognized when due in the period in which employee services are performed 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 each plan.

Investments

Investments with the State Treasury are reported at fair value which is obtained from independent pricing service providers. Independent pricing service providers use quoted market prices when available and employ various, sometimes proprietary, multifactor models for determining a security's fair value if it is not available from quoted market prices. Some securities, including U.S. government, municipal bonds, and mortgage-backed and asset backed securities, are priced using evaluated bid prices. Evaluated bid prices are determined by taking bid prices and adjusting them by an evaluated adjustment factor derived from the independent pricing service's multifactor model. If values are not available using the above methods, secondary methods such as non-evaluated mid-price and bid price are used. If no source of values is available, cost or last available price from any source is used or other pricing methodology as directed by the State Treasury.

The State Board of Administration (SBA) has statutory responsibility for custody and investment of pension plan assets. Section 215.47, Florida Statutes, gives the SBA the authority to invest in a range of instruments, including security lending agreements. All of the investments are reported at fair value in accordance with GASB 31.

The fair values of the plans' assets are obtained or estimated in accordance with the Global Pricing Guidelines established with the SBA's custodian bank, BNY Mellon. BNY Mellon uses a variety of independent pricing sources and designates certain vendors as the primary source based on asset type, class or issue. BNY Mellon monitors pricing information supplied by these primary sources and may use a supplemental pricing source or change the primary pricing source if any of the following occurs:

- The price of a security is not received from the primary pricing source.
- The primary pricing source no longer provides prices for a particular asset type, class or issue
- The SBA or its portfolio investment manager challenges a price and BNY Mellon reviews the price with the vendor, who agrees that the price provided by that vendor may not be appropriate.
- The price from the primary source exceeds BNY Mellon's price tolerance checkpoints and results in a vendor comparison review where another source is deemed to be more appropriate by BNY Mellon.

When a portfolio includes securities or instruments for which the custodian bank does not receive fair value information from its vendor pricing source, the custodian bank uses a "non-vendor pricing source." Examples include, but are not limited to, limited partnerships or similar private investment vehicles that do not actively trade through established exchange mechanisms; other private placements where there is limited or no information in the market place; and unique fixed income and equity instruments. The SBA does not provide direction regarding the substitution of prices in instances where securities or instruments are in the portfolio of an investment manager appointed by the SBA. In cases where the SBA directed the purchase of securities or instruments, BNY Mellon may obtain the non-vendor prices by contacting the SBA only if it is not commercially reasonable to directly obtain the non-vendor price information from the broker of record, as identified by the SBA.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 11 – FLORIDA RETIREMENT SYSTEM (Continued)

Investments (Continued)

For private market investments, where no readily ascertainable market value exists (including limited partnerships, hedge funds, direct-owned real estate, and real estate pooled funds), fair values for the individual investments are based on the net asset value (capital account balance) at the closest available reporting period, as communicated by the general partner and/or investment manager, adjusted for subsequent contributions and distributions. The valuation techniques vary based upon investment type and involve a certain degree of judgment. The most significant input into the net asset value of an entity is the value of its investment holdings. The net asset value is provided by the general partner and/or investment manager and reviewed by SBA management. Annually, the financial statements of all private market investments are audited by independent auditors.

Private market investments in which the SBA has a controlling interest are also required to be valued annually by independent, licensed external appraisers selected by an appraisal management company retained by the SBA.

All derivative financial instruments are reported at fair value in the statements of net position. The instruments are adjusted to fair value at least monthly, with valuation changes recognized during the period as gains or losses in the statements of changes in net position and included in the “net appreciation in fair value”. Because of the inherent uncertainty of the valuation using pricing methodologies other than the quoted market prices, the estimated fair values may differ from the values that would have been used had a ready market existed.

Funding Policy and Contributions

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, 2014 was approximately \$1.8 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. As of July 2013, the Town’s required contribution rate for employees was 6.95% - 33.03% and increased to 7.37% - 42.07% as of July 2014.

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
2012	\$ 94,931	\$ 94,931	100%
2013	119,276	119,276	100%
2014	203,760	203,760	100%

NOTE 12 – 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, training sessions and meetings that they attend. 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.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 12 – VOLUNTEER FIREFIGHTERS PENSION FUND (Continued)

Basis of Accounting

The Volunteer Firefighters Pension Plan (“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. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative expenses are recorded when incurred.

Pension Plan Reporting

The plan’s fiduciary net position has been determined on the same basis used by the pension plan and is equal to the market value of assets calculated under the accrual basis of accounting.

Membership

As of October 1, 2013, 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	7
Non-vested	61
Total	68

Method Used to Value Cash and Investments

All short-term investments with an original term of less than three months are considered cash equivalents. Investments, which consist primarily of mutual funds, are carried at fair value. Net appreciation (depreciation) in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Purchases and sales of securities are recorded on the trade-date basis. Interest and dividends are recognized when earned. Dividends are recorded on the ex-dividend date.

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.

Pension Benefits

All volunteer firefighters of the Town will become members of the Plan upon completion of their application for membership, which must be completed within 30 days of becoming eligible for 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, or the date on which the member has attained the age of 52 having completed 25 years of credited service. The benefit for normal retirement is the greater of 2% of average final compensation times years of credited service or \$10 per month for each year of credited service, payable in a life annuity with other options available. The Plan also provides early and delayed retirement as well as death and disability benefits with benefits dependent on earnings, length of service or years of contributions, and age upon retirement, death or disability. The plan was established, and the provisions of the plan, including pension benefits, may be amended by the Town Commission.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 12 – VOLUNTEER FIREFIGHTERS PENSION FUND (Continued)

Contributions and Funding Policy

Funding is based on actuarial determined required contributions using the Aggregate Actuarial Cost Method. The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the actuarial accrued liability. Firefighters are required to contribute 5% of earnings to the Plan. Contributions from the State of Florida pursuant to Chapter 175, Florida Statutes, are based on the amount of fire insurance written by private insurers on property within Town limits. The annual required contribution for the year ended September 30, 2014 was determined using the October 1, 2013 actuarial valuation. The Town is required to contribute if there is any shortfall between the State's contributions and funding requirements of the Plan. Actual contributions in fiscal year 2014 were as follows: State of Florida \$153,054, Town \$13,976 and members \$13,976.

