

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**Prepared By:**

**The Finance Department**



# TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA

## COMPREHENSIVE ANNUAL FINANCIAL REPORT FISCAL YEAR ENDED SEPTEMBER 30, 2013

### TABLE OF CONTENTS

INTRODUCTORY SECTION	
Letter of Transmittal	i – v
Organization Chart	vi
Town Officials	vii
FINANCIAL SECTION	
Independent Auditor's Report	1 – 2
Management's Discussion and Analysis	3 – 10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Net Position - Proprietary Funds	17
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	18
Statement of Cash Flows - Proprietary Funds	19
Statement of Fiduciary Net Position - Fiduciary Fund	20
Statement of Changes in Fiduciary Net Position - Fiduciary Fund	21
Notes to Basic Financial Statements	22 – 45
Required Supplementary Information (Other than MD&A):	
Budgetary Comparison Schedule - General Fund	46 – 47
Note to Budgetary Comparison Schedule	48
Schedule of Contributions from the Town	49
Schedule of Funding Progress – Volunteer Firefighters	50
Schedule of Funding Progress – Other Post Employment Benefit Plan	51
Combining Fund Statements:	
Combining Balance Sheet – Nonmajor Governmental Funds	52
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	53
Budgetary Comparison Schedules:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Capital Projects Fund	54
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Special Revenue Fund - Police Training and Forfeiture Fund	55
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual - Special Revenue Fund - Fire Fund	56

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FISCAL YEAR ENDED SEPTEMBER 30, 2013**

**TABLE OF CONTENTS**  
**(Continued)**

<b>STATISTICAL SECTION</b>	
Net Position by Component - Last Ten Fiscal Years (Accrual Basis of Accounting)	57
Changes in Net Position - Last Ten Fiscal Years (Accrual Basis of Accounting)	58 – 59
General Governmental Tax Revenues By Source - Last Ten Fiscal Years (Accrual Basis of Accounting)	60
Fund Balances of Governmental Funds - Last Ten Fiscal Years (Modified Accrual Basis of Accounting)	61
Changes in Fund Balances of Governmental Funds - Last Ten Fiscal Years	62
General Governmental Revenues By Source - Last Ten Fiscal Years	63
Preliminary Recapitulation of the Ad Valorem Assessment Rolls - Last Ten Fiscal Years	64
Principal Property Taxpayers – Current and Ten Years Ago	65
Property Tax Levies and Collections - Last Ten Fiscal Years	66
Property Tax Rates (per \$1,000) - Direct and Overlapping Governments Last Ten Fiscal Years	67
Ratio of Annual Debt Service Expenditures To Total General Governmental Expenditures - Last Ten Fiscal Years	68
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	69
Direct and Overlapping Governmental Activity Debt	70
Statistics - Demographics And Economics	71
Principal Employers – Current and Ten Years Ago	72
Full Time Equivalent Government Positions By Function - Last Ten Fiscal Years	73
Operating Indicators by Function - Last Nine Fiscal Years	74
Capital Assets By Function - Last Ten Fiscal Years	75
<b>COMPLIANCE SECTION</b>	
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	76 – 77
Management Letter in Accordance with the Rules of the Auditor General of the State of Florida	78 – 80



Town of  
**LAUDERDALE-BY-THE-SEA**

4501 Ocean Drive, Lauderdale-by-the-Sea, Florida 33308-3610  
Telephone: (954) 640-4206 / (954) 640-4236

June 9, 2014

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, 2013.

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, 2013, 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, 2013, 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. Given that, this administration's policy is that the classification detail at which expenditures may not legally exceed appropriations is at the department level. The Town Manager is authorized to transfer part or all of the unencumbered balance of an appropriation within a department; however, any revisions that alter the total appropriations of any department must be approved by the Town Commission. Transfers of appropriated funds between departments must be approved by the Town Commission.

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

## Economic Condition

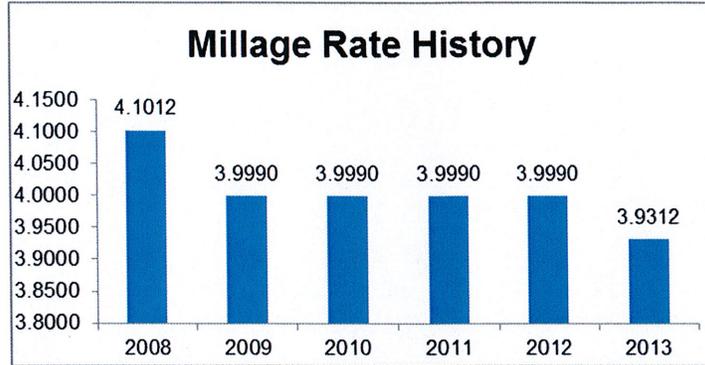
The Town of Lauderdale-By-The-Sea's taxable assessed value for fiscal year 2013 increased by \$28,251,084 or 1.6% from 2012 (including net new construction). New construction, which represents improvements to real property that were not on the tax roll in the prior year, added \$1,593,940 to the tax roll. The Town's total taxable assessed value has declined by \$562,910,259 or 24% since property values peaked in fiscal year 2007. However as indicated previously, 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 recovering.

<u>Year</u>	<u>Labor Force</u>		<u>Unemployment</u>	
	<u>Employed</u>	<u>Unemployed</u>	<u>Rate (%)</u>	
2013	1,033,081	970,449	62,632	6.1%
2012	1,019,324	943,002	76,322	7.5%
2011	998,669	909,238	89,431	9.0%
2010	981,039	886,377	94,662	9.6%
2009	980,449	892,255	88,194	9.0%

As indicated in the following chart, during fiscal year 2013 the Town reduced the millage rate from 3.9990 per 1,000 of assessed taxable value to 3.9312. During fiscal year 2013, the Town's millage rate was the fourth lowest of any city in Broward County.

**Economic Condition (Continued)**



**Fund Balances, As of September 30, 2013**

<b>Governmental Funds</b>	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Non-Major Funds</b>	<b>Total Governmental Funds</b>
Fund balances				
Nonspendable:				
Prepaid items	\$ 170,326	\$ -	\$ 63,583	\$ 233,909
Restricted for:				
Fire department	-	-	604,181	604,181
Law enforcement	-	-	139,098	139,098
El Mar beautification per contract	-	677,566	-	677,566
Assigned to:				
Emergency reserve	2,333,105	-	-	2,333,105
Vehicle and equipment reserve	145,014	-	-	145,014
Capital projects	-	2,091,025	-	2,091,025
Hotel improvement program	75,661	-	-	75,661
Subsequent year's expenditures	1,845,517	-	-	1,845,517
Unassigned	3,629,285	-	-	3,629,285
Total fund balances	<u>\$ 8,198,908</u>	<u>\$ 2,768,591</u>	<u>\$ 806,862</u>	<u>\$ 11,774,361</u>

The table above shows the balances of the governmental funds as of September 30, 2013. The unassigned balance of the general fund was \$3,629,285. You will note there was \$1,845,517 assigned to subsequent year's expenditures. This is the amount budgeted as an appropriation from the general fund balance in the fiscal year 2014 budget, most of which will be utilized for capital projects in fiscal year 2014. 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, 2013 (primarily property, liability, and health insurance), the vehicle and equipment reserve, and the hotel improvement program reserve.

As of September 30, 2013 the balance of the capital projects fund was \$2,768,591. 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.

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, 2013 these funds had \$604,181 and \$139,098 which are legally restricted to be used for fire protection and law enforcement purposes, respectively.

## Proprietary Funds

As of September 30, 2013, the unrestricted balance of the sewer fund was \$1,512,624 and the unrestricted balance of the parking fund was \$1,309,848.

## 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. 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,

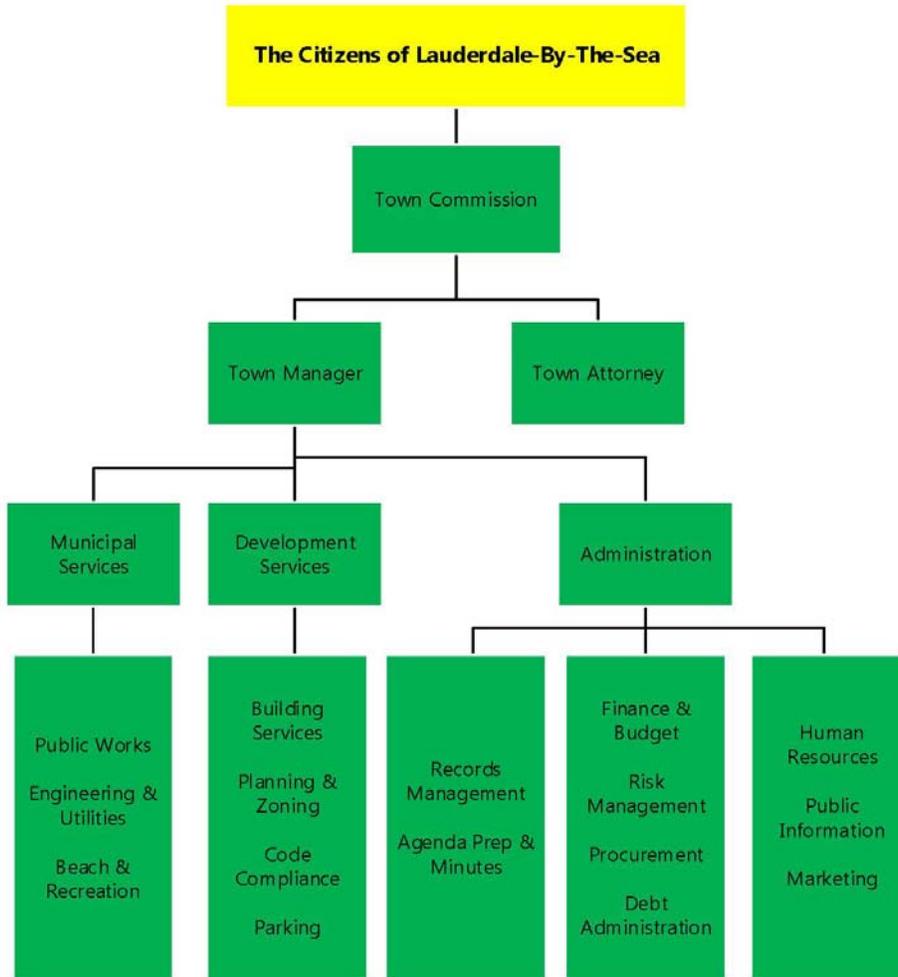


Constance Hoffmann  
Town Manager



Gerald Bryan  
Finance Director

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
ORGANIZATION CHART  
SEPTEMBER 30, 2013



**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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**Grau & Associates**  
CERTIFIED PUBLIC ACCOUNTANTS

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[www.graucpa.com](http://www.graucpa.com)

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Lauderdale-By-The-Sea, Florida ("Town"), as of and for the fiscal year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Volunteer Fire Department's Pension Plan, which represent 100% of the assets and 100% of the revenues of the fiduciary fund totals.

### 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 did not audit the financial statements of the Volunteer Fire Department's Pension Plan, which represent 100% of the assets and 100% of the revenues of the fiduciary fund totals. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town's Volunteer Fire Department's Pension Plan, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of September 30, 2013, 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 and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *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 and other auditors. 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 June 9, 2014, 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.

June 9, 2014

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

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Lauderdale-By-The-Sea financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2013. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal in the introductory section and in conjunction with the Town's basic financial statements, which begins on page 11.

### Financial Highlights

The assets of the Town of Lauderdale-By-The-Sea exceeded its liabilities at the close of the most recent fiscal year by \$42,833,997 (*net position*). Of this amount, \$13,190,626 (*unrestricted net position*) may be used to meet the ongoing obligations to citizens and creditors. The Town's net position increased by \$2,299,008 from the prior fiscal year even amidst significant capital repairs were made to the Town's infrastructure and other capital improvements.

