

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

**ANNUAL COMPREHENSIVE FINANCIAL REPORT  
FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**Prepared By:**

**The Finance Department**

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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# TOWN OF LAUDERDALE • BY • THE • SEA

4501 N. OCEAN DRIVE, LAUDERDALE-BY-THE-SEA, FL 33308  
Phone: 954-640-4200

March 28, 2023

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, 2022.

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 representation, 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 statement 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, 2022, 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 statement for the fiscal year ended September 30, 2022 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 County. 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 year-round population of approximately 6,500 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 and permitting, code enforcement, and parking enforcement are all delivered via contracts with third party providers: Broward's Sheriff'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 services, Calvin, Giordano & Associates for code enforcement, and Republic 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 6:30 p.m. in Jarvis Hall, 4501 Ocean Drive, Lauderdale-By-The-Sea, Florida.

### The Town's Budget

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

The Town Manager seeks budget policy direction from the Town Commission, then crafts a budget consistent with that policy direction and presents it to the Commission for review in July of each year. The Commission is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the Town's fiscal year. The budget is legally enacted through the passage of a resolution which adopts the budget by fund and department. This administration's policy is that the classification detail at which expenditures may not legally exceed appropriation 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.

Budget-to-actual comparisons are reported monthly to the Town Commission by the Finance Director. Revenue and expenditure projections for the current fiscal year are provided to the Commission during the budget preparation process.

Economic Condition

As shown in Table 1, the Town of Lauderdale-By-The-Sea’s taxable assessed value for fiscal year 2022 increased by \$81,954,525 or approximately 3.04%.

**Table 1**

<b>Tax Roll</b>	<b>Fiscal Year</b>	<b>WCC Table Values</b>	<b>Year-to-Year Comparison</b>	
2011	2012	\$1,729,711,519	(\$36,658,953)	-2.10%
2012	2013	\$1,758,499,775	\$28,788,256	1.70%
2013	2014	\$1,811,104,269	\$52,604,494	3.00%
2014	2015	\$1,928,187,948	\$117,083,679	6.50%
2015	2016	\$2,073,594,801	\$145,406,853	7.50%
2016	2017	\$2,219,593,247	\$145,998,446	7.00%
2017	2018	\$2,376,152,413	\$156,559,166	7.10%
2018	2019	\$2,500,803,075	\$124,650,662	5.00%
2019	2020	\$2,609,201,941	\$108,398,866	4.20%
2020	2021	\$2,698,422,605	\$89,220,664	3.40%
2021	2022	\$2,780,377,130	\$81,954,525	3.04%

*\*Total Taxable Value with Certificates (Source: Taxable Value Report, BCPA)*

Table 2 shows the size of the labor force, the number of employed and unemployed, and the unemployment rate for Broward County for each of the past eleven years. The table shows that the unemployment rate in Broward County has continued to decline and the size of the labor force has continued to increase. In year 2022, the unemployment rate decreased by 0.9% to 2.2%. The indicator shows that the local economy is continuing to recover.

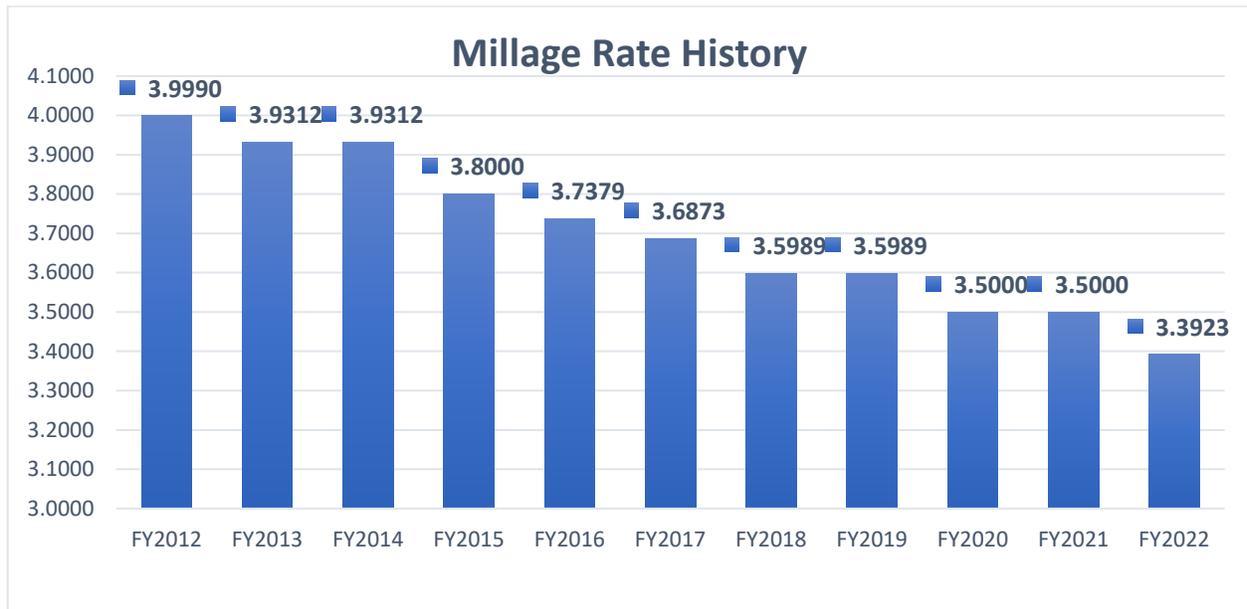
**Table2**

<b>Year</b>	<b>Labor Force</b>	<b>Employed</b>	<b>Unemployed</b>	<b>Unemployment Rate</b>
2012	978,286	902,489	75,797	7.70%
2013	987,928	923,202	64,726	6.60%
2014	995,699	937,586	58,113	5.80%
2015	991,365	941,948	49,417	5.00%
2016	1,013,909	967,406	46,503	4.60%
2017	1,036,383	996,992	39,391	3.80%
2018	1,043,978	1,011,659	32,319	3.10%
2019	1,054,173	1,024,315	29,858	2.80%
2020	989,486	948,237	41,249	4.20%
2021	1,045,732	1,005,584	31,787	3.10%
2022	1,066,747	1,043,555	13,192	2.2%

*Source: United States Department of Labor, Bureau of Labor Statistics*

As indicated in the following Table 3, during fiscal year 2022 the Town’s millage rate was 3.3923 per 1,000 of assessed taxable value, the second lowest millage rate of any city in Broward County.

**Table 3**



**Fund Balances-Governmental Funds, as of September 30, 2022**

Table 4 below shows the balances of the governmental funds as of September 30, 2022, the unassigned balance of the general fund was \$5,875,765. The other significant component of the general fund balance is the \$2,500,000 assigned to the emergency reserve.

As of September 30,2022, the balance of the capital projects fund was \$5,743,801. 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 remaining \$5,066,235 is allocated to future capital projects.

Building and Fire Funds are restricted funds, as of September 30,2022, the balance was \$2,428,741 of that amount \$683,984 building fund and \$1,744,757 fire fund.

The Town’s non-major fund is the law enforcement trust fund (LETF). As of September 30, 2022, the balance of LETF is \$15,440 which is legally restricted to be used for law enforcement purposes.

**Table 4**

	Major Funds			Non-Major Fund	Total Governmental Funds
	General Fund	Special Revenue Funds	Capital Projects Fund		
Fund balance					
Restricted for:					
Florida Building Code Enforcement		683,984			6,83,984
Fire Department		1,744,757			1,744,757
Law Enforcement				15,440	15,440
El Mar Beautification per contract			677,566		677,566
Assigned to:					
Emergency Reserve	2,500,000				2,500,000
Capital Projects			5,066,235		5,066,235
Unassigned	5,875,765				5,875,765
<b>Total Fund Balances</b>	<b>8,375,765</b>	<b>2,428,741</b>	<b>5,743,801</b>	<b>15,440</b>	<b>16,563,747</b>

## Proprietary Funds

The Town's Proprietary funds include the Sewer Fund and Parking Fund. As of September 30, 2022, the unrestricted balance of the sewer fund was \$1,909,132, and the unrestricted balance of the parking fund was \$2,867,894. The table below shows the history of the proprietary fund unrestricted balances over the past ten years.

Year	Sewer Fund	Parking Fund	Total Proprietary Funds
2013	\$1,512,624	\$1,309,848	\$2,822,472
2014	\$1,281,780	\$1,384,554	\$2,666,334
2015	\$1,546,085	\$2,744,722	\$4,290,807
2016	\$1,424,365	\$3,814,981	\$5,239,346
2017	\$1,103,464	\$2,754,649	\$3,868,113
2018	\$1,033,340	\$3,979,300	\$5,012,640
2019	\$1,328,660	\$4,672,274	\$6,000,934
2020	\$1,472,565	\$5,563,627	\$7,036,192
2021	\$1,652,461	\$6,935,905	\$8,588,366
2022	\$1,909,132	\$2,867,894	\$4,777,026

As you read further into the report, you will find details regarding the Town's different funds.

### Acknowledgements

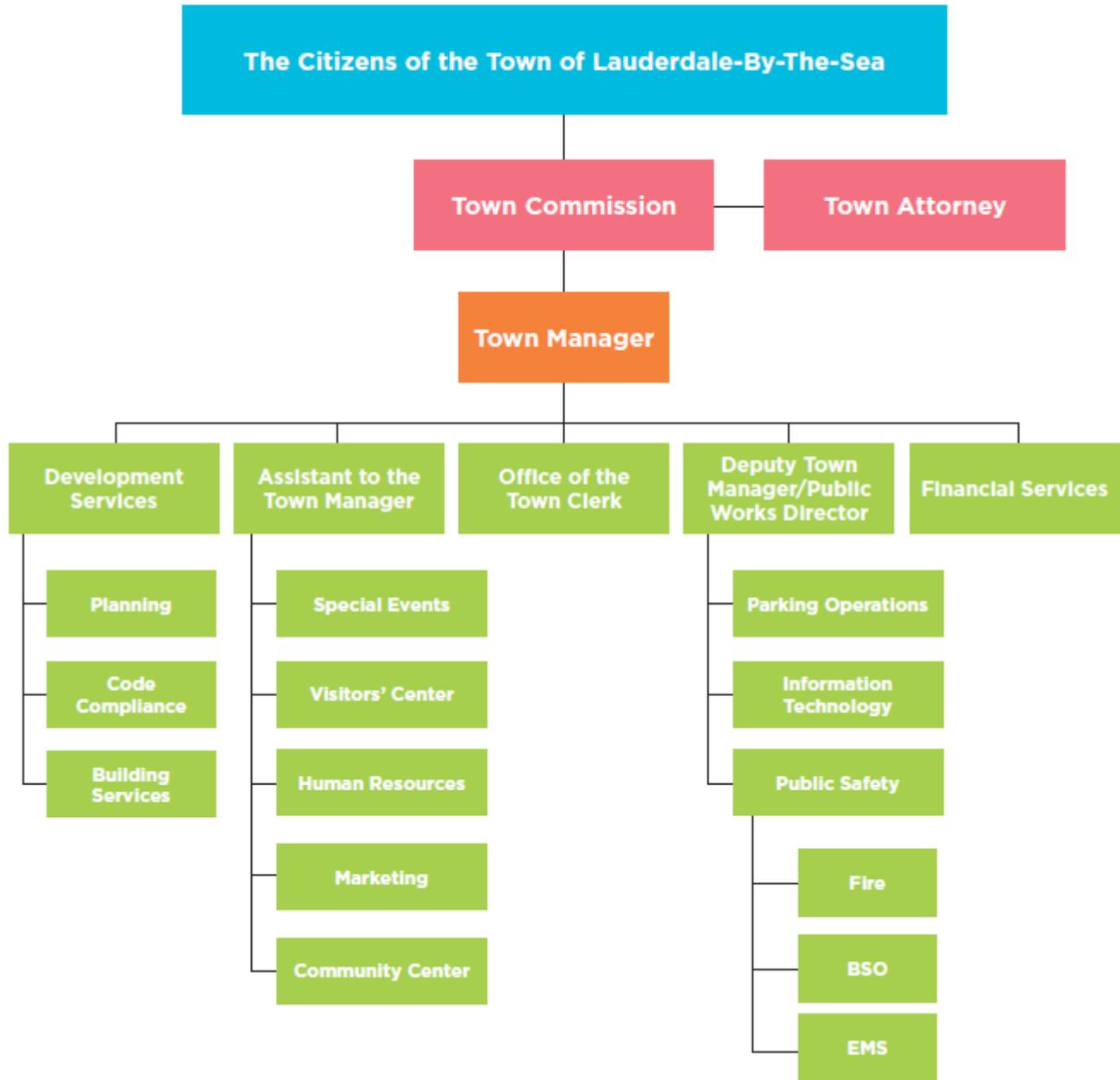
The preparation of this report could not have been accomplished without the efficient and dedicated services of Edner Saint-Jean, Assistant Finance Director and Sara Del Villar De Estevez of our Finance staff. We would also like to extend our thanks to the firm of Grau & Associates for their cooperation, 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,