Actuarial Methods and Assumptions

Additional information as of the latest actuarial valuation follows:

Valuation date	October 1, 2013
Contribution Rates:	
Employer and State	0.05%
Plan Member	5.00%
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

Funding Status and Funding Progress

The funded status of the plan as of October 1, 2013, 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, 2013	\$ 855,418	\$ 511,757	\$ (343,661)	167.2%	\$ 298,081	-115.3%

*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 levels 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.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 12 – VOLUNTEER FIREFIGHTERS PENSION FUND (Continued)

Funding Status and Funding Progress (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,	Annual Required Contribution	Actual Contribution	Percentage Contributed
2012	\$ 20,932	\$ 38,866	185.7%
2013	20,932	40,274	192.4%
2014	153	37,447	24475.2%

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)	\$ 153
Interest on net pension obligation (NPO)	(8,943)
Adjustment to ARC	12,128
Annual pension cost (APC)	<u>3,338</u>
Contributions made	<u>37,447</u>
Increase (decrease) in NPO	<u>(34,109)</u>
NPO (asset), beginning	<u>(127,752)</u>
NPO (asset), ending	<u>\$ (161,861)</u>

The annual required contribution for fiscal year 2013 was determined as part of the most recent actuarial report dated October 1, 2013, 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.

Fiscal Year Ended September 30,	Trend Information			
	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Assets)
2012	\$ 23,289	\$ 38,866	166.9%	\$ (111,151)
2013	23,673	40,274	170.1%	(127,752)
2014	3,338	37,447	1121.8%	(161,861)

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS

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.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Membership

Participants of the plan consisted of the following at September 30, 2014:

Retirees and beneficiaries	
currently receiving benefits	5
Active employees	35
Total	40

Actuarial Methods and Assumptions

An actuarial valuation was performed as of October 1, 2013, 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 \$89,116, and an estimated net OPEB obligation of \$8,126. At this time, the Town has opted to pay as you go rather than fund a portion or the entire net OPEB obligation.

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, 2013
Actuarial cost method	Entry age normal
Amortization method for unfunded actuarial liability	Level dollar, 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	7.5% in fiscal year 2014, trending to 4.5% in 2019

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.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 13 – OTHER POST EMPLOYMENT BENEFITS (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

Annual Required Contribution (ARC)	\$ 14,178
Interest on Net OPEB Obligation (NPO)	371
Adjustment to ARC	(512)
Annual OPEB Cost/(Expense)	14,037
Estimated net contributions made	(14,148)
Increase/(Decrease) in NPO	(111)
Net OPEB obligation/(asset), beginning	8,237
Net OPEB obligation/(asset), ending	\$ 8,126

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, 2012	\$ 11,360	85.3%	\$ 13,543
September 30, 2013	N/A	N/A	N/A
September 30, 2014	14,037	100.8%	8,126

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

Funding Progress

Funding progress of the OPEB liability as of October 1, 2013 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, 2013	\$ -	\$ 89,116	\$ 89,116	0%	\$ 1,773,510	5.0%

NOTE 14 – 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. The plan was established, and the provisions of the plan, including contribution rates, may be amended by the Town Commission. 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 80% 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 is 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 \$28,000 on behalf of employees to the deferred compensation plan and employees contributed approximately \$89,000.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTES TO BASIC FINANCIAL STATEMENTS
(Continued)

NOTE 15 – 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 16 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED

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 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. 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.

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for fiscal years beginning after June 15, 2014.

GASB Statement No. 72, *Fair Value Measurement and Application*

The objective of this Statement is to improve financial reporting by clarifying the definition of fair value for financial reporting purposes, establishing general principles for measuring fair value, providing additional fair value application guidance, and enhancing disclosures about fair value measurements. These improvements are based in part on the concepts and definitions established in Concepts Statement No. 6, *Measurement of Elements of Financial Statements*, and other relevant literature. This Statement is effective for periods beginning after June 15, 2015.

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

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**REQUIRED SUPPLEMENTARY INFORMATION
(OTHER THAN MD&A)**

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TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FISCAL YEAR ENDED SEPTEMBER 30, 2014

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 6,774,669	\$ 6,774,669	\$ 6,914,773	\$ 140,104
Franchise fees and utility taxes	1,580,950	1,580,950	1,677,798	96,848
Intergovernmental	977,000	977,000	1,027,448	50,448
Fines and forfeitures	115,000	115,000	444,386	329,386
Charges for services	7,800	7,800	12,534	4,734
Licenses and permits	611,000	689,000	750,198	61,198
Interest income and other	45,500	45,500	23,988	(21,512)
Grant revenue	80,905	80,905	81,387	482
Miscellaneous revenues	100,500	100,500	256,573	156,073
Total revenues	<u>10,293,324</u>	<u>10,371,324</u>	<u>11,189,085</u>	<u>817,761</u>
Expenditures:				
General Government:				
Town commission	140,239	140,239	118,164	22,075
Administration	951,657	948,657	832,225	116,432
Legal	338,000	371,106	371,105	1
General	871,668	755,452	722,557	32,895
Nondepartmental	348,974	406,774	362,793	43,981
Total general government	<u>2,650,538</u>	<u>2,622,228</u>	<u>2,406,844</u>	<u>215,384</u>
Public safety:				
Emergency medical services	754,659	756,939	753,660	3,279
Police department	3,611,243	3,611,243	3,598,985	12,258
Total public safety	<u>4,365,902</u>	<u>4,368,182</u>	<u>4,352,645</u>	<u>15,537</u>
Municipal services:				
Administrative	874,888	896,224	924,722	(28,498)
Engineer and utilities	235,000	235,000	229,228	5,772
Public works	596,620	593,584	539,486	54,098
Total municipal services	<u>1,706,508</u>	<u>1,724,808</u>	<u>1,693,436</u>	<u>31,372</u>

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, 2014
(CONTINUED)