The most significant capital projects undertaken in fiscal year 2013 were:

- Replacement of stormwater drainage on 19<sup>th</sup> street in the Bel Air neighborhood,
- Completion of drainage and streetscape improvements on North Bougainville Drive,
- Start of drainage and substantial streetscape improvements on four blocks of Commercial Boulevard,
- Swale restoration and improved drainage infrastructure in the Hibiscus, Allenwood, and Tropic neighborhood,
- Construction of parking on South Bougainville Drive,
- Expansion and reconfiguration of the A1A parking lot,
- Start of construction of a parking lot to serve our public safety facilities, and
- Installation of cleanouts in the Town-owned sewer system.

At the close of the fiscal year 2013, the Town of Lauderdale-By-The-Sea's governmental funds reported combined ending fund balances of \$11,774,361, a decrease of \$3,341,881 from the prior fiscal year.

At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,629,285 or approximately 39% of total general fund expenditures.

### Long-Term Debt

The Town of Lauderdale-By-The-Sea has outstanding debt of \$587,208, which is a long-term promissory note with a maturity date extending to June 2020 (or March 2017 with prepayments) that was obtained to provide funding for parking improvement projects and associated property acquisition. Principal and interest payments are budgeted in the Parking Fund.

	<b>September 30, 2013</b>	<b>Annual Principal/ Interest Payments</b>
Parking Fund (Proprietary Fund)	\$587,208	\$280,250

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 on pages 34-35 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 (on pages 11-12) provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how 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 fiduciary 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 and liabilities, with the difference between the two 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.

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

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

## Overview of the Financial Statements (Continued)

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

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

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

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

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

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

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

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

**Fiduciary funds** The Town is the 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. The basic fiduciary fund financial statements can be found on pages 20-21 of this report.

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

## Government-Wide Financial Analysis

As noted earlier, net 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 \$42,833,997 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 of Lauderdale-By-The-Sea 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 of Lauderdale-By-The-Sea's net position by \$865,499 in fiscal year 2013. The increase represents the extent to which ongoing program and general revenues exceeded the cost of operations and depreciation expense.

**Business-type activities** Business-type activities increased the Town of Lauderdale-By-The-Sea's net position by \$1,433,509. Operating revenues from business-type activities declined 5% driven by a 7% decline in sewer revenues due to the implementation of the new rate structure and a 4% decline in parking revenues due to the impact of the drainage and streetscape projects. Sewer expenditures declined due in large part to a reduction in capital spending and the receipt of an \$112,286 credit from the City of Pompano Beach. That credit occurred as a result of the true-up that occurs annually between actual expenses incurred by the City of Pompano Beach versus the amount paid by the Town to Pompano Beach for wastewater treatment services.

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

	Net Position					
	September 30,					
	Governmental Activities		Business Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 13,843,512	\$ 16,065,105	\$ 2,982,402	\$ 2,717,249	\$ 16,825,914	\$ 18,782,354
Capital assets, net	20,758,620	16,454,693	8,051,114	7,380,805	28,809,734	23,835,498
Total assets	34,602,132	32,519,798	11,033,516	10,098,054	45,635,648	42,617,852
Long-term liabilities	113,114	121,437	589,463	841,853	702,577	963,290
Other liabilities	1,941,399	716,241	157,675	403,332	2,099,074	1,119,573
Total liabilities	2,054,513	837,678	747,138	1,245,185	2,801,651	2,082,863
Net position:						
Net investment in capital assets	20,758,620	16,454,693	7,463,906	6,541,207	28,222,526	22,995,900
Restricted for:						
El Mar beautification per contractual agreement	677,566	927,566	-	-	677,566	927,566
Fire department	604,181	415,877	-	-	604,181	415,877
Law enforcement	139,098	185,844	-	-	139,098	185,844
Unrestricted	10,368,154	13,698,140	2,822,472	2,311,662	13,190,626	16,009,802
Total net position	\$ 32,547,619	\$ 31,682,120	\$ 10,286,378	\$ 8,852,869	\$ 42,833,997	\$ 40,534,989

## 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 Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues:						
Program Revenues:						
Charges for services, including fire assessments	\$ 1,972,581	\$ 1,744,925	\$ 2,678,253	\$ 2,827,025	\$ 4,650,834	\$ 4,571,950
Operating grants and contributions	69,150	83,937	-	-	69,150	83,937
Capital grants and contributions	-	441,700	39,055	-	39,055	441,700
General Revenues:						
Property taxes	6,722,881	6,748,169	-	-	6,722,881	6,748,169
Franchise taxes and utility taxes	1,631,074	1,698,650	-	-	1,631,074	1,698,650
Grants and contributions not restricted to specific programs	1,233,228	969,266	-	-	1,233,228	969,266
Unrestricted investment earnings	74,648	48,940	2,462	2,154	77,110	51,094
Miscellaneous revenues	266,653	107,426	-	24	266,653	107,450
Total revenues	11,970,215	11,843,013	2,719,770	2,829,203	14,689,985	14,672,216
Expenses:						
General government	2,566,366	2,391,752	-	-	2,566,366	2,391,752
Public safety	6,049,176	5,565,808	-	-	6,049,176	5,565,808
Transportation	1,317,065	1,269,211	-	-	1,317,065	1,269,211
Recreation	361,969	333,107	-	-	361,969	333,107
Physical environment	810,140	562,639	-	-	810,140	562,639
Sewer	-	-	860,890	1,511,063	860,890	1,511,063
Parking	-	-	425,371	439,957	425,371	439,957
Total expenses	11,104,716	10,122,517	1,286,261	1,951,020	12,390,977	12,073,537
Change in net position before transfers	865,499	1,720,496	1,433,509	878,183	2,299,008	2,598,679
Transfers in (out), net	-	167,000	-	(167,000)	-	-
Increase in net position	865,499	1,887,496	1,433,509	711,183	2,299,008	2,598,679
Net position, beginning	31,682,120	29,794,624	8,852,869	8,141,686	40,534,989	37,936,310
Net position, ending	\$ 32,547,619	\$ 31,682,120	\$ 10,286,378	\$ 8,852,869	\$ 42,833,997	\$ 40,534,989

Property tax revenue decreased as the result of the Value Adjustment Board revising property valuations downward after the Town adopted the rolled-back rate.

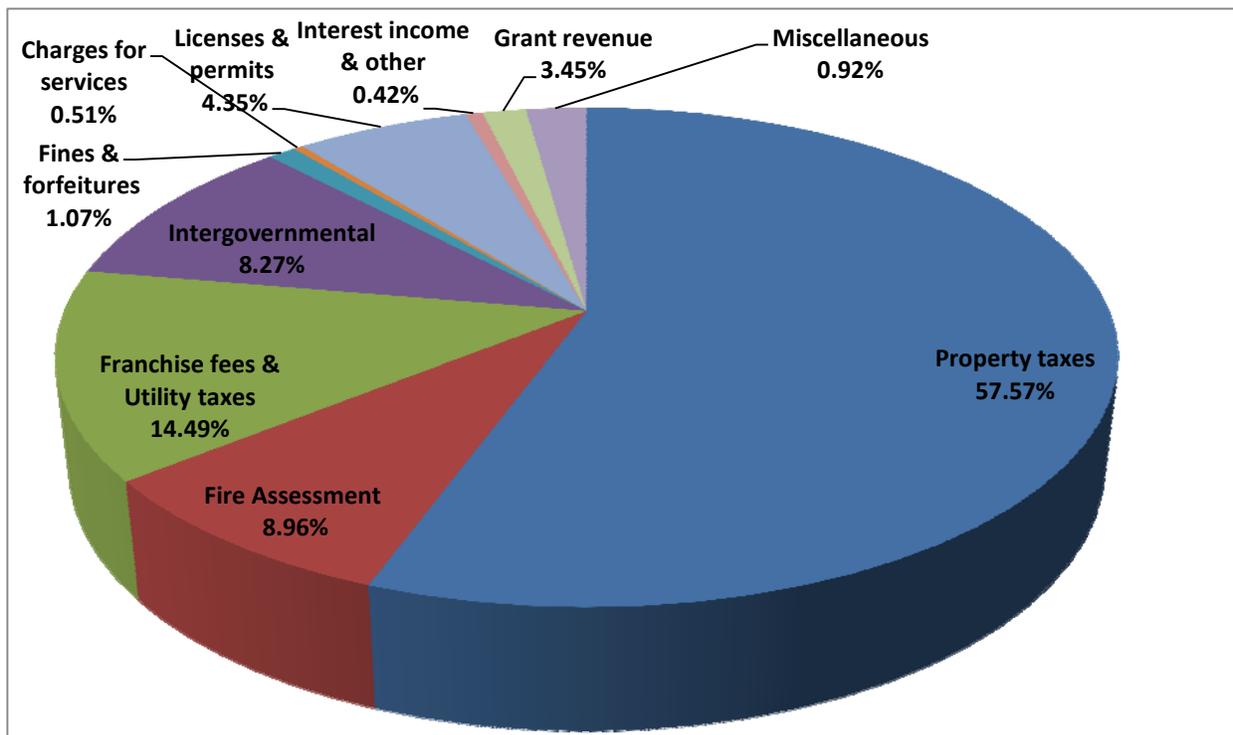
- Charges for services increased as the result of increased building permit activity.
- There was a reduction in capital grants and contributions. Last year the Town received a non-recurring grant from the Florida Department of Transportation for State Road A1A landscaping and hardscape enhancements.
- The increase in grants and contributions not restricted to specific programs is primarily related to the distributions back to the participating cities from the Broward County Resource Recovery Board.

### Government-Wide Financial Analysis (Continued)

- The increase in public safety expense is the result of the increase in building permit costs and the increase in the cost of the contract with BSO for police services.
- The decline in sewer fund expenses is associated with repairs to the sewer infrastructure and the receipt of the aforementioned \$112,286 credit from the City of Pompano Beach for wastewater treatment costs.

### 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 \$11,774,361, a decrease of \$3,341,881 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 2013, the fund balance of the general fund was \$8,198,908, a decrease of \$1,415,225. The decline is the result of having transferred \$2,862,800 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 \$720,234 higher than expected and spending \$614,478 less than budgeted. The higher than expected revenue items were as follows: Intergovernmental Revenues (\$166,173), Miscellaneous Revenues (\$151,208), Property Taxes (\$145,791), and Building Permit Revenues (\$108,151). Significant unspent expenditure lines items include Incentive Programs (\$133,943), General Fund Contingency (\$107,795), and Professional Services (\$86,726).

The fund balance of the capital projects fund decreased \$2,131,797 to \$2,768,591 primarily due to expenditures associated with the Commercial drainage and streetscape projects (totaling \$3,185,321).

**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. Sewer revenues were impacted by the implementation of the new sewer rate structure which was designed to reduce overall revenues by 10%. Parking revenues were negatively impacted by the Commercial Boulevard drainage and streetscape projects. Operating expenses in the sewer fund declined primarily due to a reduction of spending on infrastructure repairs and the aforementioned true-up credit from the City of Pompano Beach. Unrestricted net position of the Sewer and Parking Funds combined at the end of the year amounted to \$2,822,472 an increase of \$510,810 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 97.1% of possible revenues.
- Utility taxes came in at 107.8% of budgeted levels. Franchise fee collections came in at 99.5% of budgeted levels. Utility taxes actually declined 6% from the prior fiscal year in part due to the 50% reduction the Town Commission made to the utility tax rate on water service. 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 115.5% of budget. This represents a 24% increase over the prior fiscal year. This increase was primarily the result of a non-recurring distribution from the Broward County Solid Waste Resource Recovery Board.
- Licenses, permits and fees revenue increased by \$253,773 or 50% from the prior fiscal year. The increase is due to a substantial uptick in building activity as well this being the first full year since the Town changed the methodology for reporting for building permit revenue and expenditures. Actual revenues were 119.6% of budget.
- Due to conservative spending, actual expenditures of the general fund were approximately 6% less than budgeted.
- No department exceeded their amended budgets.

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

## **Capital Assets**

The Town of Lauderdale-By-The-Sea's investment in capital assets for its governmental and business type activities as of September 30, 2013, amounted to \$28,809,734 (net of accumulated depreciation). These are investments in capital assets which include land, buildings, infrastructure, and improvements other than buildings, machinery and equipment. Additional information on the Town of Lauderdale-By-The-Sea's capital assets can be found in Note 7 on pages 33-34 of this report.