  
Linda Connors  
Town Manager

  
Lucila Lang  
Director of Finance and Budget

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA  
ORGANIZATIONAL CHART  
SEPTEMBER 30, 2022**



**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA  
TOWN OFFICIALS  
SEPTEMBER 30, 2022**

**TOWN COMMISSION**

**CHRISTOPHER R. VINCENT**  
Mayor

**EDMUND MALKOON**  
Vice-Mayor

**ALFRED (BUZ) OLDAKER**  
Commissioner

**THEOPHILOS POULOPOULUS**  
Commissioner

**RANDOLPH STRAUSS**  
Commissioner

**TOWN ATTORNEY**  
Susan L. Trevarthen

**MANAGEMENT TEAM**

**TOWN MANAGER**  
Linda Connors

**DEPUTY TOWN MANAGER/PUBLIC WORKS DIRECTOR**  
Kenneth Rubach

**ASSISTANT TO TOWN MANAGER**  
Courtney Easley

**DEVELOPMENT SERVICES DIRECTOR**  
Jhanelle Campbell

**FINANCE DIRECTOR**  
Lucila Lang

**TOWN CLERK**  
Katrina C. Adler

**CHIEF OF EMERGENCY MEDICAL SERVICES**  
Brooke Liddle

**FIRE CHIEF**  
Judson Hopping

**POLICE CHIEF**  
Thomas Palmer

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**INDEPENDENT AUDITOR'S REPORT**



# Grau & Associates

CERTIFIED PUBLIC ACCOUNTANTS

951 Yamato Road • Suite 280  
Boca Raton, Florida 33431  
(561) 994-9299 • (800) 299-4728  
Fax (561) 994-5823  
www.graucpa.com

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Town of Lauderdale-By-The-Sea, Florida ("Town"), as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the remaining fund information of the Town, as of September 30, 2022, 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.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Responsibilities of Management for the Financial Statements**

The Town's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and other required supplementary information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary 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 budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The 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. In our opinion, the budgetary comparison schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Information Included in the Financial Report***

Management is responsible for the other information included in the financial report. The other information comprises the information for compliance with FL Statute 218.39 (3) (c), the introductory section and the statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

March 28, 2023

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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Town of Lauderdale-By-The-Sea financial performance provides an overview of the Town's financial activities for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal in the introductory section and in conjunction with the Town's basic financial statements.

### Financial Highlights

- The assets plus deferred outflows of resources of the Town of Lauderdale-By-The-Sea exceeded its liabilities plus deferred inflows of resources at the close of the most recent fiscal year by \$58,660,082 (net position). Of this amount, \$16,233,487 is unrestricted net position.
- The Town's net position increased by \$2,380,821 from the prior fiscal year primarily as a result of the Town's parking fund having generated operating income of \$1,995,478 during the fiscal year.
- At the close of the fiscal year 2022, the Town of Lauderdale-By-The-Sea's governmental funds reported combined ending fund balances of \$16,563,747 an increase of \$2,260,931 during the fiscal year.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$5,875,765 or approximately 47% of total general fund expenditures. It is the Town's intent to continue to use the general fund balance to pay for capital projects.

Information on FY22 Capital Projects undertaken is listed below:

- Town Campus Roof Replacement (Public Works and Development Services) \$200,000- As part of the Town's building maintenance program, staff has had all the roofs on the municipal campus, as well as the offsite facility, inspected. The study found that all roofs except the VFD/BSO/AMR Building will need to be replaced. The FY21 CIP estimated \$100,000 for replacement of the Town Hall Administrative building roof, which was in the worst condition. The FY22 CIP will continue the improvements started in FY21 by planning for replacement of the Public Works and Development Services roofs. These two roofs are approximately 20,000 sq ft and we recommend they be repaired using a recover system with a PVC membrane. Both roofs were successfully recovered.
- Flooring Replacement (Town Hall and Development Services) \$60,000- Staff recommends restoring the existing Terrazzo floors under the carpeting in Town Hall Administrative building, as the initial inspection showed it to be in good condition. The Development Services Building does not have Terrazzo, so the carpeted areas in that building would be replaced to match existing tile from previous projects. The terrazzo floors have been restored.
- Palm Club Sewer Project \$1,500,000-The project installed a new sanitary sewer system for 99 homes within the Palm Club neighborhood. This project was successfully completed and maintenance as well as ownership of the system has been transferred to the City of Pompano Beach.
- Complete Street Project Construction (Codrington Drive) \$1,200,000- The Town completed a Stormwater Master Plan to identify areas in Town that need drainage improvements, and a Pedestrian Study to highlight areas that would benefit from pedestrian improvements. FY21 CIP included design of a Complete Street project for Codrington Drive that would establish drainage and pedestrian amenities. Based on the plans scheduled to be developed in FY21 for Codrington Drive, construction in FY22 would include drainage, landscaping, and traffic calming. This project is being constructed in FY23.

- Canal Dredging (Phase 1) \$135,000- This is the first year of a two-year project focused on removal of sediment from our canals. The costs associated with securing a permit for this work were already borne in the FY21 CIP. The \$135,000 estimated here will be used to start phase 1 of the canal dredging. Staff anticipates this project will be completed in two phases. The first phase of this project was deferred until FY23 due to permitting.
- Finance Software \$70,000-The Finance Department software purchased in 2001 is outdated. Staff recommends purchasing new software. The initial implementation and roll out of the first modules of the software has taken place. Staff is continuing to work on additional modules.

### **Long-Term Debt**

For the purchase of the South Ocean lot, the Town will be making 3 equal payments over the following fiscal years-2023, 2024 and 2025 totaling \$3,100,000.00.

### **Using This Annual Report**

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the Town as a whole and present a longer-term view of the Town's finances. For governmental activities, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide financial statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of third parties.

### **Overview of the Financial Statements**

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

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

The *statement of net position* presents information on all of the Town of Lauderdale-By-The-Sea's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the residual amount being reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

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

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

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

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

### **Overview of the Financial Statements**

The Town of Lauderdale-By-The-Sea maintains five individual governmental funds (general, capital projects, and three 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 major funds and in total for non-major funds. The general fund, building fund, fire fund and capital projects funds are considered to be major funds. The police training and forfeiture fund is considered to be a non-major fund.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

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

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

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

**Notes to the basic financial statements:** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

## Government-Wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of the Town of Lauderdale-By-The-Sea's financial position. The Town's total net position was \$58,660,082 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 is subject to external restrictions regarding how they may be used such as the remaining balance (\$677,566) of the \$1 million settlement received from Pier Pointe which is contractually restricted to El Mar Drive improvements. The remaining balance of unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Town is able to report positive balances in all three categories of net position, both for the Town as a whole, as well as for its separate governmental and business-type activities.

**Governmental Activities:** Governmental activities increased the Town's net position by \$1,156,337 in fiscal year 2022. The increased represents revenue collections were more than expenditures by 1.06%.

**Business-type Activities:** Business-type activities increased the Town of Lauderdale-By-The Sea's net position by \$1,224,484, \$988,421 of which, is attributable to the parking fund.

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

	Net Position September 30,					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 19,014,465	\$ 16,496,621	\$ 8,296,886	\$ 9,114,136	\$ 27,311,351	\$ 25,610,757
Capital assets, net	20,128,248	21,389,721	19,177,398	14,140,776	39,305,646	35,530,497
Total assets	39,142,713	37,886,342	27,474,284	23,254,912	66,616,997	61,141,254
Deferred outflows of resources	851,271	686,151	71,262	57,205	922,533	743,356
Long-term liabilities	3,265,299	1,525,624	3,446,111	80,741	6,711,410	1,606,365
Other liabilities	1,350,552	1,352,006	134,247	272,135	1,484,799	1,624,141
Total liabilities	4,615,851	2,877,630	3,580,358	352,876	8,196,209	3,230,506
Deferred inflows of resources	671,677	2,144,744	11,562	230,099	683,239	2,374,843
Net position:						
Investment in capital assets	20,128,248	21,389,721	19,176,600	14,140,776	39,304,848	35,530,497
Restricted for:						
Florida building code	683,984	211,210	-	-	683,984	211,210
Fire department	1,744,757	1,708,133	-	-	1,744,757	1,708,133
El Mar beautification	677,566	677,566	-	-	677,566	677,566
Law enforcement	15,440	14,369	-	-	15,440	14,369
Unrestricted	11,456,461	9,549,120	4,777,026	8,588,366	16,233,487	18,137,486
Total net position	\$ 34,706,456	\$ 33,550,119	\$ 23,953,626	\$ 22,729,142	\$ 58,660,082	\$ 56,279,261

## Government-Wide Financial Analysis (Continued)

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

	Changes in Net Position					
	For the Fiscal Year Ended September 30,					
	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program Revenues:						
Charges for services	\$ 3,344,053	\$ 2,364,967	\$ 4,495,332	\$ 3,988,093	\$ 7,839,385	\$ 6,353,060
Operating grants and contributions	3,513,583	551,046	-	-	3,513,583	551,046
General Revenues:						
Property taxes	9,112,216	9,152,260	-	-	9,112,216	9,152,260
Franchise taxes and utility taxes	2,022,272	1,847,000	-	-	2,022,272	1,847,000
Grants and contributions not restricted to specific programs	1,471,975	1,032,457	-	-	1,471,975	1,032,457
Unrestricted investment earnings	5,731	5,079	1,204	974	6,935	6,053
Miscellaneous revenues	199,987	215,014	101,250	15,000	301,237	230,014
Total revenues	19,669,817	15,167,823	4,597,786	4,004,067	24,267,603	19,171,890
Expenses:						
General government	2,394,861	2,268,920	-	-	2,394,861	2,268,920
Public safety	9,635,409	8,624,492	-	-	9,635,409	8,624,492
Transportation	2,489,593	2,012,971	-	-	2,489,593	2,012,971
Recreation	597,391	610,305	-	-	597,391	610,305
Physical environment	4,505,496	2,568,463	-	-	4,505,496	2,568,463
Interest	30	-	-	-	30	-
Sewer	-	-	1,068,280	1,090,379	1,068,280	1,090,379
Parking	-	-	1,195,722	996,051	1,195,722	996,051
Total expenses	19,622,780	16,085,151	2,264,002	2,086,430	21,886,782	18,171,581
Change in net position before transfers	47,037	(917,328)	2,333,784	1,917,637	2,380,821	1,000,309
Transfers in (out), net	1,109,300	400,764	(1,109,300)	(400,764)	-	-
Increase in net position	1,156,337	(516,564)	1,224,484	1,516,873	2,380,821	1,000,309
Net position - beginning	33,550,119	34,066,683	22,729,142	21,212,269	56,279,261	55,278,952
Net position - ending	\$ 34,706,456	\$ 33,550,119	\$ 23,953,626	\$ 22,729,142	\$ 58,660,082	\$ 56,279,261

In the governmental activities, revenue from charges for services increased by \$979,086. Franchise taxes and utility taxes increased by \$175,272. Operating grants and contribution increased by \$2,962,537 due primarily to grants contributions being recognized related to Emergency Supplemental Funding and Broward County in the current fiscal year. Grants and contributions not restricted to specific programs increased by \$439,518. Miscellaneous revenues decreased by (\$15,027).