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Development services:				
Development services administrative	362,796	368,796	309,307	59,489
Building services	385,000	463,000	521,549	(58,549)
Code compliance	236,280	238,780	238,880	(100)
Total development services	<u>984,076</u>	<u>1,070,576</u>	<u>1,069,736</u>	<u>840</u>
Recreation services:				
Beach and recreation	511,817	539,317	507,836	31,481
Total recreation services	<u>511,817</u>	<u>539,317</u>	<u>507,836</u>	<u>31,481</u>
Total expenditures	<u>10,218,841</u>	<u>10,325,111</u>	<u>10,030,497</u>	<u>294,614</u>
Excess (deficiency) of revenues over (under) expenditures	<u>74,483</u>	<u>46,213</u>	<u>1,158,588</u>	<u>1,112,375</u>
Other financing sources (uses):				
Use of fund balance	1,805,517	1,845,517	-	(1,845,517)
Transfers in	20,000	20,000	20,000	-
Transfers out	(1,900,000)	(1,911,730)	(1,911,730)	-
Total other financing sources (uses)	<u>(74,483)</u>	<u>(46,213)</u>	<u>(1,891,730)</u>	<u>(1,845,517)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(733,142)</u>	<u>\$ (733,142)</u>
Fund balance, beginning			<u>8,198,908</u>	
Fund balance, ending			<u>\$ 7,465,766</u>	

See notes to Required Supplementary Information.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
NOTE TO BUDGETARY COMPARISON SCHEDULE
FISCAL YEAR ENDED SEPTEMBER 30, 2014

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. Encumbered amounts are reappropriated in the following fiscal year's budget.
- (h) Budgeted amounts are as originally adopted or as amended.

The budget was amended to increase revenues by \$78,000, appropriations by \$106,270 and other financing sources (uses) by \$28,270.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CONTRIBUTIONS FROM THE TOWN
FISCAL YEAR ENDED SEPTEMBER 30, 2014

RETIREMENT PLAN FOR VOLUNTEER FIREFIGHTERS

Fiscal Year Ended September 30,	Annual		
	Required Contribution	Amounts Contributed	Percentage Contributed
2009	\$ 30,674	\$ 41,177	134.2%
2010	27,036	40,224	148.8%
2011	27,036	40,460	149.7%
2012	20,932	38,866	185.7%
2013	20,932	40,274	192.4%
2014	153	37,447	24475.2%

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 Position 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, 2014

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, 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%
October 1, 2013	855,418	511,757	(343,661)	167.2%	298,081	-115.3%

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.

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 which includes the additional financial reporting requirements of GASB 67, *Financial Reporting for Pension Plans*, including the annual money-weighted rate of return on pension plan investments.

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
OTHER POST EMPLOYMENT BENEFIT PLAN
FISCAL YEAR ENDED SEPTEMBER 30, 2014

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%
October 1, 2013	-	89,116	89,116	0%	1,773,510	5.0%

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA
REQUIRED SUPPLEMENTARY INFORMATION
MONEY-WEIGHTED RATE OF RETURN
FLORIDA RETIREMENT SYSTEM
FISCAL YEAR ENDED SEPTEMBER 30, 2014

Money-Weighted Rate of Return	
Fiscal Year Ended	Net Money- Weighted Rate of
June 30	Return
2014	17.88%

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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, 2014

	<u>Special Revenue Funds</u>		Total Non-Major Funds
	Police Training and Forfeiture	Fire Fund	
<u>ASSETS</u>			
Cash and cash equivalents	\$ 155,361	\$ 816,506	\$ 971,867
Due from other funds	254	-	254
Prepaid items	-	65,270	65,270
Total assets	<u>\$ 155,615</u>	<u>\$ 881,776</u>	<u>\$ 1,037,391</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and other liabilities	\$ -	\$ 2,605	\$ 2,605
Unearned revenue	-	21,308	21,308
Total liabilities	<u>-</u>	<u>23,913</u>	<u>23,913</u>
Fund balances:			
Nonspendable:			
Prepaid items	-	65,270	65,270
Restricted for:			
Fire department	-	792,593	792,593
Committed for:			
License plate reader system contract	155,615	-	155,615
Unassigned:			
Total fund balances	<u>155,615</u>	<u>857,863</u>	<u>1,013,478</u>
Total liabilities and fund balances	<u>\$ 155,615</u>	<u>\$ 881,776</u>	<u>\$ 1,037,391</u>

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, 2014

	<u>Special Revenue Funds</u>		Total Non-Major Funds
	Police Training and Forfeiture	Fire Fund	
Revenues:			
Fire assessments	\$ -	\$ 979,710	\$ 979,710
Charges for services	-	36,814	36,814
Interest income	108	-	108
Miscellaneous revenues	4,679	-	4,679
Total revenues	<u>4,787</u>	<u>1,016,524</u>	<u>1,021,311</u>
Expenditures:			
Current:			
Public safety	-	795,475	795,475
Capital outlay	-	10,950	10,950
Total expenditures	<u>-</u>	<u>806,425</u>	<u>806,425</u>
Excess (deficiency) of revenues over (under) expenditures	<u>4,787</u>	<u>210,099</u>	<u>214,886</u>
Other financing sources (uses):			
Transfers in	11,730	-	11,730
Transfers out	-	(20,000)	(20,000)
Total other financing sources (uses)	<u>11,730</u>	<u>(20,000)</u>	<u>(8,270)</u>
Net change in fund balances	16,517	190,099	206,616
Fund balances, beginning	<u>139,098</u>	<u>667,764</u>	<u>806,862</u>
Fund balances, ending	<u>\$ 155,615</u>	<u>\$ 857,863</u>	<u>\$ 1,013,478</u>

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, 2014

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ 6,000	\$ 6,000	\$ 1,265	\$ (4,735)
Miscellaneous	280,700	280,700	216,717	(63,983)
Total revenues	286,700	286,700	217,982	(68,718)
Expenditures:				
General Government:				
Administrative	323,686	260,356	73,115	187,241
Capital outlay	3,643,000	4,111,724	3,421,768	689,956
Total expenditures	3,966,686	4,372,080	3,494,883	877,197
Excess (deficiency) of revenues over (under) expenditures	(3,679,986)	(4,085,380)	(3,276,901)	808,479
Other financing sources (uses):				
Transfers in	1,900,000	1,900,000	1,900,000	-
Use of fund balance	1,779,986	2,185,380	-	(2,185,380)
Total other financing sources (uses)	3,679,986	4,085,380	1,900,000	(2,185,380)
Net change in fund balance	\$ -	\$ -	(1,376,901)	\$ (1,376,901)
Fund balance, beginning			2,768,591	
Fund balance, ending			\$ 1,391,690	