## **Economic Factors and Next Year's Budget**

According to the University of Central Florida's Institute for Economic Competitiveness' March 2014 report, the Miami-Fort Lauderdale-Pompano Beach area is expected to show moderate growth in the economic indicators over the period 2014 to 2017. Employment is expected to grow at an average rate of 2.3% each year while unemployment is expected to average 5.7%. Personal income is expected to grow at an average of 5.4% per year.

In preparing the fiscal year 2014 budget, the Town provided funding for the completion of three large projects as follows:

- Finish construction of the streetscape and drainage for the two easternmost blocks of Commercial Boulevard;
- Finish the construction of the streetscape, drainage, and commercial center improvements on Commercial Boulevard from West Tradewinds Avenue to Seagrape Drive.
- Continue critical repairs to segments of the drainage system in the Bel Air neighborhood that an engineer's analysis indicates are in danger of failing.

## **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](mailto:fd@lauderdalebytheseafl.gov).

## **BASIC FINANCIAL STATEMENTS**

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**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2013**

	<b>Governmental</b>	<b>Business-type</b>	
	<b>Activities</b>	<b>Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 12,966,693	\$ 2,772,351	\$ 15,739,044
Investments	233,476	-	233,476
Accounts receivable, net	277,877	171,829	449,706
Due from business/governmental type activities	3,805	4,992	8,797
Prepaid items	233,909	33,230	267,139
Net pension asset	127,752	-	127,752
Capital assets:			
Nondepreciable capital assets	7,824,794	5,767,324	13,592,118
Depreciable capital assets, net	12,933,826	2,283,790	15,217,616
Total assets	<u>34,602,132</u>	<u>11,033,516</u>	<u>45,635,648</u>
<b><u>LIABILITIES</u></b>			
Accounts payable and other liabilities	202,986	146,743	349,729
Contracts and retainage payable	1,446,364	-	1,446,364
Accrued liabilities	111,243	135	111,378
Due to business/governmental type activities	4,992	3,805	8,797
Unearned revenues	154,574	6,992	161,566
Deposits	21,240	-	21,240
Noncurrent liabilities due within one year	10,183	209,336	219,519
Noncurrent liabilities:			
Net Other Post Employment Benefit obligation	11,287	2,255	13,542
Due in more than one year	91,644	377,872	469,516
Total liabilities	<u>2,054,513</u>	<u>747,138</u>	<u>2,801,651</u>
<b><u>NET POSITION</u></b>			
Net investment in capital assets	20,758,620	7,463,906	28,222,526
Restricted for:			
El Mar beautification per contractual agreement	677,566	-	677,566
Law enforcement	139,098	-	139,098
Fire department	604,181	-	604,181
Unrestricted	10,368,154	2,822,472	13,190,626
Total net position	<u>\$ 32,547,619</u>	<u>\$ 10,286,378</u>	<u>\$ 42,833,997</u>

See notes to the financial statements.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grant and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 2,566,366	\$ 887,198	\$ -	\$ -	\$ (1,679,168)	\$ -	\$ (1,679,168)
Public safety	6,049,176	1,085,383	-	-	(4,963,793)	-	(4,963,793)
Transportation	1,317,065	-	-	-	(1,317,065)	-	(1,317,065)
Recreation	361,969	-	69,150	-	(292,819)	-	(292,819)
Physical environment	810,140	-	-	-	(810,140)	-	(810,140)
Total government activities	11,104,716	1,972,581	69,150	-	(9,062,985)	-	(9,062,985)
Business-type activities:							
Sewer	860,890	1,125,352	-	-	-	264,462	264,462
Parking	425,371	1,552,901	-	39,055	-	1,166,585	1,166,585
Total business-type activities	1,286,261	2,678,253	-	39,055	-	1,431,047	1,431,047
Total primary government	\$ 12,390,977	\$ 4,650,834	\$ 69,150	\$ 39,055	(9,062,985)	1,431,047	(7,631,938)
General revenues:							
Property taxes					6,722,881	-	6,722,881
Franchise taxes and utility taxes					1,631,074	-	1,631,074
Grants and contributions not restricted to specific programs					1,233,228	-	1,233,228
Unrestricted investment earnings					74,648	2,462	77,110
Miscellaneous revenues					266,653	-	266,653
Total general revenues and transfers					9,928,484	2,462	9,930,946
Change in net position					865,499	1,433,509	2,299,008
Net position, beginning					31,682,120	8,852,869	40,534,989
Net position, ending					\$ 32,547,619	\$ 10,286,378	\$ 42,833,997

See notes to the financial statements.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

	<b>Major Funds</b>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Non-Major Funds</b>	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 10,411,659	\$ 1,788,000	\$ 767,034	\$ 12,966,693
Investments	233,476	-	-	233,476
Accounts receivable, net	271,299	-	6,578	277,877
Due from other funds	189,003	2,642,873	147	2,832,023
Prepaid items	170,326	-	63,583	233,909
Total assets	<u>\$ 11,275,763</u>	<u>\$ 4,430,873</u>	<u>\$ 837,342</u>	<u>\$ 16,543,978</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Accounts payable and other liabilities	\$ 198,675	\$ -	\$ 4,311	\$ 202,986
Contracts and retainage payable	-	1,446,364	-	1,446,364
Accrued liabilities	111,243	-	-	111,243
Due to other funds	2,648,012	185,198	-	2,833,210
Unearned revenue	97,685	30,720	26,169	154,574
Deposits	21,240	-	-	21,240
Total liabilities	<u>3,076,855</u>	<u>1,662,282</u>	<u>30,480</u>	<u>4,769,617</u>
Fund balances:				
Nonspendable:				
Prepaid items	170,326	-	63,583	233,909
Restricted for:				
Fire department	-	-	604,181	604,181
Law enforcement	-	-	139,098	139,098
El Mar beautification per contract	-	677,566	-	677,566
Assigned to:				
Emergency reserve	2,333,105	-	-	2,333,105
Vehicle and equipment reserve	145,014	-	-	145,014
Capital projects	-	2,091,025	-	2,091,025
Hotel improvement program	75,661	-	-	75,661
Subsequent year's expenditures	1,845,517	-	-	1,845,517
Unassigned	3,629,285	-	-	3,629,285
Total fund balances	<u>8,198,908</u>	<u>2,768,591</u>	<u>806,862</u>	<u>11,774,361</u>
Total liabilities and fund balances	<u>\$ 11,275,763</u>	<u>\$ 4,430,873</u>	<u>\$ 837,342</u>	<u>\$ 16,543,978</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, 2013**

Fund balance - governmental funds		\$ 11,774,361
<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	32,722,093	
Accumulated depreciation	<u>(11,963,473)</u>	20,758,620
<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>		
		127,752
<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		(101,827)
Other Post Employment Benefit obligation		(11,287)
Net position of governmental activities		<u><u>\$ 32,547,619</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, 2013**

	<u>Major Funds</u>			<b>Total Governmental Funds</b>
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>Non-Major Funds</b>	
Revenues:				
Property taxes and fire assessments	\$ 6,722,881	\$ -	\$ 1,043,417	\$ 7,766,298
Franchise fees and utility taxes	1,631,074	-	-	1,631,074
Intergovernmental	1,233,228	-	-	1,233,228
Fines and forfeitures	123,534	-	-	123,534
Charges for services	9,891	-	32,075	41,966
Licenses and permits	763,664	-	-	763,664
Interest income and other	56,401	18,101	146	74,648
Grant revenue	69,150	121,471	-	190,621
Miscellaneous revenues	236,913	20,873	8,867	266,653
Total revenues	<u>10,846,736</u>	<u>160,445</u>	<u>1,084,505</u>	<u>12,091,686</u>
Expenditures:				
Current:				
General government	2,405,977	130,084	-	2,536,061
Public safety	5,208,723	-	783,075	5,991,798
Transportation	1,225,552	-	-	1,225,552
Recreation	338,444	-	-	338,444
Physical environment	184,217	-	-	184,217
Capital outlay	56,248	5,024,958	76,289	5,157,495
Total expenditures	<u>9,419,161</u>	<u>5,155,042</u>	<u>859,364</u>	<u>15,433,567</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,427,575</u>	<u>(4,994,597)</u>	<u>225,141</u>	<u>(3,341,881)</u>
Other financing sources (uses):				
Transfers in	20,000	2,862,800	-	2,882,800
Transfers out	(2,862,800)	-	(20,000)	(2,882,800)
Total other financing sources (uses)	<u>(2,842,800)</u>	<u>2,862,800</u>	<u>(20,000)</u>	<u>-</u>
Net change in fund balances	(1,415,225)	(2,131,797)	205,141	(3,341,881)
Fund balances, beginning	<u>9,614,133</u>	<u>4,900,388</u>	<u>601,721</u>	<u>15,116,242</u>
Fund balances, ending	<u>\$ 8,198,908</u>	<u>\$ 2,768,591</u>	<u>\$ 806,862</u>	<u>\$ 11,774,361</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, 2013**

Net change in fund balances - total governmental funds	\$ (3,341,881)
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.	5,123,870
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense on the statement of activities.	(819,943)
The change in net pension assets is not reported in the governmental fund financial statements, but is reported in the government-wide financial statements.	16,601
Certain revenues were unearned for the fund financial statements in the prior fiscal year. In the current fiscal year, these revenues were recorded in the governmental fund financial statements.	(121,471)
Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the fund financial statements. The details of the differences are as follows:	
Change in compensated absences	8,323
Change in net position of governmental activities	\$ 865,499

See notes to the financial statements.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2013**

	<u>Enterprise Funds</u>		
	<u>Sewer Utility System</u>	<u>Parking</u>	<u>Total</u>
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 1,422,372	\$ 1,349,979	\$ 2,772,351
Accounts receivable, net	169,232	2,597	171,829
Due from other funds	-	4,992	4,992
Prepaid items	-	33,230	33,230
Total current assets	<u>1,591,604</u>	<u>1,390,798</u>	<u>2,982,402</u>
Noncurrent Assets:			
Capital Assets:			
Land	-	5,767,324	5,767,324
Equipment	13,275	135,555	148,830
Buildings and utility plant	2,920,148	617,879	3,538,027
Work in progress	-	66,367	66,367
Total capital assets	<u>2,933,423</u>	<u>6,587,125</u>	<u>9,520,548</u>
Less accumulated depreciation	<u>(1,306,246)</u>	<u>(163,188)</u>	<u>(1,469,434)</u>
Net capital assets	<u>1,627,177</u>	<u>6,423,937</u>	<u>8,051,114</u>
Total noncurrent assets	<u>1,627,177</u>	<u>6,423,937</u>	<u>8,051,114</u>
Total assets	<u>3,218,781</u>	<u>7,814,735</u>	<u>11,033,516</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts payable	75,505	71,238	146,743
Accrued liabilities	-	135	135
Due to other funds	3,090	715	3,805
Unearned revenue	-	6,992	6,992
Current portion of revenue notes payable	-	209,336	209,336
Total current liabilities	<u>78,595</u>	<u>288,416</u>	<u>367,011</u>
Long-Term Liabilities:			
Revenue notes payable	-	377,872	377,872
Other Post Employment Benefit Obligation	385	1,870	2,255
Total long-term liabilities	<u>385</u>	<u>379,742</u>	<u>380,127</u>
Total Liabilities	<u>78,980</u>	<u>668,158</u>	<u>747,138</u>
<u>NET POSITION</u>			
Net investment in capital assets	1,627,177	5,836,729	7,463,906
Unrestricted	1,512,624	1,309,848	2,822,472
Total net position	<u>\$ 3,139,801</u>	<u>\$ 7,146,577</u>	<u>\$ 10,286,378</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, 2013**