In the business-type activities, revenue from charges for services increased by \$507,239 due to a \$1,059 increase in sewer revenue and \$506,180 increase in parking revenue.

Public Safety expense increased by \$125,941 and Recreation expense decreased by \$12,914 due to increased contractual services expenses and decreased special events. Transportation expense increased by \$476,622 due primarily to service maintenance and other operating expenses.

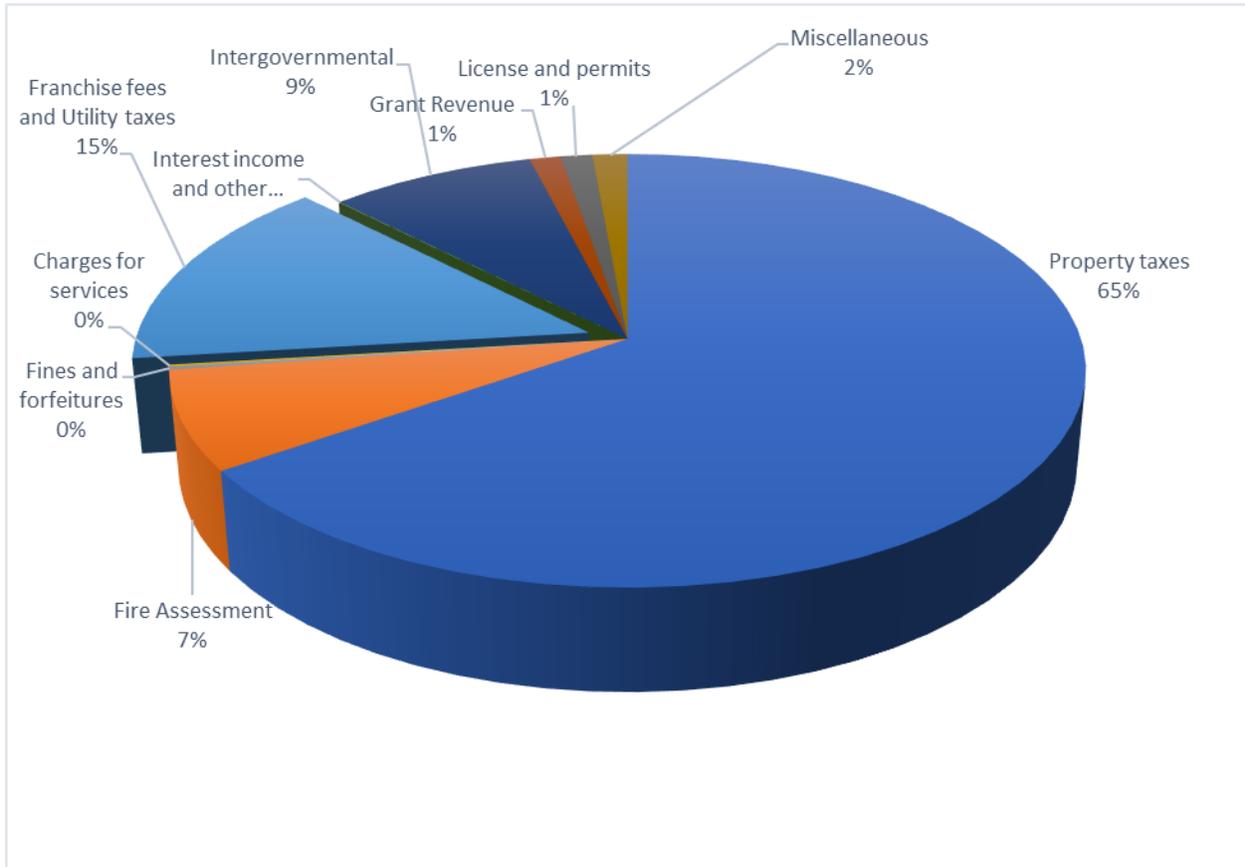
Physical Environment expense increased by \$1,937,033 due to increased depreciation expenses from the prior year as more assets were placed in service.

## Government-Wide Financial Analysis (Continued)

Sewer expense decreased by \$22,099 primarily as a result of no sewer line maintenance in the current fiscal year. Parking expense increased by \$199,671 due to a partial payment made to Flamingo East, LLC. for the purchase of the South Ocean lot.

### Revenues-Governmental Funds

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



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. 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 \$16,563,747 an increase of \$2,260,931 from the prior fiscal year.

### **Governmental Funds (Continued):**

The general fund is the primary operating fund of the Town. At the end of the fiscal year 2022, the fund balance of the general fund was \$8,375,765 which represents a net change in fund balances of (\$218,316) from the prior fiscal year. The more significant revenue surplus items were as follows: Property taxes (\$115,893), Franchise fees and utility taxes (\$138,972), Intergovernmental (\$80,549), charges for services (\$6,010), and licenses and permits (\$47,622). There was less spending than on Administration (\$149,363), General (\$137,434), Business Development & Marketing (\$112,574), Development (\$156,369), Municipal Services (\$223,688), and Recreation services (\$165,756).

The fund balance of the capital projects fund increased by \$1,968,778 to \$5,743,801 as expenditures were funded by available fund balance in the current fiscal year.

**Proprietary Funds:** The Town of Lauderdale-By-The-Sea's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Revenues increased by \$507,239 from the prior fiscal year in the proprietary funds. Parking revenues increased by \$506,180 from the prior fiscal year. Operating expenses in the sewer fund decreased by \$22,099 due to primarily a result of no sewer line maintenance in the current fiscal year. The unrestricted net position of the Sewer and Parking Funds combined at the end of the fiscal year amounted to \$4,777,026, a decrease of \$3,811,340 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. Property tax collections amounted to 101.29% of budgeted revenues.

Franchise fees and utility taxes came in at 107.38% of budgeted levels.

Intergovernmental revenues collected were 107.38% of budget.

Actual expenditures of the general fund were approximately 8.33% less than budgeted.

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

### **Capital Assets**

The Town of Lauderdale-By-The-Sea's investment in capital assets for its governmental and business type activities as of September 30, 2022, amounted to \$39,304,848 (net of accumulated depreciation). These are investments in capital assets which include land, buildings, infrastructure, and improvements other than buildings, machinery and equipment.

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

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

According to Greater Fort Lauderdale Alliance Broward County's job report indicated a 2.9 percent unemployment rate in July 2022. This rate was 2.2 percentage points lower than the region's year ago rate of 5.1 percent. The labor force was 1,071,543, up 33,758 (+3.3 percent) over the year. There were 30,619 unemployed residents in the region. Nonagricultural employment in the Ft. Lauderdale-Pompano Bch-Deerfield Bch Metro Division was 875,000, an increase of 34,100 jobs (4.1 percent) over the year.

## **Economic Factors and Next Year's Budget (Continued)**

In preparing the fiscal year 2023 budget, the Town provided funding for the following projects:

- **Jarvis Hall A/V Equipment Upgrades**
- **Finance Software**
- **Offsite Roof Replacement**
- **Downtown Commercial Refurbishment**
- **Bel Air- Seawall Repair-East**
- **Canal Dredging**
- **Storm Water Rate Study**
- **Beach Renourishment**
- **Pedestrian Amenities**
- **Street Project Codrington Drive**
- **Friedt Park**

## **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 [financedepartment@lbts-fl.gov](mailto:financedepartment@lbts-fl.gov).

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 17,234,041	\$ 7,946,442	\$ 25,180,483
Investments	260,638	-	260,638
Accounts receivable, net	368,525	393,601	762,126
Lease receivable	28,931	-	28,931
Internal balances	58,157	(58,157)	-
Prepaid items	-	15,000	15,000
Net pension asset - Volunteer Firefighters Pension Plan	1,064,173	-	1,064,173
Capital assets:			
Nondepreciable capital assets	2,403,942	13,821,202	16,225,144
Depreciable capital assets, net	17,724,306	5,356,196	23,080,502
Total assets	<u>39,142,713</u>	<u>27,474,284</u>	<u>66,616,997</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Other Post Employment Benefits	9,145	1,284	10,429
Volunteer Firefighters Pension Plan	99,606	-	99,606
Florida Retirement System Pension Plan	742,520	69,978	812,498
Total deferred outflows of resources	<u>851,271</u>	<u>71,262</u>	<u>922,533</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>			
Liabilities:			
Accounts payable and other liabilities	869,688	117,451	987,139
Contracts and retainage payable	121,538	-	121,538
Accrued liabilities	147,986	-	147,986
Unearned revenues	158,361	16,796	175,157
Deposits	52,979	-	52,979
Noncurrent liabilities due within one year	16,822	1,033,686	1,050,508
Noncurrent liabilities:			
Due in more than one year	129,502	2,067,112	2,196,614
Net Other Post Employment Benefit obligation	102,006	14,317	116,323
Net pension liability - Florida Retirement System	3,016,969	330,996	3,347,965
Total liabilities	<u>4,615,851</u>	<u>3,580,358</u>	<u>8,196,209</u>
Deferred inflows of resources:			
Volunteer Firefighters Pension Plan	385,765	-	385,765
Florida Retirement System Pension Plan	249,919	11,562	261,481
Lease related	35,993	-	35,993
Total deferred outflows of resources	<u>671,677</u>	<u>11,562</u>	<u>683,239</u>
Net position:			
Investment in capital assets	20,128,248	19,176,600	39,304,848
Restricted for:			
Florida building code enforcement	683,984	-	683,984
Fire department	1,744,757	-	1,744,757
El Mar beautification per contractual agreement	677,566	-	677,566
Law enforcement	15,440	-	15,440
Unrestricted	11,456,461	4,777,026	16,233,487
Total net position	<u>\$ 34,706,456</u>	<u>\$ 23,953,626</u>	<u>\$ 58,660,082</u>

See notes to the financial statements.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**STATEMENT OF ACTIVITIES**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Functions/Programs	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Governmental Activities	Business- type Activities	
Primary government:						
Governmental activities:						
General government	\$ 2,394,861	\$ 2,264,948	\$ 3,337,689	\$ 3,207,776	\$ -	\$ 3,207,776
Public safety	9,635,409	1,079,105	-	(8,556,304)	-	(8,556,304)
Transportation	2,489,593	-	110,946	(2,378,647)	-	(2,378,647)
Recreation	597,391	-	64,948	(532,443)	-	(532,443)
Physical environment	4,505,496	-	-	(4,505,496)	-	(4,505,496)
Interest	30	-	-	(30)	-	(30)
Total government activities	19,622,780	3,344,053	3,513,583	(12,765,144)	-	(12,765,144)
Business-type activities:						
Sewer	1,068,280	1,304,136	-	-	235,856	235,856
Parking	1,195,722	3,191,196	-	-	1,995,474	1,995,474
Total business-type activities	2,264,002	4,495,332	-	-	2,231,330	2,231,330
Total primary government	21,886,782	7,839,385	3,513,583	(12,765,144)	2,231,330	(10,533,814)
General revenues:						
Property taxes				9,112,216	-	9,112,216
Franchise taxes and utility taxes				2,022,272	-	2,022,272
Grants and contributions not restricted to specific programs				1,471,975	-	1,471,975
Unrestricted investment earnings				5,731	1,204	6,935
Miscellaneous revenues				199,987	101,250	301,237
Transfers				1,109,300	(1,109,300)	-
Total general revenues and transfers				13,921,481	(1,006,846)	12,914,635
Change in net position				1,156,337	1,224,484	2,380,821
Net position - beginning				33,550,119	22,729,142	56,279,261
Net position - ending				\$ 34,706,456	\$ 23,953,626	\$ 58,660,082

See notes to the financial statements.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2022**