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, 2014

	Budgeted Amounts		Actual Amounts	Variance With Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Interest income	\$ -	\$ -	\$ 108	\$ 108
Miscellaneous	-	-	4,679	4,679
Total revenues	-	-	4,787	4,787
Expenditures:				
Current:				
Public Safety	-	1,500	-	1,500
Capital outlay	103,376	153,967	-	153,967
Total expenditures	103,376	155,467	-	155,467
Excess (deficiency) of revenues over (under) expenditures	(103,376)	(155,467)	4,787	160,254
Other financing sources (uses):				
Use of fund balance	103,376	143,737	-	(143,737)
Transfers in	-	11,730	11,730	-
Total other financing sources (uses)	103,376	155,467	11,730	(143,737)
Net change in fund balances	\$ -	\$ -	16,517	\$ 16,517
Fund balance, beginning			139,098	
Fund balance, ending			\$ 155,615	

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, 2014

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fire assessments	\$ 959,056	\$ 959,056	\$ 979,710	\$ 20,654
Charges for services	40,000	40,000	36,814	(3,186)
Total revenues	999,056	999,056	1,016,524	17,468
Expenditures:				
Current:				
Public Safety	909,056	915,556	795,475	120,081
Capital outlay	70,000	63,500	10,950	52,550
Total expenditures	979,056	979,056	806,425	172,631
Excess (deficiency) of revenues over (under) expenditures	20,000	20,000	210,099	190,099
Other financing sources (uses):				
Transfers out	(20,000)	(20,000)	(20,000)	-
Total other financing sources (uses)	(20,000)	(20,000)	(20,000)	-
Net change in fund balances	\$ -	\$ -	190,099	\$ 190,099
Fund balance, beginning			667,764	
Fund balance, ending			\$ 857,863	

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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.

<u>Contents</u>	<u>Page</u>
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.	59-65
Revenue Capacity These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.	66-69
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.	70-72
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.	73-74
Operating and Other 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.	75-77

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 POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(ACCOUNTS EXPRESSED IN THOUSANDS)

	2005	2006	2007	2008	September 30,		2011	2012	2013	2014
					2009	2010				
Governmental activities:										
Net investment in capital assets	\$ 5,736	\$ 380	\$ 11,756	\$ 17,822	\$ 15,518	\$ 15,222	\$ 15,296	\$ 16,455	\$ 20,759	\$ 23,624
Restricted for:										
Town beautification per contractual agreement	-	-	-	-	1,000	1,000	928	928	678	678
Law enforcement	-	-	-	-	291	212	198	186	139	156
Fire enforcement	-	-	-	-	63	216	486	416	604	793
Unrestricted	10,156	19,993	13,473	11,901	8,358	11,054	12,887	13,698	10,368	8,323
Total governmental activities net position	<u>15,892</u>	<u>20,373</u>	<u>25,229</u>	<u>29,723</u>	<u>25,230</u>	<u>27,704</u>	<u>29,795</u>	<u>31,683</u>	<u>32,548</u>	<u>33,574</u>
Business-type activities:										
Net investment in capital assets	3,782	4,518	6,156	5,955	5,578	5,629	6,255	6,541	7,464	8,454
Unrestricted	1,615	2,759	2,818	1,839	1,853	1,668	1,887	2,312	2,822	2,666
Total business-type activities net position	<u>5,397</u>	<u>7,277</u>	<u>8,974</u>	<u>7,794</u>	<u>7,431</u>	<u>7,297</u>	<u>8,142</u>	<u>8,853</u>	<u>10,286</u>	<u>11,120</u>
Primary government:										
Net investment in capital assets	9,518	4,898	17,912	23,777	21,096	20,851	21,551	22,996	28,223	32,078
Restricted for:										
El Mar beautification per contractual agreement	-	-	-	-	1,000	1,000	928	928	678	678
Law enforcement	-	-	-	-	291	212	198	186	139	156
Fire enforcement	-	-	-	-	63	216	486	416	604	793
Unrestricted	11,771	22,752	16,291	13,740	10,211	12,722	14,774	16,010	13,190	10,989
Total primary government net position	<u>\$ 21,289</u>	<u>\$ 27,650</u>	<u>\$ 34,203</u>	<u>\$ 37,517</u>	<u>\$ 32,661</u>	<u>\$ 35,001</u>	<u>\$ 37,937</u>	<u>\$ 40,536</u>	<u>\$ 42,834</u>	<u>\$ 44,694</u>

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(ACCRUAL BASIS OF ACCOUNTING)

(AMOUNTS EXPRESSED IN THOUSANDS)

Expenses:	Fiscal Year Ended September 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities:										
General government	\$ 1,642	\$ 2,294	\$ 1,828	\$ 1,981	\$ 2,153	\$ 2,442	\$ 2,275	\$ 2,392	\$ 2,567	\$ 2,409
Public safety	5,831	5,835	6,193	6,426	4,795	4,869	4,953	5,566	6,049	6,254
Transportation	1,522	1,442	1,430	1,286	1,602	1,592	1,660	1,269	1,317	1,382
Recreation	435	436	486	483	400	418	397	333	362	382
Physical environment	148	175	206	313	320	294	125	563	810	1,007
Interest on long-term debt	404	570	491	458	551	-	-	-	-	-
Total governmental activities	9,982	10,752	10,634	10,947	9,821	9,615	9,410	10,123	11,105	11,434
Business-type activities:										
Sewer	888	928	1,011	1,008	1,062	1,105	974	1,511	861	1,260
Stormwater	61	80	190	229	-	-	-	-	-	-
Parking	92	77	174	376	201	220	424	440	425	490
Interest on long-term debt	-	114	-	-	-	-	-	-	-	-
Total business-type activities	1,041	1,199	1,375	1,613	1,263	1,325	1,398	1,951	1,286	1,750
Total primary government	\$ 11,023	\$ 11,951	\$ 12,009	\$ 12,560	\$ 11,084	\$ 10,940	\$ 10,808	\$ 12,074	\$ 12,391	\$ 13,184
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 802	\$ 984	\$ 898	\$ 826	\$ 244	\$ 148	\$ 154	\$ 636	\$ 887	\$ 1,195
Public safety	8	4	2,048	6	-	202	38	59	1,085	1,029
Transportation	887	570	392	215	299	-	-	-	-	-
Recreation	6	6	5	6	6	226	303	-	-	-
Physical environment	53	78	123	118	19	-	-	-	-	-
Operating grants and contributions	140	1,397	34	26	71	107	145	84	69	81
Capital grants and contributions	74	920	769	96	1,201	-	-	442	-	32
Total governmental activities program revenues	1,970	3,959	4,269	1,293	1,840	683	640	1,221	2,041	2,337
Business type activities:										
Charges for services:										
Sewer	1,054	1,000	1,010	1,100	1,002	964	1,153	1,207	1,125	966
Stormwater	36	197	218	-	-	-	-	-	-	-
Parking	99	432	642	602	481	389	948	1,620	1,553	1,616
Capital grants and contributions	-	-	332	-	34	-	295	-	39	-
Total business-type activities program revenues	1,189	1,629	2,202	1,702	1,517	1,353	2,396	2,827	2,717	2,582
Total primary government program revenues	\$ 3,159	\$ 5,588	\$ 6,471	\$ 2,995	\$ 3,357	\$ 2,036	\$ 3,036	\$ 4,048	\$ 4,758	\$ 4,919