	<b>Enterprise Funds</b>		
	<b>Sewer Utility System</b>	<b>Parking</b>	<b>Total</b>
Operating revenues:			
Charges for services	\$ 1,125,352	\$ 1,552,901	\$ 2,678,253
Total operating revenues	<u>1,125,352</u>	<u>1,552,901</u>	<u>2,678,253</u>
Operating expenses:			
Operating, administrative and maintenance	807,974	381,278	1,189,252
Depreciation and amortization	52,916	16,233	69,149
Total operating expenses	<u>860,890</u>	<u>397,511</u>	<u>1,258,401</u>
Operating income	<u>264,462</u>	<u>1,155,390</u>	<u>1,419,852</u>
Nonoperating revenues (expenses):			
Interest income	1,384	1,078	2,462
Interest expense	-	(27,860)	(27,860)
Total nonoperating revenues (expenses)	<u>1,384</u>	<u>(26,782)</u>	<u>(25,398)</u>
Income before transfers	265,846	1,128,608	1,394,454
Capital contributions	<u>-</u>	<u>39,055</u>	<u>39,055</u>
Change in net position	265,846	1,167,663	1,433,509
Total net position, beginning	2,873,955	5,978,914	8,852,869
Total net position, ending	<u>\$ 3,139,801</u>	<u>\$ 7,146,577</u>	<u>\$ 10,286,378</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, 2013**

	Enterprise Funds		
	Sewer Utility System	Parking	Total
Cash Flows From Operating Activities			
Receipts from customers and users	\$ 1,274,580	\$ 1,521,992	\$ 2,796,572
Payments to suppliers	(962,221)	(318,783)	(1,281,004)
Payments to employees	(23,504)	(89,225)	(112,729)
Net cash provided (used) by operating activities	<u>288,855</u>	<u>1,113,984</u>	<u>1,402,839</u>
Cash Flows Provided (Used) By Capital and Related Financing Activities			
Purchase of capital assets	(306,893)	(393,509)	(700,402)
Interest paid on long-term debt	-	(27,860)	(27,860)
Principal paid on notes payable	-	(252,390)	(252,390)
Net cash provided (used) by capital and related financing activities	<u>(306,893)</u>	<u>(673,759)</u>	<u>(980,652)</u>
Cash Flows Provided (Used) By Investing Activities			
Interest received	1,384	1,078	2,462
Net cash provided (used) by investing activities	<u>1,384</u>	<u>1,078</u>	<u>2,462</u>
Net increase (decrease) in cash	(16,654)	441,303	424,649
Cash and cash equivalents, beginning	1,439,026	908,676	2,347,702
Cash and cash equivalents, ending	<u>\$ 1,422,372</u>	<u>\$ 1,349,979</u>	<u>\$ 2,772,351</u>
Reconciliation of Operating Income to Net Cash			
Provided (Used) by Operating Activities operating income	\$ 264,462	\$ 1,155,390	\$ 1,419,852
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation and amortization	52,916	16,233	69,149
Changes in assets and liabilities:			
(Increase)/Decrease in accounts receivable	146,138	17,065	163,203
(Increase)/Decrease in interfund receivable	-	(3,707)	(3,707)
Increase/(Decrease) in accounts payable	(177,751)	13,762	(163,989)
Increase/(Decrease) in accrued liabilities	-	(40,492)	(40,492)
Increase/(Decrease) in interfund payable	3,090	(46,454)	(43,364)
Increase/(Decrease) in unearned revenue	-	2,187	2,187
Total adjustments	<u>24,393</u>	<u>(41,406)</u>	<u>(17,013)</u>
Net cash provided (used) by operating activities	<u>\$ 288,855</u>	<u>\$ 1,113,984</u>	<u>\$ 1,402,839</u>
Non Cash Capital and Related Financing:			
Contribution of parking meters	\$ -	\$ 39,055	\$ 39,055

See notes to the financial statements.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**SEPTEMBER 30, 2013**

	<b>Pension Trust Fund</b>
<u>ASSETS</u>	
Cash and cash equivalents	\$ 31,853
Investments, at fair value	1,334,687
Contribution receivable	151,884
Total assets	1,518,424
<u>NET POSITION</u>	
Net position held in trust for pension benefits	\$ 1,518,424

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, 2013**

	<b>Pension Trust Fund</b>
<b>ADDITIONS</b>	
Contributions:	
Plan member	\$ 16,803
State	154,845
Town	16,803
Total contributions	188,451
Investment income (loss):	
Net appreciation in fair value of investments	10,039
Realized gains	6,346
Interest and dividends	26,102
Net investment income (loss)	42,487
Total additions	230,938
<b>DEDUCTIONS</b>	
Pension benefits	15,194
Refunds of contributions	3,159
Administrative expenses	8,888
Total deductions	27,241
Net increase (decrease)	203,697
Net position held in trust for pension benefits:	
Beginning	1,314,727
Ending	\$ 1,518,424

See notes to the financial statements.

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**NOTES TO BASIC FINANCIAL STATEMENTS**

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**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
NOTES TO BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2013

**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.

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.

**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**

During fiscal year 2013, the Town adopted three new accounting standards as follows:

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

This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. This Statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances. This Statement also clarifies the reporting of equity interests in legally separate organizations.

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

This Statement incorporates into the GASB's authoritative literature certain guidance that previously could only be found in certain FASB and AICPA pronouncements issued on or before November 30, 1989 and eliminates the selection to apply post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements.

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

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources and identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements by incorporating deferred outflows of resources and deferred inflows of resources (previously reported as assets and liabilities) into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

**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 \$27,860. During the fiscal year ended 2013, 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) and Fund B, are reported at fair value. The Florida PRIME is recorded at the value of the pool shares (2a-7 like pool), which is fair value. Fund B is a fluctuating NAV pool and is reported based on the fair value factor.

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

**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. Employees hired before October 1, 2011 had until December 31, 2012 to bring the number of accrued vacation hours down to 15 days or they would forfeit the overage on January 1, 2013, as employees were previously permitted to carry forward 30 days of vacation time. Thereafter, they too may only carry forward a maximum of 15 days of vacation leave from one calendar year into the next calendar year. In the event of termination, an employee is reimbursed for accumulated vacation days. Up to 60 days of sick leave may be accrued and carried forward into the next year. Employees hired prior to October 1, 2011 are reimbursed for 25% of accumulated sick leave upon leaving Town employment in good standing. Employees hired after September 30, 2011 will be reimbursed for 0% - 15% of accumulated sick leave, depending on their number of years of continuous service.

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

**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 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. Encumbrances outstanding at year end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

**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**

The statement of net position reports, as applicable, a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future reporting period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

The statement of net position reports, as applicable, a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to future reporting period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**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 and refunds 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 (SBA) administers the Florida PRIME (formerly known as the Local Government Surplus Funds Trust Fund (LGIP)), and the Fund B Surplus Funds Trust Fund (Fund B), both of which are governed by Chapter 19-7 of the Florida Administrative Code and Chapters 218 and 215 of the Florida Statutes. These rules provide guidance and establish the policies and general operating procedures for the administration of the Florida PRIME and Fund B. The Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, the Board has adopted operating procedures consistent with the requirements for a 2a-7 fund, which permits money market funds to use amortized cost to maintain a constant net asset value (NAV) of \$1 per share. The fair value of the position in the Florida PRIME is equal to the value of the pool shares. The Fund B is accounted for as a fluctuating NAV pool. As of September 30, 2013, the fair value factor for Fund B was \$1.13262284 per share. The Fund B is not subject to participant withdrawal requests. Distributions from Fund B, as determined by the SBA, are effected by transferring eligible cash or securities to the Florida PRIME, consistent with the pro rata allocation of pool shareholders of record at the creation of Fund B. One hundred percent of such distributions from Fund B are available as liquid balance within the Florida PRIME. The investments in the Florida PRIME and Fund B are not insured by FDIC or any other governmental agency.

As of September 30, 2013, the Town had the following investments:

	Fair Value	Credit Risk	Weighted Average Maturity
Florida PRIME	\$ 164,449	S&P AAAM	44 days
Fund B	69,027	Not rated	4.04 years
	<u>\$ 233,476</u>		

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

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

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

**Investments - Volunteer Firefighter's Pension Plan**

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

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

**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)**

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

*Concentration of Credit Risk* - The Plan's investment policy limits the investment in equities to no more than 70% of the fund's assets at cost. GASB Statement 40 requires disclosure when the percent is 5% or more in anyone issuer. The investment in equities and mutual fund equities is approximately 72%. Given the restriction to the highest rating, the additional concentration is not viewed to be an additional risk to the Plan.

As of September 30, 2013, the Pension Plan had the following investments:

Equities	\$	444,923
Fixed income		511,029
Cash and cash equivalents		378,735
	\$	1,334,687

**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, 2013 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.

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

**NOTE 3 – PROPERTY TAXES (Continued)**

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, 2013.

**NOTE 4 – RECEIVABLES**

Receivables for the Town's funds including the applicable allowances for uncollectible accounts as of September 30, 2013 were as follows:

Receivables:	General	Sewer	Parking	Other Non- major Funds	Total
Billed	\$ -	\$ 390,160	\$ 2,597	\$ 6,578	\$ 399,335
Utility tax	75,437	-	-	-	75,437
Intergovernmental	252,893	-	-	-	252,893
Other	(518)	-	-	-	(518)
Gross receivables	327,812	390,160	2,597	6,578	727,147
Less allowance for uncollectibles	(56,513)	(220,928)	-	-	(277,441)
Net total receivables	<u>\$ 271,299</u>	<u>\$ 169,232</u>	<u>\$ 2,597</u>	<u>\$ 6,578</u>	<u>\$ 449,706</u>

**NOTE 5 – UNEARNED REVENUES**

Unearned revenue reported in the governmental funds and the basic financial statements as of September 30, 2013 was as follows:

Occupational licenses	\$ 41,742
Planning advances	5,760
Advertisement advances	803
Right of way advances	48,249
Other	58,020
	<u>\$ 154,574</u>

**NOTE 6 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

Interfund receivables and payables at September 30, 2013 were as follows:

	Receivable	Payable
General Fund	\$ 189,003	\$ 2,648,012
Capital Projects Fund	2,642,873	185,198
Police Training and Forfeiture Fund	147	-
Sewer Utility System Fund	-	3,090
Parking Fund	4,992	715
	<u>\$ 2,837,015</u>	<u>\$ 2,837,015</u>

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

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

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made. The balances between the general fund and the capital projects fund relate to excess revenues collected by the general fund that have been allocated for use by the capital projects fund, but had not been transferred at September 30, 2013.

Transfers between the general fund and capital projects fund were to fund capital improvement projects. Transfers from the fire fund to the general fund were to move revenues from the fund where collection occurred to the fund where funds have been reallocated for use, in accordance with the fiscal year 2013 budget.