	Major Funds				Non-Major	Total Governmental Funds
	General Fund	Special Revenue Funds Building Fund	Fire Fund	Capital Projects Fund	Fund Police Traing and Forfeiture	
<u>ASSETS</u>						
Cash and cash equivalents	\$ 8,709,998	\$ 1,035,280	\$ 1,749,565	\$ 5,723,758	\$ 15,440	\$ 17,234,041
Investments	260,638	-	-	-	-	260,638
Accounts receivable, net	368,525	-	-	-	-	368,525
Lease receivable	28,931	-	-	-	-	28,931
Due from other funds	57,315	261,035	23,467	142,081	-	483,898
Total assets	<u>\$ 9,425,407</u>	<u>\$ 1,296,315</u>	<u>\$ 1,773,032</u>	<u>\$ 5,865,839</u>	<u>\$ 15,440</u>	<u>\$ 18,376,033</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>						
Liabilities:						
Accounts payable and other liabilities	\$ 282,049	\$ 587,639	\$ -	\$ -	\$ -	\$ 869,688
Contracts and retainage payable	-	-	-	121,538	-	121,538
Accrued liabilities	147,986	-	-	-	-	147,986
Due to other funds	425,741	-	-	-	-	425,741
Unearned revenue	104,894	24,692	28,275	500	-	158,361
Deposits	52,979	-	-	-	-	52,979
Total liabilities	<u>1,013,649</u>	<u>612,331</u>	<u>28,275</u>	<u>122,038</u>	<u>-</u>	<u>1,776,293</u>
Deferred inflows of resources:						
Lease related	35,993	-	-	-	-	35,993
Total deferred inflows of resources	<u>35,993</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,993</u>
Fund balances:						
Restricted for:						
Florida building code enforcement	-	683,984	-	-	-	683,984
Fire department	-	-	1,744,757	-	-	1,744,757
El Mar beautification per contract	-	-	-	677,566	-	677,566
Law enforcement	-	-	-	-	15,440	15,440
Assigned to:						
Emergency reserve	2,500,000	-	-	-	-	2,500,000
Capital projects	-	-	-	5,066,235	-	5,066,235
Unassigned	5,875,765	-	-	-	-	5,875,765
Total fund balances	<u>8,375,765</u>	<u>683,984</u>	<u>1,744,757</u>	<u>5,743,801</u>	<u>15,440</u>	<u>16,563,747</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 9,425,407</u>	<u>\$ 1,296,315</u>	<u>\$ 1,773,032</u>	<u>\$ 5,865,839</u>	<u>\$ 15,440</u>	<u>\$ 18,376,033</u>

See notes to the financial statement

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2022**

Fund balance - governmental funds		\$ 16,563,747
Amounts reported for governmental activities in the statement of net position are different because:		
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.		
Cost of capital assets	43,830,087	
Accumulated depreciation	<u>(23,701,839)</u>	20,128,248
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.		
		1,064,173
Deferred outflows of resources related to the pensions and other post employment benefits are recorded in the statement of net position.		
		851,271
Deferred inflows of resources related to the pensions are recorded in the statement of net position.		
		(635,684)
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.		
Compensated absences		(139,945)
Leases payable		(6,379)
Net pension liability - Florida Retirement System		(3,016,969)
Other Post Employment Benefit obligation		<u>(102,006)</u>
Net position of governmental activities		<u>\$ 34,706,456</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, 2022**

	Major Funds			Capital Projects Fund	Non-Major	Total Governmental Funds
	General Fund	Special Revenue Funds Building Fund	Fire Fund		Fund Police Traing and Forfeiture	
Revenues:						
Property taxes and fire assessments	\$ 9,112,216	\$ -	\$ 1,029,788	\$ -	\$ -	\$ 10,142,004
Franchise fees and utility taxes	2,022,272	-	-	-	-	2,022,272
Intergovernmental	1,171,975	-	-	300,000	-	1,471,975
Fines and forfeitures	40,206	-	-	-	-	40,206
Charges for services	13,660	-	35,657	-	-	49,317
Licenses and permits	179,102	2,045,640	-	-	-	2,224,742
Interest income and other	4,961	-	218	552	-	5,731
Grant revenue	175,894	-	-	3,337,689	-	3,513,583
Miscellaneous revenues	198,916	-	-	-	1,071	199,987
Total revenues	12,919,202	2,045,640	1,065,663	3,638,241	1,071	19,669,817
Expenditures:						
Current:						
General government	2,463,792	-	-	42,856	-	2,506,648
Public safety	7,022,922	1,572,866	988,436	-	-	9,584,224
Transportation	2,431,697	-	-	-	-	2,431,697
Recreation	547,038	-	-	-	-	547,038
Physical environment	-	-	-	-	-	-
Capital outlay	150,558	-	18,603	3,276,569	-	3,445,730
Debt Service:						
Principal	2,819	-	-	-	-	2,819
Interest	30	-	-	-	-	30
Total expenditures	12,618,856	1,572,866	1,007,039	3,319,425	-	18,518,186
Excess (deficiency) of revenues over (under) expenditures	300,346	472,774	58,624	318,816	1,071	1,151,631
Other financing sources (uses):						
Transfers in	22,000	-	-	1,649,962	-	1,671,962
Transfers out	(540,662)	-	(22,000)	-	-	(562,662)
Total other financing sources (uses)	(518,662)	-	(22,000)	1,649,962	-	1,109,300
Net change in fund balances	(218,316)	472,774	36,624	1,968,778	1,071	2,260,931
Fund balances, beginning	8,594,081	211,210	1,708,133	3,775,023	14,369	14,302,816
Fund balances, ending	\$ 8,375,765	\$ 683,984	\$ 1,744,757	\$ 5,743,801	\$ 15,440	\$ 16,563,747

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, 2022**

Net change in fund balances - total governmental funds	\$ 2,260,931
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays 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.	725,123
Depreciation of capital assets is not recognized in the governmental fund financial statements, but is reported as an expense on the statement of activities.	(1,995,794)
Repayment of long-term liabilities are reported as expenditures in the governmental fund, but such repayments reduce liabilities in the statement of net position and are eliminated from the statement of activities.	2,819
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	12,430
Change in Other Post Employment Benefit obligation	25,757
Changes related to the FRS net pension liability (NPL)	(21,171)
Changes related to the Volunteer Firefighters Pension Plan NPL	146,242
Change in net position of governmental activities	\$ 1,156,337

See notes to the financial statements.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2022**

	<u>Enterprise Funds</u>		
	<u>Sewer Utility</u>		<u>Total</u>
	<u>System</u>	<u>Parking</u>	
<u>ASSETS</u>			
Current Assets:			
Cash and cash equivalents	\$ 1,769,228	\$ 6,177,214	\$ 7,946,442
Accounts receivable, net	341,668	51,933	393,601
Prepaid items	-	15,000	15,000
Total current assets	<u>2,110,896</u>	<u>6,244,147</u>	<u>8,355,043</u>
Noncurrent Assets:			
Capital Assets:			
Land	-	13,820,052	13,820,052
Equipment	39,504	364,310	403,814
Buildings and utility plant	4,434,441	2,823,647	7,258,088
Right-to-use leased assets	-	1,150	1,150
Total capital assets	<u>4,473,945</u>	<u>17,009,159</u>	<u>21,483,104</u>
Less accumulated depreciation/amortization	<u>(1,889,282)</u>	<u>(416,424)</u>	<u>(2,305,706)</u>
Net capital assets	<u>2,584,663</u>	<u>16,592,735</u>	<u>19,177,398</u>
Total noncurrent assets	<u>2,584,663</u>	<u>16,592,735</u>	<u>19,177,398</u>
Total assets	<u>4,695,559</u>	<u>22,836,882</u>	<u>27,532,441</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Other Post Employment Benefits	371	913	1,284
Florida Retirement System Pension Plan	40,594	29,384	69,978
Total deferred outflows of resources	<u>40,965</u>	<u>30,297</u>	<u>71,262</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</u>			
Current Liabilities:			
Accounts payable	63,313	54,138	117,451
Due to other funds	17,501	40,656	58,157
Unearned revenue	-	16,796	16,796
Leases - current	-	353	353
Note payable - current	-	1,033,333	1,033,333
Total current liabilities	<u>80,814</u>	<u>1,145,276</u>	<u>1,226,090</u>
Long-Term Liabilities:			
Leases - noncurrent	-	445	445
Note payable - noncurrent	-	2,066,667	2,066,667
Other Post Employment Benefit Obligation	4,137	10,180	14,317
Net pension liability - Florida Retirement System	146,216	184,780	330,996
Total long-term liabilities	<u>150,353</u>	<u>2,262,072</u>	<u>2,412,425</u>
Total Liabilities	<u>231,167</u>	<u>3,407,348</u>	<u>3,638,515</u>
Deferred inflows of resources:			
Florida Retirement system Pension Plan	11,562	-	11,562
Total deferred inflows of resources	<u>11,562</u>	<u>-</u>	<u>11,562</u>
Net position:			
Investment in capital assets	2,584,663	16,591,937	19,176,600
Unrestricted	1,909,132	2,867,894	4,777,026
Total net position	<u>\$ 4,493,795</u>	<u>\$ 19,459,831</u>	<u>\$ 23,953,626</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, 2022**

	<u>Enterprise Funds</u>		
	<u>Sewer Utility</u>		
	<u>System</u>	<u>Parking</u>	<u>Total</u>
Operating revenues:			
Charges for services	\$ 1,304,136	\$ 3,191,196	\$ 4,495,332
Total operating revenues	<u>1,304,136</u>	<u>3,191,196</u>	<u>4,495,332</u>
Operating expenses:			
Operating, administrative and maintenance	996,708	1,104,741	2,101,449
Depreciation and amortization	71,572	90,977	162,549
Total operating expenses	<u>1,068,280</u>	<u>1,195,718</u>	<u>2,263,998</u>
Operating income	<u>235,856</u>	<u>1,995,478</u>	<u>2,231,334</u>
Nonoperating revenues (expenses):			
Interest income	207	997	1,204
Interest expense	-	(4)	(4)
Other income	-	101,250	101,250
Total nonoperating revenues (expenses)	<u>207</u>	<u>102,243</u>	<u>102,450</u>
Income before transfers	236,063	2,097,721	2,333,784
Transfers out	-	(1,109,300)	(1,109,300)
Change in net position	<u>236,063</u>	<u>988,421</u>	<u>1,224,484</u>
Net position - beginning	4,257,732	18,471,410	22,729,142
Net position - ending	<u>\$ 4,493,795</u>	<u>\$ 19,459,831</u>	<u>\$ 23,953,626</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, 2022**