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

	Fiscal Year Ended September 30,									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (expense) revenue:										
Governmental activities	\$ (8,012)	\$ (6,793)	\$ (6,365)	\$ (9,654)	\$ (7,981)	\$ (8,932)	\$ (8,770)	\$ (8,902)	\$ (9,064)	\$ (9,097)
Business-type activities	148	430	827	89	254	28	998	876	1,431	832
Total primary government net expense	<u>\$ (7,864)</u>	<u>\$ (6,363)</u>	<u>\$ (5,538)</u>	<u>\$ (9,565)</u>	<u>\$ (7,727)</u>	<u>\$ (8,904)</u>	<u>\$ (7,772)</u>	<u>\$ (8,026)</u>	<u>\$ (7,633)</u>	<u>\$ (8,265)</u>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 8,565	\$ 9,937	\$ 9,029	\$ 10,092	\$ 9,196	\$ 8,404	\$ 7,938	\$ 7,798	\$ 6,723	\$ 6,915
Utility taxes based on gross receipts	785	782	844	907	943	1,033	1,006	995	932	970
Franchise fees based on gross receipts	583	655	777	817	822	734	701	703	699	707
Communications services tax	372	350	353	358	434	366	330	376	385	351
Intergovernmental	-	-	-	-	556	539	557	594	848	676
Unrestricted Interest earnings	593	637	790	428	34	86	52	49	75	25
Miscellaneous	4	240	172	171	73	78	109	107	267	478
Transfers	(728)	(1,327)	(744)	1,375	624	166	167	167	-	-
Special item-contribution to other government unit	-	-	-	-	(9,194)	-	-	-	-	-
Total governmental activities	<u>10,174</u>	<u>11,274</u>	<u>11,221</u>	<u>14,148</u>	<u>3,488</u>	<u>11,406</u>	<u>10,860</u>	<u>10,789</u>	<u>9,929</u>	<u>10,122</u>
Business-type activities:										
Unrestricted Interest earnings	36	122	126	73	7	4	3	2	2	2
Miscellaneous	-	-	-	-	-	-	11	-	-	-
Gain on sale of assets	-	-	-	33	-	-	-	-	-	-
Transfers	728	1,327	744	(1,375)	(624)	(166)	(167)	(167)	-	-
Total business-type activities	<u>764</u>	<u>1,449</u>	<u>870</u>	<u>(1,269)</u>	<u>(617)</u>	<u>(162)</u>	<u>(153)</u>	<u>(165)</u>	<u>2</u>	<u>2</u>
Total primary government	<u>\$ 10,938</u>	<u>\$ 12,723</u>	<u>\$ 12,091</u>	<u>\$ 12,879</u>	<u>\$ 2,871</u>	<u>\$ 11,244</u>	<u>\$ 10,707</u>	<u>\$ 10,624</u>	<u>\$ 9,931</u>	<u>\$ 10,124</u>
Changes in net position:										
Government activities	\$ 2,162	\$ 4,481	\$ 4,856	\$ 4,494	\$ (4,493)	\$ 2,474	\$ 2,090	\$ 1,887	\$ 865	\$ 1,025
Business-type activities	912	1,879	1,697	(1,180)	(363)	(134)	845	711	1,433	834
Total primary government	<u>\$ 3,074</u>	<u>\$ 6,360</u>	<u>\$ 6,553</u>	<u>\$ 3,314</u>	<u>\$ (4,856)</u>	<u>\$ 2,340</u>	<u>\$ 2,935</u>	<u>\$ 2,598</u>	<u>\$ 2,298</u>	<u>\$ 1,859</u>

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 Ended September 30,	Ad Valorem and Fire Taxes	Franchise Fees on Services	Utility Tax	Communications Service Tax	Transportation Tax	Total
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
2013	7,766	699	932	385	104	9,886
2014	7,894	707	970	351	107	10,029

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 September 30,					
	2005	2006	2007	2008	2009	2010
General fund:						
Reserved	\$ -	\$ 56	\$ 60	\$ 179	\$ 250	\$ 220
Unreserved, designated	3,389	3,310	5,222	3,743	4,163	4,556
Unreserved, undesignated	4,374	9,451	8,740	7,242	2,189	3,052
Total general fund	<u>\$ 7,763</u>	<u>\$ 12,817</u>	<u>\$ 14,022</u>	<u>\$ 11,164</u>	<u>\$ 6,602</u>	<u>\$ 7,828</u>
All other governmental funds:						
Reserved						
Capital project funds	\$ -	\$ -	\$ -	\$ -	\$ 1,000	\$ 1,000
Unreserved, undesignated	2,880	-	-	-	-	-
Special revenue funds	-	363	378	301	140	176
Capital project funds	-	550	(222)	-	1,805	3,236
Special revenue funds	-	-	-	4	151	36
Capital project funds	6,047	6,206	6,596	1,300	162	215
Total all other governmental funds	<u>\$ 8,927</u>	<u>\$ 7,119</u>	<u>\$ 6,752</u>	<u>\$ 1,605</u>	<u>\$ 3,258</u>	<u>\$ 4,663</u>

	Post-GASB 54 September 30,				
	2010	2011	2012	2013	2014
General fund:					
Nonspendable	\$ 4	\$ 76	\$ 57	\$ 170	\$ 160
Restricted	216	-	-	-	-
Assigned	4,556	2,680	2,882	4,399	3,982
Unassigned	3,052	5,914	6,675	3,629	3,324
Total general fund	<u>\$ 7,828</u>	<u>\$ 8,670</u>	<u>\$ 9,614</u>	<u>\$ 8,198</u>	<u>\$ 7,466</u>
All other governmental funds:					
Nonspendable	\$ -	\$ -	\$ -	\$ 64	\$ 65
Restricted	1,000	1,682	1,529	1,421	1,470
Committed	-	-	-	-	156
Unassigned	3,663	4,274	3,973	2,091	714
Total all other governmental funds	<u>\$ 4,663</u>	<u>\$ 5,956</u>	<u>\$ 5,502</u>	<u>\$ 3,576</u>	<u>\$ 2,405</u>

Note:

Six years of data are available for GASB 34 compliance.