Interfund transfers for the fiscal year ended September 30, 2013 were as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 20,000	\$ 2,862,800
Capital Projects Fund	2,862,800	-
Fire Fund	-	20,000
	\$ 2,882,800	\$ 2,882,800

**NOTE 7 – CAPITAL ASSETS**

Capital assets for the governmental activities for the fiscal year ended September 30, 2013 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,592,732	\$ -	\$ -	\$ 1,592,732
Construction in progress	1,873,588	4,385,417	(26,943)	6,232,062
Total capital assets, not being depreciated	3,466,320	4,385,417	(26,943)	7,824,794
Capital assets, being depreciated:				
Building and building improvements	4,104,016	142,373	-	4,246,389
Improvements other than buildings	12,443,783	521,210	-	12,964,993
Furniture, fixtures, machinery and equipment	1,018,379	63,541	(81,163)	1,000,757
Motor vehicles	956,098	38,272	(211,331)	783,039
Infrastructure	5,902,121	-	-	5,902,121
Total capital assets, being depreciated	24,424,397	765,396	(292,494)	24,897,299
Less accumulated depreciation:				
Building and building improvements	1,024,906	74,008	-	1,098,914
Improvements other than buildings	4,967,338	415,691	-	5,383,029
Furniture, fixtures, machinery and equipment	657,698	125,732	(81,163)	702,267
Motor vehicles	545,121	91,905	(211,331)	425,695
Infrastructure	4,240,961	112,607	-	4,353,568
Total accumulated depreciation	11,436,024	819,943	(292,494)	11,963,473
Total capital assets, being depreciated, net	12,988,373	(54,547)	-	12,933,826
Governmental activities capital assets, net	\$ 16,454,693	\$ 4,330,870	\$ (26,943)	\$ 20,758,620

**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, 2013 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 5,767,324	\$ -	\$ -	\$ 5,767,324
Construction in progress	27,098	66,367	(27,098)	66,367
Total capital assets, not being depreciated	<u>5,794,422</u>	<u>66,367</u>	<u>(27,098)</u>	<u>5,833,691</u>
Capital assets, being depreciated:				
Buildings and utility plant	2,876,893	661,134	-	3,538,027
Equipment	109,775	39,055	-	148,830
Total capital assets, being depreciated	<u>2,986,668</u>	<u>700,189</u>	<u>-</u>	<u>3,686,857</u>
Less accumulated depreciation:				
Buildings and utility plant	1,394,788	65,826	-	1,460,614
Equipment	5,497	3,323	-	8,820
Total accumulated depreciation	<u>1,400,285</u>	<u>69,149</u>	<u>-</u>	<u>1,469,434</u>
Total capital assets, being depreciated, net	<u>1,586,383</u>	<u>631,040</u>	<u>-</u>	<u>2,217,423</u>
Business-type activities capital assets, net	<u>\$ 7,380,805</u>	<u>\$ 697,407</u>	<u>\$ (27,098)</u>	<u>\$ 8,051,114</u>

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

Governmental activities:	
General government	\$ 38,628
Public safety	73,979
Transportation	91,513
Recreation	23,525
Physical environment	592,298
Total depreciation expense, governmental activities	<u>\$ 819,943</u>
Business-type activities:	
Sewer utility	\$ 52,916
Parking	16,233
Total depreciation expense, business-type activities	<u>\$ 69,149</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 is secured by the pledge of and lien on parking meter fees, fines and non-ad valorem revenues if a shortfall occurs. Parking meter fees have averaged approximately \$473,000 annually in the past eight years whereas parking fines have averaged approximately \$99,000 in the past four years. The total principal and interest remaining on the note is \$634,186. For the current fiscal year, principal and interest paid and net revenues were \$280,250 and \$1,552,901, respectively.

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

**NOTE 8 – LONG-TERM LIABILITIES (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 the current fiscal year which permits the Town to make prepayments up to 15% of the principal amount then owing under the Note each calendar year, without any additional fees. The Town made prepayments of \$164,945 and \$121,089 during fiscal years 2012 and 2013, respectively, and intends to make prepayments of 15% in the subsequent fiscal years until the loan has been paid in full. As a result, it is anticipated that the outstanding loan balance will be paid off during the fiscal year ending September 30, 2017.

Changes in long-term liabilities for both governmental activities and business-type activities the fiscal year ended September 30, 2013 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Governmental activities:</u>					
Compensated absences	\$ 110,150	\$ 90,929	\$ (99,252)	\$ 101,827	\$ 10,183
	<u>\$ 110,150</u>	<u>\$ 90,929</u>	<u>\$ (99,252)</u>	<u>\$ 101,827</u>	<u>\$ 10,183</u>
<u>Business-type activities:</u>					
Series 2005B Promissory Note	\$ 839,598	\$ -	\$ (252,390)	\$ 587,208	\$ 209,336
	<u>\$ 839,598</u>	<u>\$ -</u>	<u>\$ (252,390)</u>	<u>\$ 587,208</u>	<u>\$ 209,336</u>

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

Year Ending September 30,	Business-type Activities		
	Principal	Interest	Total
2014	\$ 209,336	\$ 25,264	\$ 234,600
2015	182,797	15,123	197,920
2016	160,433	6,249	166,682
2017	34,642	342	34,984
	<u>\$ 587,208</u>	<u>\$ 46,978</u>	<u>\$ 634,186</u>

**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, 2013 are as follows:

Fiscal Year Ending September 30,	Annual Minimum Payments
2014	\$ 56,212
2015	57,898
2016	59,635
2017	61,424
2018	25,908
Total	<u>\$ 261,077</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 \$46,888. For the fiscal year ended September 30, 2013, rental income received from the lease was approximately \$18,000.

**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, 2013, the Town paid \$3,362,304 under this agreement.

The Town entered into an interlocal agreement with Broward County Building and Permitting Division on July 27, 2004 to conduct plan examinations and inspection pursuant to the South Florida Building Code. The agreement was terminated in the prior fiscal year. On December 19, 2011, the Town entered into an agreement with C.A.P. Government, Inc. to conduct plan examinations and inspection services. The term of the agreement is three years, beginning on January 3, 2012, and extends until December 31, 2014 unless the agreement is terminated earlier in accordance with the terms of the agreement. In accordance with the terms of the agreement, C.A.P. Government, Inc. collected approximately \$648,150 in the current fiscal year, of which the Town received \$162,038 (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. 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.

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.

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

**NOTE 10 – COMMITMENTS AND CONTINGENCIES (Continued)**

**Litigation, Claims and Assessments (Continued)**

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

On July 2, 2013, the Interlocal Agreement between Broward County and twenty-six (26) municipalities addressing the regional solid waste disposal system operated under and through the Broward County Resource Recovery Board ("RRB") expired. Some of the municipalities ("Plaintiff municipalities") initiated a lawsuit on or about June 28, 2013, seeking the distribution of the solid waste disposal system assets held by Broward County. The judge ordered full and complete compliance with the government conflict resolution requirements under Chapter 164, Florida Statutes. Accordingly, Broward County passed Resolution 2013-665, on August 13, 2013, providing temporary protection to all RBB assets. The Plaintiff municipalities are now participating in mandatory Chapter 164, Florida Statutes conflict resolutions procedures. Additionally, Broward County is requesting the eight (8) unnamed RRB member municipalities (not included in the litigation) be included in the conflict resolution proceedings.

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.

During the current fiscal year, the Town received grant money from the Florida Department of Transportation for State Road A1A landscaping and hardscape enhancements in the amount of \$121,471. Construction on the project commenced during September 2011 and was completed in the prior fiscal year.

**Construction Contracts and Encumbrance Commitments**

As of September 30, 2013, the Town had open contracts for various construction projects. The contracts totaled approximately \$4,677,000, of which approximately \$1,974,000 was uncompleted at September 30, 2013. The Town had an additional \$528,302 in encumbrance commitments at September 30, 2013.

**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](http://www.myfrs.com).

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

**NOTE 11 – FLORIDA RETIREMENT SYSTEM (Continued)**

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

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

**Funding Policy**

Contributions to FRS are made by the Town as a percentage of covered payroll. Payroll for Town employees covered by FRS for the fiscal year ended September 30, 2013 was approximately \$1.72 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 2012, the Town's required contribution rate for employees was 5.18% – 10.23% and increased to 6.95% - 33.03% as of July 2013.

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

<u>Fiscal Year Ended</u> <u>September 30,</u>	<u>Required</u> <u>Contribution</u>	<u>Actual</u> <u>Contribution</u>	<u>Percentage</u> <u>Contributed</u>
2011	\$ 179,679	\$ 180,132	100%
2012	94,931	94,931	100%
2013	119,276	119,276	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. Participants should refer to the Plan documents for more complete information. A publicly available financial statement for the Plan can be obtained from the Board of Trustees, 4442 Sea Grape Drive, Lauderdale-By-The-Sea, Florida, 33308.

As of October 1, 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

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

**NOTE 12 – VOLUNTEER FIREFIGHTERS PENSION FUND (Continued)**

**Plan Description (Continued)**

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

**Basis of Accounting**

The Volunteer Firefighters Pension Plan (“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.

**Investments**

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

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

**Funding Policy**

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

Funding is based on actuarial determined required contributions using the aggregate actuarial cost method. The annual required contribution for the fiscal year ended September 30, 2013 was determined by the October 1, 2013 actuarial valuation report, using the aggregate actuarial cost method. The State contributions are received by the Town and are recorded as a revenue and expenditure in the General Fund and remitted to the Volunteer Fire Department treasurer for deposit to the pension bank account. This amount totaled \$154,845 for the fiscal year ended September 30, 2013.

**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.

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

**NOTE 12 – VOLUNTEER FIREFIGHTERS PENSION FUND (Continued)**

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.

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

**Annual Pension Cost and Net Pension Asset**

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

Annual required contribution (ARC)	\$ 20,932
Interest on net pension obligation (NPO)	(7,781)
Adjustment to ARC	10,522
Annual pension cost (APC)	<u>23,673</u>
Contributions made	<u>40,274</u>
Increase (decrease) in NPO	<u>(16,601)</u>
NPO (asset), beginning	<u>(111,151)</u>
NPO (asset), ending	<u><u>\$ (127,752)</u></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.

Trend Information				
Fiscal Year Ended September 30,	Annual Pension Cost (APC)	Actual Contribution	Percentage of APC Contributed	Net Pension Obligation (Assets)
2011	\$ 29,111	\$ 40,460	139.0%	\$ (95,574)
2012	23,289	38,866	166.9%	(111,151)
2013	23,673	40,274	170.1%	(127,752)

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
2011	\$ 27,036	\$ 40,460	149.7%
2012	20,932	38,866	185.7%
2013	20,932	40,274	192.4%

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

**NOTE 13 – DEFERRED COMPENSATION PLAN**

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code, Section 457. The plan, available to all Town employees, permits them to defer a portion of their salary until future years. As outlined in the Town's personnel policies manual, if an employee eligible to participate in the Town's health insurance program does not elect to participate, the Town will contribute 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 was previously administered by ICMA Retirement Corporation, but is currently being administered by Nationwide Retirement Solutions. Except for the plan provisions related to loans, the Town has no fiduciary responsibility for the plan and therefore, the Town does not report the balances and activities in its financial statements. During the current fiscal year, the Town contributed approximately \$20,000 on behalf of employees to the deferred compensation plan and employees contributed approximately \$71,000.

**NOTE 14 – OTHER POST EMPLOYMENT BENEFITS**

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

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

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

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

**NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

Annual Required Contribution (ARC)	\$ 11,195
Interest on Net OPEB Obligation (NPO)	534
Adjustment to ARC	<u>(369)</u>
Annual OPEB Cost/(Expense)	11,360
Estimated net contributions made*	<u>(9,689)</u>
Increase/(Decrease) in NPO	1,671
Net OPEB obligation/(asset), beginning	11,871
Net OPEB obligation/(asset), ending	<u><u>\$ 13,542</u></u>

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

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

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

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

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

**NOTE 14 – OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

Participants of the plan consisted of the following at September 30, 2013:

Retirees and beneficiaries currently receiving benefits	3
Active employees	<u>35</u>
Total	<u><u>38</u></u>

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

Fiscal Year Ended	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation/ (Asset)
September 30, 2010	\$ 11,560	54.5%	\$ 5,257
September 30, 2011	N/A	N/A	N/A
September 30, 2012	11,360	69.1%	13,542

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

**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. 65, Items Previously Reported as Assets and Liabilities*

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

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

**NOTE 16 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (Continued)**

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

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

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

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

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

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

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

**NOTE 16 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED (Continued)**

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. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*

The objective of this Statement is to enhance comparability of financial statements among governments by requiring consistent reporting by those governments that extend nonexchange financial guarantees and by those governments that receive nonexchange financial guarantees. This Statement also will enhance the information disclosed about a government's obligations and risk exposure from extending nonexchange financial guarantees and requires disclosures about obligations that are issued with this type of financial guarantee. This Statement is effective for periods beginning after June 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.