	<b>Enterprise Funds</b>		
	<b>Sewer Utility</b>		<b>Total</b>
	<b>System</b>	<b>Parking</b>	
<b>Cash Flows From Operating Activities</b>			
Receipts from customers and users	\$ 1,229,356	\$ 3,210,598	\$ 4,439,954
Payments to suppliers	(1,070,533)	(1,139,495)	(2,210,028)
Payments to employees	(29,048)	28,622	(426)
Net cash provided (used) by operating activities	<u>129,775</u>	<u>2,099,725</u>	<u>2,229,500</u>
<b>Cash Flows Provided (Used) By Noncapital Financing Activities</b>			
Transfers to other funds	-	(1,109,300)	(1,109,300)
Miscellaneous	-	101,250	101,250
Net cash provided (used) by noncapital financing	<u>-</u>	<u>(1,008,050)</u>	<u>(1,008,050)</u>
<b>Cash Flows Provided (Used) By Capital and Related Financing Activities</b>			
Proceeds from capital debt	-	3,101,150	3,101,150
Purchase of capital assets	(50,964)	(5,148,207)	(5,199,171)
Principal paid on capital debt	-	(352)	(352)
Interest paid on capital debt	-	(4)	(4)
Net cash provided (used) by capital and related financing activities	<u>(50,964)</u>	<u>(2,047,413)</u>	<u>(2,098,377)</u>
<b>Cash Flows Provided (Used) By Investing Activities</b>			
Interest received	207	997	1,204
Net cash provided (used) by investing activities	<u>207</u>	<u>997</u>	<u>1,204</u>
<b>Net increase (decrease) in cash</b>	<b>79,018</b>	<b>(954,741)</b>	<b>(875,723)</b>
<b>Cash and cash equivalents, beginning</b>	<b>1,690,210</b>	<b>7,131,955</b>	<b>8,822,165</b>
<b>Cash and cash equivalents, ending</b>	<b>\$ 1,769,228</b>	<b>\$ 6,177,214</b>	<b>\$ 7,946,442</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>			
Operating income (loss)	\$ 235,856	\$ 1,995,478	\$ 2,231,334
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	71,572	90,977	162,549
Changes in assets and liabilities:			
(Increase)/Decrease in accounts receivable	(92,300)	(48,533)	(140,833)
(Increase)/Decrease in interfund receivable	19	30,401	30,420
(Increase)/Decrease in deferred outflows of resources	(4,252)	(9,805)	(14,057)
Increase/(Decrease) in accounts payable	(102,568)	(32,487)	(135,055)
Increase/(Decrease) in accrued liabilities	(1,518)	(4,410)	(5,928)
Increase/(Decrease) in interfund payable	17,501	34,439	51,940
Increase/(Decrease) in unearned revenue	-	3,095	3,095
Increase/(Decrease) in Other Post Employment Benefit	(973)	645	(328)
Increase/(Decrease) in net pension liability	81,508	183,392	264,900
Increase/(Decrease) in deferred inflows of resources	(75,070)	(143,467)	(218,537)
Total adjustments	<u>(106,081)</u>	<u>104,247</u>	<u>(1,834)</u>
Net cash provided (used) by operating activities	<u>\$ 129,775</u>	<u>\$ 2,099,725</u>	<u>\$ 2,229,500</u>

See notes to the financial statements.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUND**  
**SEPTEMBER 30, 2022**

	<u>Pension Trust Fund</u>
<u>ASSETS</u>	
Cash	\$ 153,661
Investments, at fair value:	
US government obligations	335,367
Corporate bonds	634,026
Municipal obligations	25,051
Common stock	1,536,106
Foreign stock	58,605
Accrued investment income	7,987
Receivables:	
Due from Members and Employer	4,749
Total assets	<u>2,755,552</u>
Liabilities	
Accounts payable	8,875
Refunds payable	22,894
Total liabilities	<u>31,769</u>
<u>NET POSITION</u>	
Net position restricted for pensions	<u>\$ 2,723,783</u>

See notes to the financial statements.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	<b>Pension Trust Fund</b>
<b>ADDITIONS</b>	
Contributions:	
Plan member	\$ 18,317
Employer	18,317
State	61,633
Total contributions	98,267
Investment income (loss):	
Net increase/(decrease) in fair value of investments	(502,065)
Interest and dividends	55,122
Less: investment expenses	13,016
Net investment income (loss)	(459,959)
Total additions	(361,692)
<b>DEDUCTIONS</b>	
Pension benefits	121,481
Refunds of contributions	1,977
Administrative expenses	44,246
Total deductions	167,704
Net increase (decrease)	(529,396)
Net position restricted for pensions:	
Beginning	3,253,179
Ending	\$ 2,723,783

See notes to the financial statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
NOTES TO BASIC FINANCIAL STATEMENTS  
FISCAL YEAR ENDED SEPTEMBER 30, 2022

**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 it 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 function or segment. *Program revenues* include: 1) charges to customers who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

**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 *Building Fund* is used to account for the building permitting revenue and related permitting and enforcement activities.

The *Capital Projects Fund* is used to account for the acquisition and construction of major capital facilities.

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.

**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 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.

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 fiduciary fund:

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

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

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

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position. Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for services. Operating expenses for enterprise funds include the cost of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

**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 2022, the Town adopted the following new accounting standards as follows:

**GASB Statement No. 87 – Leases**

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

**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.

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
Right-to-use leased assets		3

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**6. Deposits and Investments**

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

Investments are measured at amortized cost or fair value as required by generally accepted accounting principles. Additional information regarding the fair value measurement of investments and amortized cost is disclosed in Note 2.

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.

**10. Compensated Absences**

Town employees are granted vacation in varying amounts based on length of service and sick leave at the rate of one day per month. For employees hired after September 30, 2011, up to 15 days of annual leave may be carried forward from one calendar year into the next calendar year. Accumulated leave in excess of 15 days must be used by December 31st of each calendar year or it will be lost. In the event of termination, an employee is reimbursed for accumulated vacation days. Up to 60 days of sick leave may be accrued and carried forward into the next year. Employees hired prior to October 1, 2011 are reimbursed for 25% of accumulated sick leave upon leaving Town employment in good standing. Employees hired after September 30, 2011 will be reimbursed for 0% - 15% of accumulated sick leave, depending on their number of years of continuous service.

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

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**11. Long-Term Obligations**

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**12. Unearned Revenue**

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

**13. Encumbrances**

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General, Special Revenue, and Capital Projects Funds. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at fiscal year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget.

**14. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**15. Leases**

Lessee: The Town is a lessee for a noncancellable lease of a vehicle. The Town recognizes a lease liability and an intangible right-to-use leased asset (lease asset) in the government-wide financial statements. The Town recognizes lease liabilities with an initial, individual value of \$5,000 or more.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**15. Leases (Continued)**

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Town determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Town uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Town generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Town is reasonably certain to exercise.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long term debt on the statement of net position.

Lessor: The Town is a lessor for a noncancellable lease of a building. The Town recognizes lease receivables and a deferred inflows of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The Town uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**16. 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.

**17. 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.

**18. 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, deferred inflows/outflows, 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.

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

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**19. Pensions**

**Volunteer Firefighters Pension Fund**

Plan member contributions are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits paid directly to participants and refunds of contributions are recognized when due and payable in accordance with the terms of the plan. The Town funds the contributions to its Volunteer Firefighters Pension Plan based on the actuarial required contribution. The net pension asset is reported in the government-wide financial statements and represents the difference between the plan's fiduciary net position and the total pension liability.

**Florida Retirement System**

In the government-wide statement of net position, liabilities are recognized for the Town's proportionate share of the net pension liability for the Florida Retirement System pension plan and Retiree Health Insurance Subsidy Program. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Florida Retirement System defined benefit pension plan (FRS Pension Plan) and the Retiree Health Insurance Subsidy Program defined benefit pension plan (HIS Program), and additions to/deductions from the FRS Pension Plan's and the HIS Program's fiduciary net position have been determined on the same basis as they are reported by the FRS Pension Plan and the HIS Program plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms.

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**Deposits**

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

**Investments - Town**

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

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

**NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)**

**Investments – Town (Continued)**

The State Board of Administration’s (“SBA”) Local Government Surplus Funds Trust Fund (“Florida PRIME”) is a “2a-7 like” pool. A “2a-7 like” pool is an external investment pool that is not registered with the Securities and Exchange Commission (“SEC”) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC’s Rule 2a-7 of the Investment Company Act of 1940, which comprises the rules governing money market funds. Thus, the pool operates essentially as a money market fund. The Town has reported its investment in Florida PRIME at amortized cost for financial reporting purposes.

As of September 30, 2022, the Town had the following investments:

	<b>Amortized Cost</b>	<b>Credit Risk</b>	<b>Weighted Average Maturity</b>
Investment in Local Government Surplus Funds Trust Fund (Florida PRIME)	\$ 260,638	S&P AAAM	21 days
	\$ 260,638		

*Credit Risk* - Credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Town's investment policy limits investments to the highest ratings issued by two of the nationally recognized statistical rating organizations (NRSRO) (Standard and Poor's and Moody's investment services).

*Interest Rate Risk* - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. The Town has an investment policy of structuring the investment portfolio in such a manner as to provide sufficient liquidity to pay obligations as they come due. The Town's investment policy limits the maturities on individual investments to no more than two years.

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

*Fair Value Measurement* – When applicable, the Town measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the Town has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

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

**NOTE 2 – DEPOSITS AND INVESTMENTS (Continued)**

**Investments – Town (Continued)**

For external investment pools that qualify to be measured at amortized cost, the pool’s participants should also measure their investments in that external investment pool at amortized cost for financial reporting purposes. Accordingly, the Town’s investments have been reported at amortized cost above.

*External Investment Pool* – With regard to redemption gates, Chapter 218.409(8)(a), Florida Statutes, states that “The principal, and any part thereof, of each account constituting the trust fund is subject to payment at any time from the moneys in the trust fund. However, the Executive Director may, in good faith, on the occurrence of an event that has a material impact on liquidity or operations of the trust fund, for 48 hours limit contributions to or withdrawals from the trust fund to ensure that the Board can invest moneys entrusted to it in exercising its fiduciary responsibility. Such action must be immediately disclosed to all participants, the Trustees, the Joint Legislative Auditing Committee, the Investment Advisory Council, and the Participant Local Government Advisory Council. The Trustees shall convene an emergency meeting as soon as practicable from the time the Executive Director has instituted such measures and review the necessity of those measures. If the Trustees are unable to convene an emergency meeting before the expiration of the 48-hour moratorium on contributions and withdrawals, the moratorium may be extended by the Executive Director until the Trustees are able to meet to review the necessity for the moratorium. If the Trustees agree with such measures, the Trustees shall vote to continue the measures for up to an additional 15 days. The Trustees must convene and vote to continue any such measures before the expiration of the time limit set, but in no case may the time limit set by the Trustees exceed 15 days.”

With regard to liquidity fees, Florida Statute 218.409(4) provides authority for the SBA to impose penalties for early withdrawal, subject to disclosure in the enrollment materials of the amount and purpose of such fees. At present, no such disclosure has been made.

As of September 30, 2022, there were no redemption fees or maximum transaction amounts, or any other requirements that serve to limit a participant’s daily access to 100% of their account value.

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

As of September 30, 2022, the Pension Plan had the following investments:

	<b>Fair Value</b>
Fixed income	
US government obligations	\$ 335,367
Corporate bonds	634,026
Municipal obligations	25,051
Equities	
Common stocks	1,536,106
Foreign stock	58,605
	<b>\$ 2,589,155</b>

**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* - For investments, credit risk is generally the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Fixed income securities shall be one of the four highest classifications of Standard & Poor's or Moody's. The composite credit ratings of applicable investments by type are currently unavailable.

*Concentration Risk* - Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. The investment policy of the Plan contains limits on the amount that can be invested in any one issuer as well as maximum portfolio allocation percentages. There were no individual investments that represent 5% or more of the total assets of the portfolio.

*Foreign currency risk* – Foreign current risk is the risk that fluctuations in currency exchange rate may affect transactions conducted in currencies other than U.S. Dollars as well as the carrying value of foreign investments. The Plan's exposure to foreign currency risk derives mainly from its investments in international debt securities and international equity mutual funds. The Plan participates in international equity mutual funds but does not own any foreign individual equity securities. The Plan's exposure to foreign currency risk is \$58,605.

*Interest Rate Risk* - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment in debt securities. The Plan does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Information about the sensitivity of the fair values of the investments over time for the Plan to market interest rate fluctuations is provided in the following table.