Five 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)

	2014	2013	2012	2011	September 30,		2008	2007	2006	2005
					2010	2009				
Revenues:										
Property taxes and fire assessments	\$ 7,894,483	\$ 7,766,298	\$ 7,798,158	\$ 7,938,090	\$ 8,404,054	\$ 9,195,526	\$ 10,092,717	\$ 11,070,231	\$ 9,936,889	\$ 8,565,376
Franchise fees and utility taxes	1,677,798	1,631,074	1,698,650	1,707,308	1,766,623	1,765,462	1,723,546	1,621,017	1,436,887	1,367,937
Intergovernmental	1,027,448	1,233,228	969,266	887,117	905,076	989,834	1,036,497	1,105,240	1,117,108	1,029,253
Fines and forfeitures	444,386	123,534	125,760	303,767	226,089	254,080	245,270	261,746	484,816	451,109
Charges for services	49,348	41,966	59,284	37,593	202,053	159,131	79,196	209,990	198,798	540,762
Interest and other	25,361	74,648	48,940	51,906	86,830	33,821	427,693	790,138	637,029	593,123
Licenses and permits	750,198	763,664	509,892	153,933	147,549	154,835	167,373	200,610	191,363	106,684
Grants	81,387	190,621	404,166	144,653	106,159	272,262	123,155	154,875	1,475,654	213,335
Miscellaneous revenues	477,969	266,653	107,426	109,409	77,965	1,073,158	170,782	172,465	240,127	4,258
Total revenues	12,428,378	12,091,686	11,721,542	11,333,776	11,922,398	13,898,109	14,066,229	15,586,312	15,718,671	12,871,837
Expenditures:										
Current:										
General government	2,367,732	2,536,061	2,129,772	2,106,893	2,410,124	1,803,315	1,566,541	1,931,495	2,174,935	1,550,657
Public safety	6,214,577	5,991,798	5,572,541	4,923,024	4,868,578	4,774,384	6,419,902	6,174,381	5,800,530	5,794,821
Transportation	1,298,636	1,225,552	1,131,531	1,434,324	1,366,145	1,272,675	1,185,116	1,226,939	1,215,885	1,373,894
Recreation	370,420	338,444	330,408	304,613	325,912	307,685	397,597	400,533	349,687	364,797
Physical environment	229,228	184,217	193,526	-	198,313	311,328	167,986	174,499	146,417	104,002
Capital outlay	3,851,212	5,157,495	2,040,544	597,312	287,413	1,138,153	8,974,468	1,474,802	3,015,369	1,140,175
Debt service:										
Principal	-	-	-	-	-	6,814,833	4,275,881	2,129,786	1,835,615	1,384,254
Interest	-	-	-	-	-	550,849	458,103	491,596	607,376	403,442
Total expenditures	14,331,805	15,433,567	11,398,322	9,366,166	9,456,485	16,973,222	23,445,594	14,004,031	15,145,814	12,116,042
Excess (deficiency) of revenues over expenditures	(1,903,427)	(3,341,881)	323,220	1,967,610	2,465,913	(3,075,113)	(9,379,365)	1,582,281	572,857	755,795
Other financing sources (uses):										
Transfers in	1,931,730	2,882,800	1,067,000	1,562,690	1,781,401	2,365,244	6,340,968	2,711,647	1,927,969	1,393,519
Transfers out	(1,931,730)	(2,882,800)	(900,000)	(1,395,690)	(1,615,756)	(2,199,599)	(4,966,393)	(3,456,105)	(3,254,565)	(2,121,866)
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
Net change in fund balances	(1,903,427)	(3,341,881)	490,220	2,134,610	2,631,558	(2,909,468)	(8,004,790)	837,823	3,246,261	2,977,448
Fund balances - beginning	11,774,361	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
Fund balances - ending	\$ 9,870,934	\$ 11,774,361	\$ 15,116,242	\$ 14,626,022	\$ 12,491,412	\$ 9,859,854	\$ 12,769,322	\$ 20,774,112	\$ 19,936,289	\$ 16,690,028

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
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
2013	7,766,298	1,631,074	-	763,664	1,233,228	41,966	123,534	190,621	341,301	12,091,686
2014	7,894,483	1,677,798	-	750,198	1,027,448	49,348	444,386	81,387	503,330	12,428,378

(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. Since fiscal year 2006, business parking meter revenue is reported in the Parking Revenue Improvement Fund.

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		Taxable Assessed Property Value	Final Actual Taxable Value	(1). Total Direct Tax Rate
				Real	Personal			
2005	2004	\$ 1,504,774,160	\$ 16,453,097	\$ 72,512,650	\$ 2,634	\$ 1,448,711,973	\$ 1,440,805,807	4.7000
2006	2005	2,110,591,610	16,557,189	393,954,040	2,700	1,733,192,059	1,728,443,066	4.7000
2007	2006	2,670,329,030	17,864,769	537,152,660	2,700	2,151,038,439	2,140,677,012	4.3500
2008	2007	2,882,187,890	15,787,376	575,883,800	1,564	2,322,089,902	2,321,656,228	4.1012
2009	2008	2,612,998,410	16,120,707	504,722,019	4,264	2,124,392,834	2,116,655,262	3.9990
2010	2009	2,289,945,450	15,724,578	375,437,058	4,260,512	1,925,972,458	1,910,328,861	3.9990
2011	2010	1,901,968,310	15,105,857	143,291,270	4,214,572	1,769,568,325	1,765,210,362	3.9990
2012	2011	1,860,076,290	16,804,874	141,590,530	4,362,075	1,730,928,559	1,729,694,589	3.9990
2013	2012	1,883,607,260	16,475,042	136,628,990	4,273,669	1,759,179,643	1,758,359,285	3.9312
2014	2013	1,934,576,100	18,819,056	136,763,170	3,876,058	1,812,755,928	1,810,952,599	3.9312