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

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

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 6,577,090	\$ 6,577,090	\$ 6,722,881	\$ 145,791
Franchise fees and utility taxes	1,566,800	1,566,800	1,631,074	64,274
Intergovernmental	1,067,430	1,067,430	1,233,228	165,798
Fines and forfeitures	77,500	77,500	123,534	46,034
Charges for services	8,500	8,500	9,891	1,391
Licenses and permits	548,300	638,300	763,664	125,364
Interest income and other	42,000	42,000	56,401	14,401
Grant revenue	68,775	68,775	69,150	375
Miscellaneous revenues	38,000	100,106	236,913	136,807
Total revenues	9,994,395	10,146,501	10,846,736	700,235
<b>Expenditures:</b>				
<b>General Government:</b>				
Town commission	92,685	96,131	96,129	2
Administration	903,411	903,411	816,177	87,234
Legal	368,000	388,000	385,264	2,736
General	1,012,764	982,621	836,727	145,894
Nondepartmental	440,004	445,200	285,553	159,647
Total general government	2,816,864	2,815,363	2,419,850	395,513
<b>Public safety:</b>				
Emergency medical services	754,659	754,659	753,998	661
Police department	3,533,601	3,533,601	3,494,372	39,229
Total public safety	4,288,260	4,288,260	4,248,370	39,890
<b>Municipal services:</b>				
Administrative	834,265	834,265	825,318	8,947
Engineer and utilities	222,500	222,500	184,217	38,283
Public works	494,192	516,553	434,300	82,253
Total municipal services	1,550,957	1,573,318	1,443,835	129,483

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, 2013**  
**(CONTINUED)**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Development services:				
Development services administrative	346,916	349,416	312,358	37,058
Building services	375,000	465,000	487,222	(22,222)
Code compliance	139,333	184,070	169,082	14,988
Total development services	861,249	998,486	968,662	29,824
Recreation services:				
Beach and recreation	358,980	358,980	338,444	20,536
Total recreation services	358,980	358,980	338,444	20,536
Excess (deficiency) of revenues over (under) expenditures	118,085	112,094	1,427,575	1,315,481
Other financing sources (uses):				
Use of fund balance	261,915	2,730,706	-	(2,730,706)
Transfers in	20,000	20,000	20,000	-
Transfers out	(400,000)	(2,862,800)	(2,862,800)	-
Total other financing sources (uses)	(118,085)	(112,094)	(2,842,800)	(2,730,706)
Net change in fund balance	\$ -	\$ -	(1,415,225)	\$ (1,415,225)
Fund balance, beginning			9,614,133	
Fund balance, ending			\$ 8,198,908	

See notes to Required Supplementary Information.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
NOTE TO BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED SEPTEMBER 30, 2013

**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.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS FROM THE TOWN**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

RETIREMENT PLAN FOR VOLUNTEER FIREFIGHTERS

Fiscal Year Ended September 30,	Annual		
	Required Contribution	Amounts Contributed	Percentage Contributed
2008	\$ 15,495	\$ 15,569	100.5%
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%

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, 2013**

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.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FUNDING PROGRESS**  
**OTHER POST EMPLOYMENT BENEFIT PLAN**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2013**

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

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**COMBINING FUND STATEMENTS**

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**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2013**

	<b>Special Revenue Funds</b>		
	<b>Police</b>	<b>Fire</b>	<b>Total</b>
	<b>Training and</b>	<b>Fund</b>	<b>Non-Major</b>
	<b>Forfeiture</b>	<b>Fund</b>	<b>Funds</b>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 132,692	\$ 634,342	\$ 767,034
Accounts receivable	6,259	319	6,578
Due from other funds	147	-	147
Prepaid items	-	63,583	63,583
Total assets	\$ 139,098	\$ 698,244	\$ 837,342
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable and other liabilities	\$ -	\$ 4,311	\$ 4,311
Unearned revenue	-	26,169	26,169
Total liabilities	-	30,480	30,480
Fund balances:			
Nonspendable:			
Prepaid items	-	63,583	63,583
Restricted for:			
Fire department	-	604,181	604,181
Law enforcement	139,098	-	139,098
Total fund balances	139,098	667,764	806,862
Total liabilities and fund balances	\$ 139,098	\$ 698,244	\$ 837,342

**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, 2013**

	<u>Special Revenue Funds</u>		<b>Total Non-Major Funds</b>
	<b>Police Training and Forfeiture</b>	<b>Fire Fund</b>	
Revenues:			
Fire assessments	\$ -	\$ 1,043,417	\$ 1,043,417
Charges for services	-	32,075	32,075
Interest income	146	-	146
Miscellaneous revenues	8,867	-	8,867
Total revenues	<u>9,013</u>	<u>1,075,492</u>	<u>1,084,505</u>
Expenditures:			
Current:			
Public safety	95	782,980	783,075
Capital outlay	55,664	20,625	76,289
Total expenditures	<u>55,759</u>	<u>803,605</u>	<u>859,364</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(46,746)</u>	<u>271,887</u>	<u>225,141</u>
Other financing sources (uses):			
Transfers out	-	(20,000)	(20,000)
Total other financing sources (uses)	<u>-</u>	<u>(20,000)</u>	<u>(20,000)</u>
Net change in fund balances	(46,746)	251,887	205,141
Fund balances, beginning	<u>185,844</u>	<u>415,877</u>	<u>601,721</u>
Fund balances, ending	<u>\$ 139,098</u>	<u>\$ 667,764</u>	<u>\$ 806,862</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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget-</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Grant revenue	\$ 120,000	\$ 120,000	\$ 121,471	\$ 1,471
Interest income	12,000	12,000	18,101	6,101
Miscellaneous	30,700	54,875	20,873	(34,002)
Total revenues	<u>162,700</u>	<u>186,875</u>	<u>160,445</u>	<u>(26,430)</u>
Expenditures:				
General Government:				
Administrative	222,500	143,619	130,084	13,535
Capital outlay	5,703,000	5,847,956	5,024,958	822,998
Total expenditures	<u>5,925,500</u>	<u>5,991,575</u>	<u>5,155,042</u>	<u>836,533</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(5,762,800)</u>	<u>(5,804,700)</u>	<u>(4,994,597)</u>	<u>810,103</u>
Other financing sources (uses):				
Transfers in	400,000	2,862,800	2,862,800	-
Use of fund balance	5,362,800	2,941,900	-	(2,941,900)
Total other financing sources (uses)	<u>5,762,800</u>	<u>5,804,700</u>	<u>2,862,800</u>	<u>(2,941,900)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(2,131,797)</u>	<u>\$ (2,131,797)</u>
Fund balance, beginning			<u>4,900,388</u>	
Fund balance, ending			<u>\$ 2,768,591</u>	

**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, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance With</u> <u>Final Budget-</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Revenues:				
Interest income	\$ 362	\$ 362	\$ 146	\$ (216)
Miscellaneous	-	-	8,867	8,867
Total revenues	<u>362</u>	<u>362</u>	<u>9,013</u>	<u>8,651</u>
Expenditures:				
Current:				
Public Safety	-	-	95	(95)
Capital outlay	125,000	166,000	55,664	110,336
Total expenditures	<u>125,000</u>	<u>166,000</u>	<u>55,759</u>	<u>110,241</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(124,638)</u>	<u>(165,638)</u>	<u>(46,746)</u>	<u>118,892</u>
Other financing sources (uses):				
Use of fund balance	124,638	165,638	-	(165,638)
Total other financing sources (uses)	<u>124,638</u>	<u>165,638</u>	<u>-</u>	<u>(165,638)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>(46,746)</u>	<u>\$ (46,746)</u>
Fund balance, beginning			<u>185,844</u>	
Fund balance, ending			<u>\$ 139,098</u>	

**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, 2013**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fire assessments	\$ 1,016,624	\$ 1,016,624	\$ 1,043,417	\$ 26,793
Charges for services	40,000	40,000	32,075	(7,925)
Total revenues	1,056,624	1,056,624	1,075,492	18,868
Expenditures:				
Current:				
Public Safety	944,524	944,524	782,980	161,544
Capital outlay	92,100	92,100	20,625	71,475
Total expenditures	1,036,624	1,036,624	803,605	233,019
Excess (deficiency) of revenues over (under) expenditures	20,000	20,000	271,887	251,887
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	\$ -	\$ -	251,887	\$ 251,887
Fund balance, beginning			415,877	
Fund balance, ending			\$ 667,764	

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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>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the Town's financial performance and well-being have changed over time.	<b>57-63</b>
<b>Revenue Capacity</b> These schedules contain information to help the reader assess the Town's most significant local revenue source, the property tax.	<b>64-67</b>
<b>Debt Capacity</b> 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.	<b>68-70</b>
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place.	<b>71-72</b>
<b>Operating Information</b> 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.	<b>73-75</b>

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)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities:										
Net investment in capital assets	\$ 6,585	\$ 5,736	\$ 380	\$ 11,756	\$ 17,822	\$ 15,518	\$ 15,222	\$ 15,296	\$ 16,455	\$ 20,759
Restricted for:										
Town beautification per contractual agreement	-	-	-	-	-	1,000	1,000	928	928	678
Law enforcement	-	-	-	-	-	291	212	198	186	139
Fire enforcement	-	-	-	-	-	63	216	486	416	604
Unrestricted	<u>7,145</u>	<u>10,156</u>	<u>19,993</u>	<u>13,473</u>	<u>11,901</u>	<u>8,358</u>	<u>11,054</u>	<u>12,887</u>	<u>13,698</u>	<u>10,368</u>
Total governmental activities net position	<u>13,730</u>	<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>
Business-type activities:										
Net investment in capital assets	2,734	3,782	4,518	6,156	5,955	5,578	5,629	6,255	6,541	7,464
Unrestricted	<u>1,749</u>	<u>1,615</u>	<u>2,759</u>	<u>2,818</u>	<u>1,839</u>	<u>1,853</u>	<u>1,668</u>	<u>1,887</u>	<u>2,312</u>	<u>2,822</u>
Total business-type activities net position	<u>4,483</u>	<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>
Primary government:										
Net investment in capital assets	9,319	9,518	4,898	17,912	23,777	21,096	20,851	21,551	22,996	28,223
Restricted for:										
El Mar beautification per contractual agreement	-	-	-	-	-	1,000	1,000	928	928	678
Law enforcement	-	-	-	-	-	291	212	198	186	139
Fire enforcement	-	-	-	-	-	63	216	486	416	604
Unrestricted	<u>8,894</u>	<u>11,771</u>	<u>22,752</u>	<u>16,291</u>	<u>13,740</u>	<u>10,211</u>	<u>12,722</u>	<u>14,774</u>	<u>16,010</u>	<u>13,190</u>
Total primary government net position	<u>\$ 18,213</u>	<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>