**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)**

As of September 30, 2022, the Plan's debt security investments had the following maturities:

	Maturity	Fair Value
US Treasury Note	September 30, 2023	\$ 48,584
Federal Home Loan Bank	November 7, 2025	23,863
Federal Farm Credit Bank	March 13, 2026	23,654
US Treasury Note	June 30, 2026	41,454
Federal Farm Credit Bank	March 7, 2028	23,736
US Treasury Note	February 15, 2030	21,224
US Treasury Bond	May 15, 2030	19,699
US Treasury Bond	February 15, 2031	20,240
US Treasury Bond	November 15, 2031	20,309
US Treasury Bond	February 15, 2032	42,360
US Treasury Bond	May 15, 2040	18,750
US Treasury Bond	May 15, 2041	26,461
Tennessee Valley Authority	December 15, 2042	5,034
Monterey PK Calif Pension Obli	June 1, 2028	25,051
NASDAQ Inc.	December 21, 2022	24,752
Burlington North Santa Fe	March 15, 2023	24,817
Public Service Electric & Gas	May 15, 2023	24,605
Public Service Enterprise Group	June 15, 2024	33,673
JP Morgan Chase	September 10, 2024	24,456
Lowe's	September 15, 2024	33,898
Commonwealth Edison	November 1, 2024	24,114
Textron Inc	March 1, 2025	19,416
Bank of America	August 1, 2025	24,204
Suntrust Bank	November 3, 2025	24,266
IBM	February 19, 2026	23,825
IBM	January 27, 2027	23,305
Apple	February 9, 2027	23,820
Oracle	November 15, 2027	66,839
Johnson & Johnson	January 15, 2028	23,032
Dowdupont Inc	November 15, 2028	23,788
Stanley Black & Decker	November 15, 2028	23,568
Anheuser-Bush Inbev	January 23, 2029	24,367
Charles Schwab Corp	February 1, 2029	23,465
Lam Research Corp	March 15, 2029	23,405
Parker Hannifin Corp	June 14, 2029	22,005
Union Pacific Corp	February 5, 2030	29,285
Target Corp	February 15, 2030	20,803
Amazon	May 12, 2031	24,317
		<u>\$ 994,444</u>

**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)**

*Custodial credit risk* – Custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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 Plan has no formal policy for custodial risk. The underlying securities that comprise the Plan's investments are registered and held by the custodial bank, not in the Plan's name.

*Fair Value Measurement* – When applicable, the Plan measures and records its investments using fair value measurement guidelines established in accordance with GASB Statements. The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques.

These guidelines recognize a three-tiered fair value hierarchy, in order of highest priority, as follows:

- *Level 1:* Investments whose values are based on unadjusted quoted prices for identical investments in active markets that the Plan has the ability to access;
- *Level 2:* Investments whose inputs - other than quoted market prices - are observable either directly or indirectly; and,
- *Level 3:* Investments whose inputs are unobservable.

The fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the entire fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table summarizes the Plan's investments within the fair value hierarchy at September 30, 2022:

	Fair Value	Level 1	Level 2
US government obligations	\$ 335,367	\$ 161,292	\$ 174,075
Corporate bonds	634,026	-	634,026
Municipal obligations	25,051	-	25,051
Common stock	1,536,106	1,536,106	-
Foreign stock	58,605	58,605	-
	<u>\$ 2,589,155</u>	<u>\$ 1,756,003</u>	<u>\$ 833,152</u>

The investments were valued using the following approaches:

- U.S. government obligations were valued using prices quoted in active markets by a third party pricing service based on actual trades in the securities.
- Corporate bonds, certain common stock and foreign bonds were valued by a third party pricing service based on a combination of matrix pricing, actual observable trades in similar securities, and yield curve analysis.
- Other common stock and foreign stock were valued at the regular trading session closing price on the exchange or market in which such securities are principally traded. Certain common stock were valued by a third party pricing service based on a combination of matrix pricing, actual observable trades in similar securities, and yield curve analysis.

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

**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, 2022 was 3.5000 mills.

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

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

All real and tangible personal property taxes are due and payable on November 1 each year. Broward County mails to each property owner on the assessment roll a notice of the taxes due and Broward County also collects the taxes for the Town. Taxes may be paid upon receipt of such notice from Broward County, with discounts at the rate of four percent (4%) if paid in the month of November, three percent (3%) if paid in the month of December, two percent (2%) if paid in the month of January, and one percent (1%) if paid in the month of February. Taxes paid during the month of March are without discount, and all unpaid taxes on real and tangible personal property become delinquent and liens are placed on April of the year following the year in which taxes were assessed. Procedures for the collection of delinquent taxes by Broward County are provided for in the Laws of Florida. There were no material delinquent property taxes at September 30, 2022.

**NOTE 4 – RECEIVABLES**

Receivables for the Town's funds including the applicable allowances for uncollectible accounts as of September 30, 2022 were as follows:

Receivables:	<b>General Fund</b>	<b>Sewer Utility System</b>	<b>Parking</b>	<b>Total</b>
Billed	\$ -	\$ 559,453	\$ 51,933	\$ 611,386
Taxes	25,740	-	-	25,740
Intergovernmental	27,974	-	-	27,974
Franchise fees and taxes	266,120	-	-	266,120
Other	48,691	-	-	48,691
Gross receivables	368,525	559,453	51,933	979,911
Less allowance for uncollectibles	-	(217,785)	-	(217,785)
Net total receivables	<u>\$ 368,525</u>	<u>\$ 341,668</u>	<u>\$ 51,933</u>	<u>\$ 762,126</u>

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

**NOTE 5 – UNEARNED REVENUES**

Unearned revenue reported in the governmental funds and the basic financial statements as of September 30, 2022 was as follows:

	<b>Governmental Activities</b>	<b>Business-type Activities</b>
Business tax receipts	\$ 68,811	\$ -
El Mar streetscape improvements	31,100	-
Other	58,450	16,796
	<u>\$ 158,361</u>	<u>\$ 16,796</u>

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

Interfund receivables and payables at September 30, 2022 were as follows:

	<b>Receivable</b>	<b>Payable</b>
General Fund	\$ 57,315	\$ 425,741
Building Fund	261,035	-
Fire Fund	23,467	-
Capital Projects Fund	142,081	-
Sewer Utility System Fund	-	17,501
Parking Fund	-	40,656
	<u>\$ 483,898</u>	<u>\$ 483,898</u>

The outstanding balances between funds result primarily from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Interfund transfers for the fiscal year ended September 30, 2022 were as follows:

	<b>Transfers In</b>	<b>Transfers Out</b>
General Fund	\$ 22,000	\$ 540,662
Fire Fund	-	22,000
Capital Projects Fund	1,649,962	-
Parking Fund	-	1,109,300
	<u>\$ 1,671,962</u>	<u>\$ 1,671,962</u>

Transfers between funds 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 2022 budget and amendments.

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

**NOTE 7 – CAPITAL ASSETS**

Capital assets for the governmental activities for the fiscal year ended September 30, 2022 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 1,955,408	\$ -	\$ -	\$ 1,955,408
Construction in progress	354,009	180,970	(86,445)	448,534
Total capital assets, not being depreciated	<u>2,309,417</u>	<u>180,970</u>	<u>(86,445)</u>	<u>2,403,942</u>
Capital assets, being depreciated:				
Building and building improvements	4,555,764	-	-	4,555,764
Improvements other than buildings	27,700,946	611,995	-	28,312,941
Furniture, fixtures, machinery and equipment	1,597,806	-	-	1,597,806
Motor vehicles	1,029,712	18,603	-	1,048,315
Infrastructure	5,902,121	-	-	5,902,121
Right-to-use leased vehicles	-	9,198	-	9,198
Total capital assets, being depreciated	<u>40,786,349</u>	<u>639,796</u>	<u>-</u>	<u>41,426,145</u>
Less accumulated depreciation/amortization:				
Building and building improvements	1,776,718	106,484	-	1,883,202
Improvements other than buildings	12,009,509	1,655,565	-	13,665,074
Furniture, fixtures, machinery and equipment	1,778,107	72,981	-	1,851,088
Motor vehicles	887,287	45,327	-	932,614
Infrastructure	5,254,424	112,607	-	5,367,031
Right-to-use leased vehicles	-	2,830	-	2,830
Total accumulated depreciation	<u>21,706,045</u>	<u>1,995,794</u>	<u>-</u>	<u>23,701,839</u>
Total capital assets, being depreciated, net	<u>19,080,304</u>	<u>(1,355,998)</u>	<u>-</u>	<u>17,724,306</u>
Governmental activities capital assets, net	<u>\$ 21,389,721</u>	<u>\$ (1,175,028)</u>	<u>\$ (86,445)</u>	<u>\$ 20,128,248</u>

Capital assets for the business-type activities for the fiscal year ended September 30, 2022 was as follows:

	Beginning Balance	Additions	Deductions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 8,717,073	\$ 5,102,979	\$ -	\$ 13,820,052
Total capital assets, not being depreciated	<u>8,717,073</u>	<u>5,102,979</u>	<u>-</u>	<u>13,820,052</u>
Capital assets, being depreciated:				
Buildings and utility plant	7,207,124	50,964	-	7,258,088
Equipment	359,736	44,078	-	403,814
Right-to-use leased vehicles	-	1,150	-	1,150
Total capital assets, being depreciated	<u>7,566,860</u>	<u>96,192</u>	<u>-</u>	<u>7,663,052</u>
Less accumulated depreciation/amortization:				
Buildings and utility plant	1,937,729	117,957	-	2,055,686
Equipment	205,428	44,267	-	249,695
Right-to-use leased vehicles	-	325	-	325
Total accumulated depreciation	<u>2,143,157</u>	<u>162,549</u>	<u>-</u>	<u>2,305,706</u>
Total capital assets, being depreciated, net	<u>5,423,703</u>	<u>(66,357)</u>	<u>-</u>	<u>5,357,346</u>
Business-type activities capital assets, net	<u>\$ 14,140,776</u>	<u>\$ 5,036,622</u>	<u>\$ -</u>	<u>\$ 19,177,398</u>

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

**NOTE 7 – CAPITAL ASSETS (Continued)**

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

Governmental activities:			
General government	\$	38,628	
Public safety		73,979	
Transportation		48,157	
Recreation		50,353	
Physical environment		<u>1,784,677</u>	
Total depreciation expense, governmental activities	\$	<u>1,995,794</u>	
Business-type activities:			
Sewer utility	\$	71,572	
Parking		<u>90,977</u>	
Total depreciation/amortization expense, business-type activities	\$	<u>162,549</u>	

**NOTE 8 – LONG-TERM LIABILITIES**

**Note Payable**

On September 1, 2022, the Town entered an installment note agreement to acquire the Flamingo East parking lot. The terms of the purchase were that the Town acquired the parking lot for \$5,100,000, paying \$2,000,000 on September 1, 2022 and the remaining balance in three payments of \$1,033,333 each due annually on the September 1. In addition, as part of the note agreement, the Town is required to pay a percentage of net parking revenues (as defined in the agreement) from the parking lot until the final payment is made. The percentage of net parking revenues required to be paid by the Town decreases after every installment is paid.

Changes in long-term liabilities for governmental activities for the fiscal year ended September 30, 2022 were as follows:

	<u>Beginning</u> <u>Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending</u> <u>Balance</u>		<u>Due Within</u> <u>One Year</u>
<u>Governmental activities:</u>									
Compensated absences	\$ 152,375	\$	563,541	\$	(575,971)	\$	139,945	\$	13,994
Leases payable	-		9,198		(2,819)		6,379		2,828
	<u>\$ 152,375</u>	\$	<u>572,739</u>	\$	<u>(578,790)</u>	\$	<u>146,324</u>	\$	<u>16,822</u>

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

Changes in long-term liabilities for business-type activities for the fiscal year ended September 30, 2022 were as follows:

	<u>Beginning</u> <u>Balance</u>		<u>Additions</u>		<u>Reductions</u>		<u>Ending</u> <u>Balance</u>		<u>Due Within</u> <u>One Year</u>
<u>Busniss-type activities</u>									
Leases payable	\$ -	\$	1,150	\$	(352)	\$	798	\$	353
Note payable	-		3,100,000		-		3,100,000		1,033,333
	<u>\$ -</u>	\$	<u>3,101,150</u>	\$	<u>(352)</u>	\$	<u>3,100,798</u>	\$	<u>1,033,686</u>

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

**NOTE 8 – LONG-TERM LIABILITIES (Continued)**

At September 30, 2022, the scheduled debt service requirements on the long-term debt were as follows:

Year ending September 30:	Business-type Activities		
	Principal	Interest	Total
2023	\$ 1,033,333	\$ -	\$ 1,033,333
2024	1,033,333	-	1,033,333
2025	1,033,334	-	1,033,334
	<u>\$ 3,100,000</u>	<u>\$ -</u>	<u>\$ 3,100,000</u>

**NOTE 9 – LEASES**

**Lease Receivable**

On February 28, 2013, the Town entered into an agreement to lease certain real property for use as a restaurant. The initial 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. The lease was renewed through February 28, 2023. As of September 30, 2022, the value of the lease receivable is \$28,931. The lessee is required to make monthly fixed payments of \$7,198. The lease has an interest rate of 0.2630%. The value of the deferred inflow of resources as of 09/30/2022 was \$30,161, and the Town recognized lease revenue of \$72,387 during the fiscal year.