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, 2014

Taxpayer	Type of Use	2014			2005		
		Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Florida Development Group Inc	Hotel	\$ 31,977,710	1	1.76%	N/A	N/A	N/A
Edmondson, James P - Seawatch	Restaruant	9,631,290	2	0.53%	N/A	N/A	N/A
White Cap Of FI Inc	Condominiums	7,070,570	3	0.39%	N/A	N/A	N/A
Demko Family Holdings LTD	Restaurant / Prk. Lot / Hotel	6,190,970	4	0.34%	N/A	N/A	N/A
Gorana International Inc	Hotel	4,699,780	5	0.26%	N/A	N/A	N/A
Cole BN Lauderdale FI LIC	Restaurant	3,910,320	6	0.22%	N/A	N/A	N/A
Minto Villas-By-The-Sea LIC	Condominiums	3,784,540	7	0.21%	N/A	N/A	N/A
Z & K Property Corp Inc	Hotel	3,557,770	8	0.20%	N/A	N/A	N/A
Anglin Fam Trust	Restaurant / Pier	3,182,250	9	0.18%	N/A	N/A	N/A
D L G L Real Estate Ltd	Condominiums	3,037,500	10	0.17%	N/A	N/A	N/A

Source: Broward County Revenue Collector

Note: Information for 2005 was not available

N/A - 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	Current Tax Collected	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2005	\$ 6,769,991	\$ 6,766,289	99.95%	\$ -	\$ 6,766,289	99.95%
2006	8,115,101	8,104,067	99.86%	52	8,104,119	99.86%
2007	9,306,746	9,300,482	99.93%	-	9,300,482	99.93%
2008	9,484,100	9,369,260	98.79%	81	9,369,341	98.79%
2009	8,454,913	8,441,725	99.84%	160	8,441,885	99.85%
2010	7,723,352	7,567,600	97.98%	97,997	7,665,597	99.25%
2011	7,088,217	6,990,745	98.62%	41,289	7,032,034	99.21%
2012	6,934,808	6,915,094	99.72%	17,238	6,932,332	99.96%
2013	6,926,376	6,916,855	99.86%	8,709	6,925,564	99.99%
2014	7,136,718	7,124,316	99.83%	-	7,124,316	99.83%

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

Fiscal Year	Lauderdale By-The-Sea	Broward County	Broward County Schools	Other Taxing Agencies			Special Districts		Total
				South Florida Water Management	Florida Inland Navigation	Broward Children's Services Council	North Broward Hospital	Hillsboro Inlet	
2005	4.7000	7.0230	8.2695	0.6970	0.0385	0.3920	2.4803	0.1845	23.7848
2006	4.7000	6.7830	8.0623	0.6970	0.0385	0.4231	2.1746	0.1845	23.0630
2007	4.3500	6.0661	7.8687	0.6970	0.0385	0.4073	1.8317	0.1170	21.3763
2008	4.1012	5.2868	7.6484	0.6240	0.0345	0.3572	1.6255	0.0860	19.7636
2009	3.9990	5.3145	7.4170	0.6240	0.0345	0.3754	1.7059	0.0860	19.5563
2010	3.9990	5.3889	7.4310	0.6240	0.0345	0.4243	1.7059	0.0860	19.6936
2011	3.9990	5.5530	7.6310	0.6240	0.0345	0.4696	1.8750	0.0860	20.2721
2012	3.9990	5.5530	7.4180	0.4363	0.0345	0.4789	1.8750	0.0860	19.8807
2013	3.9312	5.5530	7.4560	0.4289	0.0345	0.4902	1.8564	0.0860	19.8362
2014	3.9312	5.7230	7.4560	0.4110	0.0345	0.4882	1.7554	0.0860	19.8853

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	Total General Governmental Expenditures	Ratio of Debt
2005	\$ 1,384,254	\$ 403,442	\$ 1,787,696	\$ 14,337,695	12.47%
2006	1,835,615	607,376	2,442,991	17,838,486	13.70%
2007	2,129,786	491,596	2,621,382	13,259,573	19.77%
2008	4,275,881	458,103	4,733,984	24,820,169	19.07%
2009	6,814,833	550,849	7,365,682	17,138,867	42.98%
2010	-	-	-	9,622,130	0.00%
2011	-	-	-	9,533,166	0.00%
2012	-	-	-	11,398,322	0.00%
2013	-	-	-	15,433,567	0.00%
2014	-	-	-	14,331,805	0.00%

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

Fiscal Year	Governmental Activities			Business-type Activities		Primary Government	Population	Per Capita	Personal Income	Percentage of Personal Income
	Promissory Notes	Line of Credit	Capital Leases	Promissory Notes						
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%	
2013	-	-	-	587,208	587,208	11,000	53	59,411	0.09%	
2014	-	-	-	-	-	11,000	0	57,561	0.00%	

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

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 13
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITY DEBT
SEPTEMBER 30, 2014

Name of Governmental Unit	Net Bonded Outstanding September 30, 2014	Percent of Debt Applied to Town Lauderdale By-The-Sea (1)	Amount of Debt Debt Applied Town of Lauderdale By-The-Sea
Debt repaid with property taxes:	None		
Broward County	\$ 300,766,000	1.4%	\$ 4,132,863
Broward County School District	-	1.4%	-
Subtotal, overlapping debt			4,132,863
Town of Lauderdale-By-The-Sea Direct Debt			-
Total direct and overlapping debt			\$ 4,132,863

(1) Based on ratio of assessed valuation for:
 Town of Lauderdale-By-The-Sea 1,812,755,928
 Broward County 131,921,960,000

Source: Broward County Revenue Collection
 Broward County School Board

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, 2014

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	35
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	1.000%
	Per Capita Personal Income (2)	57,561
Population Statistics:	Civilian Labor Force (1)A	1,065.30
	Unemployment Rate (1)B	4.5%

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 2/5/15

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 15
 PRINCIPAL EMPLOYERS
 CURRENT AND TEN YEARS AGO
 SEPTEMBER 30, 2014

<u>Employer</u>	2014			2005		
	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	120	2	NA	NA	NA	NA
Benihana - Restaurant	80	4	NA	NA	NA	NA
Blue Moon Fish Company - Restaurant	75	5	NA	NA	NA	NA
Mulligans	72	3	NA	NA	NA	NA
BurgerFi	38	6	NA	NA	NA	NA
Total	<u>557</u>					

Source: Lauderdale-By-The-Sea Development Services

Note: Information for 2005 was unavailable.