**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:	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities:										
General government	\$ 1,914	\$ 1,642	\$ 2,294	\$ 1,828	\$ 1,981	\$ 2,153	\$ 2,442	\$ 2,275	\$ 2,392	\$ 2,567
Public safety	6,082	5,831	5,835	6,193	6,426	4,795	4,869	4,953	5,566	6,049
Transportation	1,276	1,522	1,442	1,430	1,286	1,602	1,592	1,660	1,269	1,317
Recreation	367	435	436	486	483	400	418	397	333	362
Physical environment	138	148	175	206	313	320	294	125	563	810
Interest on long-term debt	406	404	570	491	458	551	-	-	-	-
Total governmental activities	<u>10,183</u>	<u>9,982</u>	<u>10,752</u>	<u>10,634</u>	<u>10,947</u>	<u>9,821</u>	<u>9,615</u>	<u>9,410</u>	<u>10,123</u>	<u>11,105</u>
Business-type activities:										
Sewer	817	888	928	1,011	1,008	1,062	1,105	974	1,511	861
Stormwater	126	61	80	190	229	-	-	-	-	-
Parking	83	92	77	174	376	201	220	424	440	425
Interest on long-term debt	-	-	114	-	-	-	-	-	-	-
Total business-type activities	<u>1,026</u>	<u>1,041</u>	<u>1,199</u>	<u>1,375</u>	<u>1,613</u>	<u>1,263</u>	<u>1,325</u>	<u>1,398</u>	<u>1,951</u>	<u>1,286</u>
Total primary government	<u>\$ 11,209</u>	<u>\$ 11,023</u>	<u>\$ 11,951</u>	<u>\$ 12,009</u>	<u>\$ 12,560</u>	<u>\$ 11,084</u>	<u>\$ 10,940</u>	<u>\$ 10,808</u>	<u>\$ 12,074</u>	<u>\$ 12,391</u>
Program revenues:										
Governmental activities:										
Charges for services:										
General government	\$ 574	\$ 802	\$ 984	\$ 898	\$ 826	\$ 244	\$ 148	\$ 154	\$ 636	887
Public safety	271	8	4	2,048	6	-	202	38	59	1,085
Transportation	1,002	887	570	392	215	299	-	-	-	-
Recreation	6	6	6	5	6	6	226	303	-	-
Physical environment	50	53	78	123	118	19	-	-	-	-
Operating grants and contributions	265	140	1,397	34	26	71	107	145	84	-
Capital grants and contributions	116	74	920	769	96	1,201	-	-	442	-
Total governmental activities program revenues	<u>2,284</u>	<u>1,970</u>	<u>3,959</u>	<u>4,269</u>	<u>1,293</u>	<u>1,840</u>	<u>683</u>	<u>640</u>	<u>1,221</u>	<u>1,973</u>
Business type activities:										
Charges for services:										
Sewer	1,176	1,054	1,000	1,010	1,100	1,002	964	1,153	1,207	1,125
Stormwater	-	36	197	218	-	-	-	-	-	-
Parking	67	99	432	642	602	481	389	948	1,620	1,553
Capital grants and contributions	-	-	-	332	-	34	-	295	-	-
Total business-type activities program revenues	<u>1,243</u>	<u>1,189</u>	<u>1,629</u>	<u>2,202</u>	<u>1,702</u>	<u>1,517</u>	<u>1,353</u>	<u>2,396</u>	<u>2,827</u>	<u>2,678</u>
Total primary government program revenues	<u>\$ 3,527</u>	<u>\$ 3,159</u>	<u>\$ 5,588</u>	<u>\$ 6,471</u>	<u>\$ 2,995</u>	<u>\$ 3,357</u>	<u>\$ 2,036</u>	<u>\$ 3,036</u>	<u>\$ 4,048</u>	<u>\$ 4,651</u>

**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)**

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Net (expense) revenue:										
Governmental activities	\$ (7,899)	\$ (8,012)	\$ (6,793)	\$ (6,365)	\$ (9,654)	\$ (7,981)	\$ (8,932)	\$ (8,770)	\$ (8,902)	\$ (9,063)
Business-type activities	217	148	430	827	89	254	28	998	876	1,431
Total primary government net expense	<u>\$ (7,682)</u>	<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>\$ (7,632)</u>
<b>General revenues and other changes in net position:</b>										
Governmental activities:										
Property taxes and fire assessments	\$ 7,833	\$ 8,565	\$ 9,937	\$ 9,029	\$ 10,092	\$ 9,196	\$ 8,404	\$ 7,938	\$ 7,798	\$ -
Property taxes (see note 1)	-	-	-	-	-	-	-	-	-	6,723
Utility taxes based on gross receipts	760	785	782	844	907	943	1,033	1,006	995	932
Franchise fees based on gross receipts	565	583	655	777	817	822	734	701	703	699
Communications services tax	376	372	350	353	358	434	366	330	376	385
Intergovernmental	321	-	-	-	-	556	539	557	594	848
Unrestricted Interest earnings	171	593	637	790	428	34	86	52	49	75
Miscellaneous	223	4	240	172	171	73	78	109	107	267
Transfers	(560)	(728)	(1,327)	(744)	1,375	624	166	167	167	-
Special item-contribution to other government unit	-	-	-	-	-	(9,194)	-	-	-	-
Total governmental activities	<u>9,689</u>	<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>
Business-type activities:										
Unrestricted Interest earnings	12	36	122	126	73	7	4	3	2	2
Miscellaneous	-	-	-	-	-	-	-	11	-	-
Gain on sale of assets	-	-	-	-	33	-	-	-	-	-
Transfers	560	728	1,327	744	(1,375)	(624)	(166)	(167)	(167)	-
Total business-type activities	<u>572</u>	<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>
Total primary government	<u>\$ 10,261</u>	<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>
Changes in net position:										
Government activities	\$ 1,790	\$ 2,162	\$ 4,481	\$ 4,856	\$ 4,494	\$ (4,493)	\$ 2,474	\$ 2,090	\$ 1,887	\$ 866
Business-type activities	789	912	1,879	1,697	(1,180)	(363)	(134)	845	711	1,433
Total primary government	<u>\$ 2,579</u>	<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>\$ 2,299</u>

Note 1: Beginning in 2013 fire assessment fees were reported as Charges For Services rather than General Revenues.

**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)**

<u>Fiscal Year</u>	<u>Ad Valorem and Fire Taxes</u>	<u>Franchise Fees on Services</u>	<u>Utility Tax</u>	<u>Communications Service Tax</u>	<u>Transportation Tax</u>	<u>Total</u>
2004	\$ 7,833	\$ 565	\$ 760	\$ 376	\$ 120	\$ 9,654
2005	8,565	583	785	372	119	10,424
2006	9,937	655	782	350	119	11,843
2007	9,029	777	844	353	116	11,119
2008	10,092	817	907	358	106	12,280
2009	9,196	822	943	434	109	11,504
2010	8,404	734	1,033	366	102	10,639
2011	7,938	701	1,006	330	104	10,079
2012	7,798	703	995	376	104	9,976
2013	7,766	699	932	385	104	9,886



**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)**

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b>Revenues:</b>										
Property taxes and fire assessments	\$ 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	\$ 7,833,400
Franchise fees and utility taxes	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	1,324,511
Intergovernmental	1,233,228	969,266	887,117	905,076	989,834	1,036,497	1,105,240	1,117,108	1,029,253	1,236,821
Fines and forfeitures	123,534	125,760	303,767	226,089	254,080	245,270	261,746	484,816	451,109	584,927
Charges for services	41,966	59,284	37,593	202,053	159,131	79,196	209,990	198,798	540,762	696,934
Interest and other	74,648	48,940	51,906	86,830	33,821	427,693	790,138	637,029	593,123	170,729
Licenses and permits	763,664	509,892	153,933	147,549	154,835	167,373	200,610	191,363	106,684	80,573
Grants	190,621	404,166	144,653	106,159	272,262	123,155	154,875	1,475,654	213,335	325,481
Miscellaneous revenues	266,653	107,426	109,409	77,965	1,073,158	170,782	172,465	240,127	4,258	223,720
<b>Total revenues</b>	<u>12,091,686</u>	<u>11,721,542</u>	<u>11,333,776</u>	<u>11,922,398</u>	<u>13,898,109</u>	<u>14,066,229</u>	<u>15,586,312</u>	<u>15,718,671</u>	<u>12,871,837</u>	<u>12,477,096</u>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	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	1,528,070
Public safety	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	6,026,492
Transportation	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	1,131,320
Recreation	338,444	330,408	304,613	325,912	307,685	397,597	400,533	349,687	364,797	300,690
Physical environment	184,217	193,526	-	198,313	311,328	167,986	174,499	146,417	104,002	103,193
Capital outlay	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	1,998,326
<b>Debt service:</b>										
Principal	-	-	-	-	6,814,833	4,275,881	2,129,786	1,835,615	1,384,254	1,291,439
Interest	-	-	-	-	550,849	458,103	491,596	607,376	403,442	406,104
<b>Total expenditures</b>	<u>15,433,567</u>	<u>11,398,322</u>	<u>9,366,166</u>	<u>9,456,485</u>	<u>16,973,222</u>	<u>23,445,594</u>	<u>14,004,031</u>	<u>15,145,814</u>	<u>12,116,042</u>	<u>12,785,634</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(3,341,881)</u>	<u>323,220</u>	<u>1,967,610</u>	<u>2,465,913</u>	<u>(3,075,113)</u>	<u>(9,379,365)</u>	<u>1,582,281</u>	<u>572,857</u>	<u>755,795</u>	<u>(308,538)</u>
<b>Other financing sources (uses):</b>										
Transfers in	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	1,179,854
Transfers out	(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)	(1,739,771)
Debt issued	-	-	-	-	-	-	-	4,000,000	2,950,000	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>167,000</u>	<u>167,000</u>	<u>165,645</u>	<u>165,645</u>	<u>1,374,575</u>	<u>(744,458)</u>	<u>2,673,404</u>	<u>2,221,653</u>	<u>(559,917)</u>
<b>Net change in fund balances</b>	<u>(3,341,881)</u>	<u>490,220</u>	<u>2,134,610</u>	<u>2,631,558</u>	<u>(2,909,468)</u>	<u>(8,004,790)</u>	<u>837,823</u>	<u>3,246,261</u>	<u>2,977,448</u>	<u>(868,455)</u>
<b>Fund balances - beginning</b>	<u>15,116,242</u>	<u>14,626,022</u>	<u>12,491,412</u>	<u>9,859,854</u>	<u>12,769,322</u>	<u>20,774,112</u>	<u>19,936,289</u>	<u>16,690,028</u>	<u>13,712,580</u>	<u>14,581,035</u>
<b>Fund balances - ending</b>	<u>\$ 11,774,361</u>	<u>\$ 15,116,242</u>	<u>\$ 14,626,022</u>	<u>\$ 12,491,412</u>	<u>\$ 9,859,854</u>	<u>\$ 12,769,322</u>	<u>\$ 20,774,112</u>	<u>\$ 19,936,289</u>	<u>\$ 16,690,028</u>	<u>\$ 13,712,580</u>

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**TABLE 6**  
**GENERAL GOVERNMENTAL REVENUES BY SOURCE (1)**  
**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Property Taxes and Fire Assessment Fees</u>	<u>Franchise Fees and Utility Taxes</u>	<u>Parking Meters</u>	<u>Licenses and Permits</u>	<u>Inter-Gov't</u>	<u>Charges Services</u>	<u>Fines and Forfeitures</u>	<u>Grants</u>	<u>Interest and Other</u>	<u>Total</u>
2004	\$ 7,833,400	\$ 1,324,511	\$ 526,748	\$ 80,573	\$ 1,236,821	\$ 170,186	\$ 584,927	\$ 325,481	\$ 394,449	\$ 12,477,096
2005	8,565,376	1,367,937	478,406	106,684	1,029,253	62,356	451,109	213,335	597,381	12,871,837
2006	9,936,889	1,436,887	146,804	191,363	1,117,108	51,994	484,816	1,475,654	877,156	15,718,671
2007	11,070,231	1,621,017	137,561	200,610	1,105,240	72,429	261,746	154,875	962,603	15,586,312
2008	10,092,717	1,723,546	55,448	167,373	1,036,497	23,748	245,270	123,155	598,475	14,066,229
2009	9,195,526	1,765,462	118,431	154,835	989,834	40,700	254,080	272,262	1,106,979	13,898,109
2010	8,404,054	1,766,623	156,585	147,549	905,076	45,468	226,089	106,159	164,795	11,922,398
2011	7,938,090	1,707,308	-	153,933	887,117	37,593	303,767	144,653	161,315	11,333,776
2012	7,798,158	1,698,650	-	509,892	969,266	59,284	125,760	404,166	156,366	11,721,542
2013	7,766,298	1,631,074	-	763,664	1,233,228	41,966	123,534	190,621	341,301	12,091,686

(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			
2004	2003	\$ 1,333,494,270	\$ 14,684,976	\$ 67,100,270	\$ 2,634	\$ 1,281,076,342	\$ 1,259,147,591	4.7000
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

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, 2013

<u>Taxpayer</u>	<u>Type of Use</u>	<u>2013</u>			<u>2003</u>		
		<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>	<u>Assessed Valuation</u>	<u>Rank</u>	<u>Percentage of Total Assessed Valuation</u>
Ocean 4660 LLC	Hotel	\$ 10,465,290	1	0.54%	N/A	N/A	N/A
Edmondson,James P - Seawatch	Restaurant	9,563,000	2	0.49%	N/A	N/A	N/A
North Pointe Investments LLC	Hotel	7,569,910	3	0.39%	N/A	N/A	N/A
White Cap Of FI Inc.	Condominiums	6,855,370	4	0.35%	N/A	N/A	N/A
Demko Family Holdings LTD	Restaurant/Prk. Lot	5,339,090	5	0.28%	N/A	N/A	N/A
Lion Caprice LLC	Hotel	4,903,250	6	0.25%	N/A	N/A	N/A
Gorana International Inc.	Hotel	4,526,140	7	0.23%	N/A	N/A	N/A
Little Italy Oceanside	Condominiums	3,976,960	8	0.21%	N/A	N/A	N/A
Minto Villas-By-The-Sea LLC	Condominiums	3,784,550	9	0.20%	N/A	N/A	N/A
Cole BN Lauderdale FL LLC - Benihana	Restaurant	3,767,530	10	0.19%	N/A	N/A	N/A