**Lease Payable**

In a prior year, the Town entered into a lease as Lessee for the use of Vehicle - Sedan Cars that terminates in January 2025. As of 09/30/2022, the value of the lease liability is \$7,176. The Town is required to make monthly fixed payments of \$290. The lease has an interest rate of 0.4080%. The value of the right to use asset as of 09/30/2022 is \$10,348 with accumulated amortization of \$3,184. The lease has a guaranteed residual value payment of \$2,990.

**Parking Lot License Agreement**

On November 10, 2015, the Town entered into an agreement to license to use a certain parcel of land from Florida Development Group, Inc. (“Licensor”) for use as a public parking lot. The agreement may be terminated by either party provided the other party provides not less than 180 days’ prior written notice, provided no termination of the agreement shall be effective prior to October 30, 2016. In accordance with the agreement, the Town shall pay Licensor, on a monthly basis, a license fee in an amount equal to 50% of the prior month’s net parking revenues (as defined in the lease agreement).

**NOTE 10 – COMMITMENTS AND CONTINGENCIES**

**Interlocal Agreements**

The Town entered into an interlocal agreement with Broward Sheriff’s Office on September 26, 2016 with an effective date of October 1, 2016 for police services in the Town. The agreement is for a five (5) year period and can be renewed for an additional period of five (5) year each, for a total of ten (10) years, without further action of the parties, unless terminated by either party as provided in the agreement. The Town began the renewal period on October 1, 2022. During the fiscal year ended September 30, 2022, the Town paid \$5,375,048 under this agreement.

**Plan Examinations and Building Inspection Services**

The Town contracts with C.A.P. Government, Inc. to conduct plan examinations and building inspection services. In accordance with the terms of its agreement with the Town, C.A.P. Government, Inc. collected \$2,023,784 in the current fiscal year, of which the Town received 25% of actual revenue received for permit applications.

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

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

**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.

**Litigation, Claims and Assessments**

The Town is a defendant in various lawsuits incidental to its operations. As of the report date, the outcome of these matters cannot be determined and, therefore, no amounts related to these matters have been reflected in the financial statements.

**NOTE 11 – FLORIDA RETIREMENT SYSTEM**

General Information – The Town participates in the statewide Florida Retirement System (“FRS”). The FRS was created in Chapter 121, Florida Statutes, to provide a defined benefit pension plan for participating public employees. The FRS was amended in 1998 to add the Deferred Retirement Option Program under the defined benefit plan and amended in 2000 to provide a defined contribution plan alternative to the defined benefit plan for FRS members effective July 1, 2002. This integrated defined contribution pension plan is the FRS Investment Plan. Chapter 112, Florida Statutes, established the Retiree Health Insurance Subsidy (HIS) Program, a cost-sharing multiple-employer defined benefit pension plan, to assist retired members of any state-administered retirement system in paying the costs of health insurance.

All of the Town’s full-time employees are eligible to enroll as members of the FRS. All rates, benefits and amendments are established by the State of Florida through its legislative body. A annual comprehensive financial report of the FRS, which includes its financial statements, required supplementary information, actuarial report, and other relevant information, is available from the Florida Department of Management Services (DMS), Division of Retirement, Research and Education Section, P.O. Box 9000, Tallahassee, Florida, 32315-9000; phone 850-488-5706; website ([www.dms.myflorida.com](http://www.dms.myflorida.com)).

The Town’s FRS pension expense totaled \$467,425 for the fiscal year ended September 30, 2022.

**FRS Pension Plan**

Plan Description – The FRS Pension Plan (Plan) is a cost-sharing, multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees. The classes of membership within the Town are as follows:

- Regular Class – Member of the FRS who do not qualify for membership in another class.
- Senior Management Service Class – Members in senior management level positions.

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

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

**FRS Pension Plan (Continued)**

Employees enrolled in the Plan prior to July 1, 2011, vest at six years of creditable service and employees enrolled in the Plan on or after July 1, 2011, vest at eight years of creditable service. All vested members, enrolled prior to July 1, 2011, are eligible for normal retirement benefits at age 62 or at any age after 30 years of service. All members enrolled in the Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of service. Members of the Plan may include up to four years of credit for military service toward creditable service. The Plan also includes an early retirement provision; however, there is a benefit reduction for each year a member retires before his or her normal retirement date. The Plan provides retirement, disability, death benefits, and annual cost-of-living adjustments to eligible participants.

The DROP, subject to provisions of Section 121.091, Florida Statutes, permits employees eligible for normal retirement under the Plan to defer receipt of monthly benefit payments while continuing employment with an FRS employer. An employee may participate in DROP for a period not to exceed 60 months after electing to participate. During the period of DROP participation, deferred monthly benefits are held in the FRS Trust Fund and accrue interest. The net pension liability does not include amounts for DROP participants, as these members are considered retired and are not accruing additional pension benefits.

*Basis of Accounting* – The FRS fiduciary financial statements are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Member contributions are recognized in the period of time for which the contributions are assessed. Employer contributions are recognized when due in the period in which employee services are performed and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of each plan.

*Contributions* – The Florida Legislature establishes contribution rates for participating employers and employees. Contribution rates during the 2022 fiscal year were as follows:

<u><b>Class</b></u>	<u><b>Percent of Gross Salary</b></u> <u><b>October 1, 2021 to June 30, 2022</b></u>		<u><b>Percent of Gross Salary</b></u> <u><b>July 1, 2022 to September 30, 2022</b></u>	
	<u><b>Employee</b></u>	<u><b>Employer (1)</b></u>	<u><b>Employee</b></u>	<u><b>Employer (1)</b></u>
FRS, Regular	3.00	10.82	3.00	11.91
FRS, Senior Management	3.00	29.01	3.00	31.57

(1) Employer rates include a postemployment HIS contribution rate of 1.66%. Also, employer rates include .06% for administrative costs of the Investment plan.

The Town’s contributions to the Plan totaled \$263,843 for the fiscal year ended September 30, 2022. This excludes the HIS defined benefit pension plan contributions.

*Benefits Provided* – Benefits under the Plan are computed on the basis of age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation (AFC). For members initially enrolled before July 1, 2011, the AFC is the average of the five highest fiscal years’ earnings; for members initially enrolled on or after July 1, 2011, the AFC is the average of the eight highest fiscal years’ earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement class to which the member belonged when the service credit was earned. Members are eligible for in-line-of-duty or regular disability and survivors’ benefits.

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

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

**FRS Pension Plan (Continued)**

*Benefits Provided (Continued)* – Per Section 121.101, Florida Statutes, if the member is initially enrolled in the FRS before July 1, 2011, and all service credit was accrued before July 1, 2011, the annual cost-of-living adjustment is 3% per year. If the member is initially enrolled before July 1, 2011, and has service credit on or after July 1, 2011, there is an individually calculated cost-of-living adjustment. The annual cost-of-living adjustment is a proportion of 3% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3%. Plan members initially enrolled on or after July 1, 2011, will not have a cost-of-living adjustment after retirement.

The following chart shows the percentage value for each year of service credit earned:

<u>Class, Initial Enrollment, and Retirement Age/Years of Service</u>	<u>% Value</u>
<b>Regular Class members initially enrolled before July 1, 2011</b>	
Retirement up to age 62 or up to 30 years of service	1.60
Retirement at age 63 or with 31 years of service	1.63
Retirement at age 64 or with 32 years of service	1.65
Retirement at age 65 or with 33 years of service	1.68
<b>Regular Class members initially enrolled on or after July 1, 2011</b>	
Retirement up to age 65 or up to 33 years of service	1.60
Retirement at age 66 or with 34 years of service	1.63
Retirement at age 67 or with 35 years of service	1.65
Retirement at age 68 or with 36 years of service	1.68
<b>Senior Management Service Class</b>	<b>2.00</b>

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – At September 30, 2022, the Town reported a liability of \$2,682,141 for its proportionate share of the Plan’s net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Town’s proportionate share of the net pension liability was based on the Town’s contributions for the year ended June 30, 2022 relative to the contributions made during the year ended June 30, 2021 of all participating members. At June 30, 2022, the Town’s proportionate share was .00721%, which was an increase of .00001% from its proportionate share measured as of June 30, 2021.

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

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

**FRS Pension Plan (Continued)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued) - For the fiscal year ended September 30, 2022, the Town recognized pension expense of \$354,588 related to the Pension Plan. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 127,386	\$ -
Change of assumptions	330,317	-
Net difference between projected and actual earnings on FRS pension plan investments	177,101	-
Changes in proportion and differences between Town FRS contributions and proportionate share of FRS contributions	19,850	(142,371)
Town FRS contributions subsequent to the measurement date	73,567	-
Total	<u>\$ 728,221</u>	<u>\$ (142,371)</u>

The deferred outflows of resources related to pensions, totaling \$73,567, resulting from Town contributions to the Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ending September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2023	\$ 119,075
2024	12,059
2025	(93,351)
2026	450,114
2027	24,386
Thereafter	-
<b>Total</b>	<u>\$ 512,283</u>

Actuarial Assumptions – The total pension liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	6.70%, net of pension plan investment expense, including inflation

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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

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

**FRS Pension Plan (Continued)**

Actuarial Assumptions (Continued) - The long-term expected rate of return on pension plan investments was not based on historical returns, but instead is based on a forward-looking capital market economic model. The allocation policy's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes an adjustment for the inflation assumption. The target allocation and best estimates of arithmetic and geometric annual rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation (1)</b>	<b>Arithmetic Return</b>	<b>Geometric Return</b>	<b>Standard Deviation</b>
Cash	1.0%	2.6%	2.6%	1.1%
Fixed income	19.8%	4.4%	4.4%	3.2%
Global equity	54.0%	8.8%	7.3%	17.8%
Real estate (property)	10.3%	7.4%	6.3%	15.7%
Private equity	11.1%	12.0%	8.9%	26.3%
Strategic investments	3.8%	6.2%	5.9%	7.8%
<b>Total</b>	<b>100.0%</b>			
Assumed inflation - mean			2.4%	1.3%

(1) As outlined in the Plan's investment policy

Discount Rate – The discount rate used to measure the total pension liability was 6.70%. The Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculating the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Town's Proportionate Share of the Net Position Liability to Changes in the Discount Rate – The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.70%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.70%) or 1-percentage-point higher (7.70%) than the current rate:

	<b>1% Decrease 5.70%</b>	<b>Current Discount Rate 6.70%</b>	<b>1% Increase 7.70%</b>
Town's proportionate share of net pension liability	\$ 4,638,578	\$ 2,682,141	\$ 1,046,326

Pension Plan Fiduciary Net Position – Detailed information about the Plan's fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Annual comprehensive Financial Report.

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

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

**HIS Pension Plan**

*Plan Description* – The HIS Pension Plan (HIS Plan) is a cost-sharing multiple-employer defined benefit pension plan established under section 112.363, Florida Statutes, and may be amended by the Florida Legislature at any time. The benefit is a monthly payment to assist retirees of State-administered retirement systems in paying their health insurance costs and is administered by the Division of Retirement within the Florida Department of Management Services.

*Benefits Provided* – In general, eligible retirees and beneficiaries receive a monthly HIS payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS payment of \$30 and a maximum HIS payment of \$150 per month, pursuant to Section 112.363, Florida Statutes. To be eligible to receive a HIS Plan benefit, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

*Contributions* – The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2022, the contribution rate was 1.66% of payroll from October 1, 2021 through September 30, 2022 pursuant to section 112.363, Florida Statutes. The Town contributed 100 percent of its statutorily required contributions for the current and preceding three years. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event the legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or canceled.