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

<u>Function</u>	Full time Equivalent Positions as of September 30,									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Administration	8.60	8.45	8.35	8.25	8.25	8.50	10.00	11.00	11.00	11.00
General Government	1.40	1.50	1.55	-	-	-	-	-	-	-
Public Works	13.55	13.55	12.00	15.00	15.00	15.00	15.00	16.00	17.00	17.50
Development services	3.50	2.50	4.00	3.75	4.80	4.75	6.00	6.00	6.00	6.00
Parking	0.35	0.35	0.45	4.90	4.00	4.00	4.00	4.00	4.00	5.00
Project Management	1.10	1.10	1.00	-	-	-	-	-	-	-
Sewer	1.30	1.30	1.30	1.25	1.30	1.25	1.00	0.50	0.50	0.50
Stormwater	-	-	-	-	-	-	1.00	-	-	-
Total	29.80	28.75	28.65	33.15	33.35	33.50	37.00	37.50	38.50	40.00

Source: Lauderdale-By-The-Sea Finance Department.

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

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government:										
Informational calls received	6,353	6,840	6,912	8,071	7,413	11,131	13,828	6,250	11,500	15,000
Public records request	46	22	90	99	277	294	223	191	218	216
Resolutions	52	46	61	44	39	29	24	21	24	19
Ordinances	14	41	22	20	16	28	16	19	11	16
Commission meetings	21	22	33	36	55	26	36	32	59	53
Cash receipts - general operating	6,556	4,332	3,263	2,608	2,539	2,346	2,075	2,615	2,367	3,013
Cash disbursements - general operating	5,128	3,140	3,423	2,932	2,110	2,314	2,684	2,204	2,033	2,159
Payroll disbursements - general operating	4,540	1,330	1,326	1,380	1,248	1,082	1,018	1,248	1,245	1,222
Purchase orders issued	57	148	140	190	197	208	235	285	165	166
Claims processed - gen liability and workers comp	13	9	10	17	8	13	-	15	12	18
Hours of information technology services	415	329	102	256	111	90	161	93	62	133
Public safety:										
Informational calls received	7,190	5,179	5,063	4,941	5,185	7,660	4,952	7,764	8,868	8,694
Public records request	-	-	-	-	-	32	85	57	75	148
Citizen on patrol membership	30	37	29	26	23	21	19	29	37	34
Neighborhood crime watch membership	-	-	-	-	-	55	26	50	59	44
Fire responses	369	364	339	411	345	349	514	485	533	463
Fire medical services (EMS)	987	990	943	874	943	1,056	826	874	877	782
Notices of violations code compliance	288	956	158	375	573	844	524	595	495	717
Citations issued code compliance	-	-	-	-	5	13	4	14	19	43
Complaints investigated	1,252	1,266	505	151	334	246	381	331	285	119
Parking citations	4,358	4,674	7,565	8,289	6,846	9,555	13,253	16,505	16,475	15,740
Municipal services:										
Parking maintenance (hours)	-	520	1,560	359	89	1,221	1,650	2,550	4,661	1,818
Street maintenance and repairs (hours)	-	1,547	1,253	952	668	206	226	252	283	136
Ground maintenance and repairs (hours)	-	5,657	5,587	7,508	7,277	1,572	1,507	1,658	1,084	576
Building maintenance and repairs (hours)	-	2,744	2,496	2,884	3,371	6,784	5,704	6,491	5,009	2,716
Cultural - recreation:										
Scheduled recreation activities	995	969	934	1,002	1,131	804	972	1,047	955	1,423
Recreation Volunteer hours	1,538	1,662	1,772	1,769	1,511	356	617	825	598	891
Recreation activity participants	2,816	2,741	6,065	5,740	4,116	5,263	5,465	5,596	5,553	5,096
Recreation areas maintenance (hours)	-	1,965	2,456	3,136	2,771	1,604	1,932	1,932	1,780	554

N/A - Information not available

Source: Town of Lauderdale-By-The-Sea Fiscal Year 2014 Activity Report

TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

TABLE 18

CAPITAL ASSETS BY FUNCTION

LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
General Government Facilities:										
Town Buildings	7	7	7	7	7	7	7	6	6	6
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	3	3	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	6	6
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	1	1	2	2	2	2
Fire Rescue Station	1	1	1	1	1	1	2	1	1	1
Fire Vehicles	2	2	2	2	2	2	2	2	2	2
Fire Rescue Vehicle	3	3	3	2	2	2	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
Cable television	1	1	1	1	1	1	1	1	1	1
Surface Parking Lot	4	4	3	3	3	3	3	3	2	2

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

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the 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, 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 ("Town") as of and for the fiscal year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our opinion thereon dated April 24, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from 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*.

Purpose of this Report

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

April 24, 2015



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH THE
REQUIREMENTS OF SECTION 218.415, FLORIDA STATUTES, REQUIRED BY
RULE 10.556(10) OF THE AUDITOR GENERAL OF THE STATE OF FLORIDA**

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

We have examined the Town Of Lauderdale-By-The-Sea, Florida's ("Town") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2014. Management is responsible for Town's compliance with those requirements. Our responsibility is to express an opinion on Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2014.

This report is intended solely for the information and use of the Mayor, Town Commission, Town Manager, Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, and the Florida Auditor General and is not intended to be and should not be used by anyone other than these specified parties.

April 24, 2015



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

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

Report on the Financial Statements

We have audited the financial statements of the Town of Lauderdale-By-The-Sea, Florida ("Town") as of and for the fiscal year ended September 30, 2014, and have issued our report thereon dated April 24, 2015.

Auditor's Responsibility

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

Other Reports and Schedule

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and On Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, Section 601, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated April 24, 2015, should be considered in conjunction with this management letter.

Purpose of this Letter

The purpose of this letter is to comment on those matters required by Chapter 10.550 of the Rules of the Auditor General of 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.**

Our management letter is intended solely for the information and use of the Mayor, Town Commission, Town Manager, Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, as applicable, 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.

April 24, 2015

REPORT TO MANAGEMENT

I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None

II. PRIOR YEAR FINDINGS

2013-01: Fire Inspection Fees

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, 2013, except as noted above.

2. 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, 2014.

3. Noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance.

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, 2014.

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

5. 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, 2014 financial audit report.

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

7. 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.