Source: Tax Roll of Broward County, Florida

Note: Information for 2003 was not available

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

<u>Fiscal Year</u> <u>Ended</u> <u>September 30,</u>	<u>Total</u> <u>Tax Levy</u>	<u>Current</u> <u>Tax Collected</u>	<u>Percentage of</u> <u>Current Taxes</u> <u>Collected</u>	<u>Delinquent</u> <u>Tax</u> <u>Collections</u>	<u>Total</u> <u>Tax</u> <u>Collections</u>	<u>Ratio of Total</u> <u>Tax Collections</u> <u>to Total</u> <u>Tax Levy</u>
2004	\$ 5,920,465	\$ 5,917,678	99.95%	\$ -	\$ 5,917,678	99.95%
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%	7	9,369,267	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%	40,305	7,031,050	99.19%
2012	6,934,808	6,915,094	99.72%	16,363	6,931,457	99.95%
2013	6,926,376	6,916,855	99.86%	4,698	6,921,553	99.93%

**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	
2004	4.7000	7.1880	8.8096	0.6970	0.0385	0.3316	2.5000	0.2490	24.5137
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

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**

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Total General Governmental Expenditures</u>	<u>Ratio of Debt</u>
2004	\$ 1,291,439	\$ 406,104	\$ 1,697,543	\$ 12,225,717	13.89%
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%

**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		Population	Per Capita	Personal Income	Percentage of Personal Income
	Promissory Notes	Line of Credit	Capital Leases	Promissory Notes	Primary Government				
2004	\$ 9,485,165	\$ 41,800	\$ 61,816	\$ -	\$ 9,588,781	9,800	978	\$ 23,170	4.22%
2005	11,093,058	-	-	-	11,093,058	9,800	1,132	29,314	3.86%
2006	10,561,894	2,658,606	-	2,847,397	16,067,897	9,800	1,640	29,935	5.48%
2007	11,090,714	-	-	2,691,644	13,782,358	9,800	1,406	36,595	3.84%
2008	6,814,833	-	-	1,685,889	8,500,722	9,800	867	38,944	2.23%
2009	-	-	-	1,573,714	1,573,714	9,800	161	39,267	0.41%
2010	-	-	-	1,457,042	1,457,042	11,000	132	41,352	0.32%
2011	-	-	-	1,130,723	1,130,723	11,000	103	48,773	0.21%
2012	-	-	-	839,598	839,598	11,000	76	48,773	0.16%
2013	-	-	-	587,208	587,208	11,000	53	59,411	0.09%

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

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**

TABLE 13  
DIRECT AND OVERLAPPING  
GOVERNMENTAL ACTIVITY DEBT  
SEPTEMBER 30, 2013

<u>Name of Governmental Unit</u>	<u>Net Bonded Outstanding September 30, 2013</u>	<u>Percent of Debt Applied to Town Lauderdale By-The-Sea (1)</u>	<u>Amount of Debt Debt Applied Town of Lauderdale By-The-Sea</u>
Debt repaid with property taxes:	None		
Broward County	\$ 307,445,000	1.4%	\$ 4,410,083
Broward County School District	-	1.4%	-
Subtotal, overlapping debt			4,410,083
Town of Lauderdale-By-The-Sea Direct Debt			-
Total direct and overlapping debt			<u>\$ 4,410,083</u>

(1) Based on ratio of assessed valuation for:  
 Town of Lauderdale-By-The-Sea 1,814,008,569  
 Broward County 126,461,999,685

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, 2013

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	4.000%
	Per Capita Personal Income (2)	59,411
Population Statistics:	Civilian Labor Force (1)A	1,025.50
	Unemployment Rate (1)B	5.3%

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 12/20/13

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**

TABLE 15  
 PRINCIPAL EMPLOYERS  
 CURRENT AND TEN YEARS AGO  
 SEPTEMBER 30, 2013

<u>Employer</u>	<u>2013</u>			<u>2003</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total Town Employment</u>
Aruba's Beach Café Restaurant	158	1	NA	NA	NA	NA
Sea Watch Restaurant	108	2	NA	NA	NA	NA
Mulligans	106	3	NA	NA	NA	NA
Benihana - Restaurant	80	4	NA	NA	NA	NA
Blue Moon Fish Company - Restaurant	75	5	NA	NA	NA	NA
BurgerFi	35	6	NA	NA	NA	NA
Total	<u>562</u>					

Source: Lauderdale-By-The-Sea Development Services  
 Note: Information for 2003 was unavailable.

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

<u>Function</u>	Full time Equivalent Positions as of September 30,									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Administration	8.45	8.35	8.25	8.25	8.50	10.00	11.00	11.00	11.00	10.50
General Government	1.50	1.55	-	-	-	-	-	-	-	-
Public Works	13.55	12.00	15.00	15.00	15.00	15.00	16.00	17.00	17.50	16.50
Development services	2.50	4.00	3.75	4.80	4.75	6.00	6.00	6.00	6.00	7.00
Parking	0.35	0.45	4.90	4.00	4.00	4.00	4.00	4.00	5.00	5.50
Project Management	1.10	1.00	-	-	-	-	-	-	-	-
Sewer	1.30	1.30	1.25	1.30	1.25	1.00	0.50	0.50	0.50	0.50
Stormwater	-	-	-	-	-	1.00	-	-	-	-
Total	<u>28.75</u>	<u>28.65</u>	<u>33.15</u>	<u>33.35</u>	<u>33.50</u>	<u>37.00</u>	<u>37.50</u>	<u>38.50</u>	<u>40.00</u>	<u>40.00</u>

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

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Government:										
Informational calls received	6,840	6,912	8,071	7,413	11,131	13,828	6,250	11,500	15,000	13,000
Public records request	22	90	99	277	294	223	191	218	216	214
Resolutions	46	61	44	39	29	24	21	24	19	27
Ordinances	41	22	20	16	28	16	19	11	16	23
Commission meetings	22	33	36	55	26	36	32	59	53	41
Cash receipts - general operating	4,332	3,263	2,608	2,539	2,346	2,075	2,615	2,367	3,013	N/A
Cash disbursements - general operating	3,140	3,423	2,932	2,110	2,314	2,684	2,204	2,033	2,159	2,620
Payroll disbursements - general operating	1,330	1,326	1,380	1,248	1,082	1,018	1,248	1,245	1,222	1,274
Purchase orders issued	148	140	190	197	208	235	285	165	166	N/A
Claims processed - gen liability and workers comp	9	10	17	8	13	-	15	12	18	11
Hours of information technology services	329.25	102	256.37	111	90.0	161.0	92.8	61.5	133.0	N/A
Public safety:										
Informational calls received	5,179	5,063	4,941	5,185	7,660	4,952	7,764	8,868	8,694	5,307
Public records request	-	-	-	-	32	85	57	75	148	194
Citizen on patrol membership	37	29	26	23	21	19	29	37	34	33
Neighborhood crime watch membership	-	-	-	-	55	26	50	59	44	N/A
Fire responses	364	339	411	345	349	514	485	533	463	355
Fire medical services (EMS)	990	943	874	943	1,056	826	874	877	782	934
Notices of violations code compliance	956	158	375	573	844	524	595	495	717	461
Citations issued code compliance	-	-	-	5	13	4	14	19	43	25
Complaints investigated	1,266	505	151	334	246	381	331	285	119	410
Parking citations	4,674	7,565	8,289	6,846	9,555	13,253	16,505	16,475	15,740	16,778
Municipal services:										
Parking maintenance (hours)	520	1,560	359	89	1,221	1,650	2,550	4,661	1,818	N/A
Street maintenance and repairs (hours)	1,547	1,253	952	668	206	226	252	283	136	N/A
Ground maintenance and repairs (hours)	5,657	5,587	7,508	7,277	1,572	1,507	1,658	1,084	576	N/A
Building maintenance and repairs (hours)	2,744	2,496	2,884	3,371	6,784	5,704	6,491	5,009	2,716	N/A
Cultural - recreation:										
Scheduled recreation activities	969	934	1,002	1,131	804	972	1,047	955	1,423	N/A
Recreation Volunteer hours	1,662	1,772	1,769	1,511	356	617	825	598	891	870
Recreation activity participants	2,741	6,065	5,740	4,116	5,263	5,465	5,596	5,553	5,096	5,591
Recreation areas maintenance (hours)	1,965	2,456	3,136	2,771	1,604	1,932	1,932	1,780	554	N/A

N/A - Information not available

Source: Town of Lauderdale-By-The-Sea Fiscal Year 2013 Activity Report

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**

TABLE 18

CAPITAL ASSETS BY FUNCTION

LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
General Government Facilities:										
Town Buildings	7	7	7	7	7	7	6	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	1	1	1	1
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Shuffleboard Court	2	2	2	2	2	2	2	2	2	2
Bocci Ball Court	1	1	1	1	1	1	1	1	1	1
Basketball Court	1	1	1	1	1	1	1	1	1	1
Beach Portals	6	6	6	6	6	6	6	6	6	2
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	2	2	2	2	2
Fire Rescue Station	1	1	1	1	1	2	1	1	1	1
Fire Vehicles	2	2	2	2	2	2	2	2	2	2
Fire Rescue Vehicle	3	3	2	2	2	1	1	1	1	1
Infrastructure:										
Miles of paved roads	16.68	16.68	16.68	16.68	16.68	16.68	16.68	16.68	16.68	16.68
Cable television	1	1	1	1	1	1	1	1	1	1
Surface Parking Lot	4	3	3	3	3	3	3	2	2	1

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, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our opinion thereon dated June 9, 2014. Our report includes a reference to other auditors who audited the financial statements of the Volunteer Fire Department's Pension Plan, as described in our report on the Town's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted a matter involving the internal control over financial reporting and compliance that we have reported to management of the Town in a separate letter dated June 9, 2014.

The Town's response to the finding identified in our audit is described in the accompanying Management Letter. We did not audit the Town's response and, accordingly, we express no opinion on it.

**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.

June 9, 2014



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

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

We have audited the financial statements of the Town of Lauderdale-By-The-Sea, Florida (“Town”) as of and for the fiscal year ended September 30, 2013, and have issued our report thereon dated June 9, 2014.

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

In addition, we have issued our Independent Auditor’s Report on Internal Control over Financial Reporting and Compliance and Other Matters based on an audit of the financial statements performed in accordance with *Government Auditing Standards* and Chapter 10.550, Rules of the Florida Auditor General dated June 9, 2014. Disclosures in that report should be considered in conjunction with this management letter.

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

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

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.

June 9, 2014

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

#### 2013-01: Fire Inspection Fees

Finding: During the course of conducting procedures for the audit of the fiscal year ended September 30, 2013, it came to our attention that the Town incorrectly billed certain business owners for their fiscal year 2013 fire inspection fees. When this matter was brought to the Town's attention, the business owners that were overcharged were refunded for the amounts that had been overcharged.

Recommendation: A final review should be performed on data inputs and calculations used to compute fire inspection fees before invoices are sent to business owners to ensure accurate billing.

Management Response: We concur.

### II. PRIOR YEAR FINDINGS

None

### 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, 2012.

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

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

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2013, except as noted above.

4. 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, 2013, except as noted above.

## **REPORT TO MANAGEMENT (Continued)**

5. The name or official title and legal authority of the Town are disclosed in the notes to the financial statements.
6. 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, 2013 financial audit report.
7. The Town has not met one or more of the financial emergency conditions described in Section 218.503(1), Florida Statutes.
8. 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.