The Town's contributions to the HIS Plan totaled \$27,897 for the fiscal year ended September 30, 2022.

*Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions* – At September 30, 2022, the Town reported a net pension liability of \$665,824 for its proportionate share of the HIS Program's net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2022. The Town's proportionate share of the net pension liability was based on the year ended June 30, 2022 contributions relative to the year ended June 30, 2021 contributions of all participating members. At June 30, 2022, the Town's proportionate share was .00629%, which was an increase of .00004% from its proportionate share measured as of June 30, 2021.

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

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

**Retiree Health Insurance Subsidy Program (Continued)**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued) – For the fiscal year ended September 30, 2022, the Town recognized a pension expense of \$38,304 related to the HIS Program. In addition, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Description</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 20,209	\$ (2,930)
Change of assumptions	38,165	(103,003)
Net difference between projected and actual earnings on HIS pension plan investments	964	-
Changes in proportion and differences between Town HIS contributions and proportionate share of HIS contributions	16,395	(13,177)
Town HIS contributions subsequent to the measurement date	8,544	-
Total	<u>\$ 84,277</u>	<u>\$ (119,110)</u>

The deferred outflows of resources related to pensions, totaling \$8,544, resulting from Town contributions to the HIS Program subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2023	\$ (9,285)
2024	(3,088)
2025	(2,789)
2026	(7,742)
2027	(14,292)
Thereafter	(6,181)
<b>Total</b>	<u>\$ (43,377)</u>

Actuarial Assumptions – The total pension liability in the July 1, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.40%
Salary increases	3.25%, average, including inflation
Investment rate of return	3.54%

Mortality rates were based on the PUB-2010 base table, with variations by member category and sex, projected generationally with Scale MP-2018. The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2013, through June 30, 2018.

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

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

**Retiree Health Insurance Subsidy Program (Continued)**

Discount Rate – The discount rate used to measure the total pension liability was 3.54%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index.

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 3.54%, as well as what the Town’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>2.54%</u>	<u>3.54%</u>	<u>4.54%</u>
Town’s proportionate share of net pension liability	\$ 761,757	\$ 665,824	\$ 586,441

Pension Plan Fiduciary Net Position – Detailed information about the HIS Plan’s fiduciary net position is available in the FRS Pension Plan and Other State Administered Systems Annual comprehensive Financial Report.

**FRS – Defined Contribution Pension Plan**

The Town contributes to the FRS Investment Plan (Investment Plan), a defined contribution pension plan, for its eligible employees electing to participate in the Investment Plan. The Investment Plan is administered by the SBA, and is reported in the SBA’s annual financial statements and in the State of Florida Annual comprehensive Financial Report. Service retirement benefits are based upon the value of the member’s account upon retirement.

Eligible FRS members may elect to participate in the Investment Plan in lieu of the FRS defined-benefit plan. Town employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member’s accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class (Regular Class, Elected Local Officers, etc.), as the FRS defined benefit plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices.

Allocations to the investment member’s accounts during the 2022 fiscal year were as follows:

<u>Class</u>	<u>Percent of Gross Compensation</u>
FRS, Regular	6.30%
FRS, Senior management	7.67%

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

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

**FRS – Defined Contribution Pension Plan (Continued)**

For all membership classes, employees are immediately vested in their own contributions and are vested after one year of service for employer contributions and investment earnings. If an accumulated benefit obligation for service credit originally earned under the FRS Pension Plan is transferred to the Investment Plan, the member must have the years of service required for FRS Pension Plan vesting (including the service credit represented by the transferred funds) to be vested for these funds and the earnings on the funds. Nonvested employer contributions are placed in a suspense account for up to five years. If the employee returns to FRS covered employment within the five year period, the employee will regain control over their account. If the employee does not return within the five year period, the employee will forfeit the accumulated account balance.

Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of payroll and by forfeited benefits of Investment Plan members. The fee for the FRS Investment Plan was .06 percent.

After termination and applying to receive benefits, the member may rollover vested funds to another qualified plan, structure a periodic payment under the Investment Plan, receive a lump-sum distribution, leave the funds invested for future distribution, or any combination of these options. Disability coverage is provided; the member may either transfer the account balance to the FRS Pension Plan when approved for disability retirement to receive guaranteed lifetime monthly benefits under the FRS Pension Plan, or remain in the Investment Plan and rely upon that account balance for retirement income.

The Town's Investment Plan pension expense totaled \$74,533 for the fiscal year ended September 30, 2022.

**NOTE 12 – VOLUNTEER FIREFIGHTERS PENSION FUND**

The Town sponsors the Volunteer Firefighters Pension Plan, a single-employer Public Employee Retirement System defined benefit pension plan. The Plan was established by Ordinance enacted by the Town Council to provide for the creation and operation of the Volunteer Firefighters Pension Plan. The Plan is governed by a five member Board of Trustees. The Board of Trustees' duties include, amongst other responsibilities, making recommendations regarding changes in the provisions of the Plan and its investment policies; however, any changes to the Plan must be approved by the Town Commission. The Plan is reported as a pension trust fund and is included as part of the Town's reporting entity.

Plan Description – All volunteer firefighters of the Town will become members of the Plan upon completion of their application for membership, which must be completed within 30 days of becoming eligible for the Plan. Volunteer firefighters do not receive salaries but receive incentive pay based on calls to which they respond, training sessions and meetings that they attend. Participants should refer to the Plan documents for more complete information. A publicly available financial statement for the Plan can be obtained from the Board of Trustees, 4442 Sea Grape Drive, Lauderdale-By-The-Sea, Florida, 33308.

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

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

Membership – As of October 1, 2021, 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	21
Active participants	34
Total	<hr style="border: 1px solid black;"/> <hr style="border: 1px solid black;"/> 55

Basis of Accounting – The Volunteer Firefighters Pension Plan (“Plan”) financial statements are prepared on the accrual basis of accounting. All contributions are recognized when due, pursuant to formal commitments, as well as statutory or contractual requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Administrative expenses are recorded when incurred.

Method Used to Value Cash and Investments – All short-term investments with an original term of less than three months are considered cash equivalents. Investments are reported at fair value. Net appreciation (depreciation) in fair value of investments includes realized and unrealized gains and losses. Realized gains and losses are determined on the basis of specific cost. Purchases and sales of securities are recorded on the trade-date basis. Interest and dividends are recognized when earned. Dividends are recorded on the ex-dividend date.

Pension Benefits – Eligibility for pension benefits is determined by a point system whereby a firefighter must accumulate 30 points during a Plan year to be credited for one year of service. Points are accumulated by attendance at meetings, drills, fires and false alarms. Normal retirement is at age 55 and 10 years of credited service, or the date on which the member has attained the age of 52 having completed 25 years of credited service. Effective prospectively from December 1, 2015, the benefit for normal retirement was increased from \$10 multiplied by the number of years of credited service to \$42.50 multiplied by the number of years of credited service; however, effective for retirements after March 1, 2003, the benefit shall be at least 2% of average final compensation for each year of credited service. Benefits are payable in a life annuity with other options available. The Plan also provides early and delayed retirement as well as death and disability benefits with benefits dependent on earnings, length of service or years of contributions, and age upon retirement, death or disability.

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – The Town's net pension asset for the Volunteer Firefighters Pension Plan is measured as the total pension liability less the pension plans' fiduciary net position. At September 30, 2022, the Town reported a net pension asset of \$1,064,173 related to the Volunteer Firefighters Pension Plan. The net pension asset was measured as of September 30, 2021, using an annual actuarial valuation as of October 1, 2020. For the fiscal year ended September 30, 2022, the Town recognized pension expense of (\$62,393). The changes in the Net Pension Asset follow:

	Increases (Decreases)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
<b>Balance at measurement date September 30, 2021</b>	\$ 1,999,340	\$ 2,841,139	\$ (841,799)
<b>Changes in the year:</b>			
Service cost	37,952	-	37,952
Interest on the total pension liability	123,143	-	123,143
Differences between actual and expected experience in the measurement of the TPL	162,578	-	162,578
Contributions - Employer (from Town)	-	18,769	(18,769)
Contributions - Employer (from State)	-	65,532	(65,532)
Contributions - Employee	-	18,769	(18,769)
Net investment income	-	478,477	(478,477)
Benefit payments	(127,636)	(127,636)	-
Refunds	(6,371)	(6,371)	-
Pension plan administrative expense	-	(35,500)	35,500
<b>Net changes</b>	189,666	412,040	(222,374)
<b>Balance at measurement date September 30, 2022</b>	\$ 2,189,006	\$ 3,253,179	\$ (1,064,173)

At September 30, 2022 the Town reported deferred outflows of resources and deferred inflows of resources related to the Volunteer Firefighters Pension Fund from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows and Inflows of Resources
Differences between expected and actual experience	\$ 81,289	\$ (517)	\$ 80,772
Change in assumptions	-	(2,651)	(2,651)
Net Difference between projected and actual earnings on pension plan investments	-	(382,597)	(382,597)
Employer's contributions subsequent to the measurement date	18,317	-	18,317
	\$ 99,606	\$ (385,765)	\$ (286,159)

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued) – The amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ending September 30</b>	<b>Net Deferred Outflows and Inflows of Resources</b>
2023	\$ (41,129)
2024	(100,069)
2025	(102,680)
2026	(60,598)
2027	-
Thereafter	-
Total	<u>\$ (304,476)</u>

Contributions and Funding Policy – Funding is based on actuarial determined required contributions using the Aggregate Actuarial Cost Method. The significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the actuarial accrued liability. Firefighters are required to contribute 5% of earnings to the Plan. Contributions from the State of Florida pursuant to Chapter 175, Florida Statutes, are based on the amount of fire insurance written by private insurers on property within Town limits. The annual required contribution for the year ended September 30, 2022 was determined using the October 1, 2021 actuarial valuation. The Town is required to contribute if there is any shortfall between the State's contributions and funding requirements of the Plan. Actual contributions in fiscal year 2022 were as follows: State of Florida \$61,633, Town \$18,317, and members \$18,317.

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

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

Actuarial Methods and Significant Assumptions – Significant actuarial assumptions and other inputs used to measure the total pension liability are as follows:

Valuation date	October 1, 2020
Measurement date	September 30, 2021
Actuarial cost method	Entry Age Normal
Actuarial Assumptions:	
Discount rate	6.25%
Inflation	2.25%
Salary increases	5.50%
Investment Rate of Return	6.25%
Retirement age	Members are expected to retire when eligible for Normal Retirement
Mortality	The same versions of PUB-2010 Headcount-Weighted Mortality Tables as used by the Florida Retirement System (FRS) for Special Risk Class members in their July 1, 2019 actuarial valuation (with mortality improvements projected for healthy lives to all future years after 2010 using Scale MP-2018). Florida Statutes Chapter 112.63(1)(f) mandates the use of mortality tables from one of the two most recently published FRS actuarial valuation reports.
Changes from prior valuation	None

**Development of Single Discount Rate**

Single Discount Rate	6.25%
Long-Term Expected Rate of Return	6.25%
Last year ending September 30 in the 2021 to 2120 projection period for which projected benefit payments are fully funded	2120

A single discount rate of 6.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.25%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.25%) was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

Actuarial Methods and Significant Assumptions (Continued) – The long-term expected rate of return on pension plans investments were determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of September 30, 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	60%	7.50%
International Equity	0%	8.50%
Domestic Bonds	40%	2.50%
International Bonds	0%	3.50%
Real Estate	0%	4.50%
Alternative Assets	0%	5.50%

Sensitivity of the Town’s Net Pension Liability to Changes in the Discount Rate – Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan’s net pension liability calculated using a single discount rate of 6.25%, as well as what the plan’s net pension liability would be if it were calculated using a single discount rate that is one percentage point lower or one percentage point higher.

	Current Single Discount Rate		
	1% Decrease	Assumption	1% Increase
	5.25%	6.25%	7.25%
Net Pension Liability (Asset)	\$ (839,645)	\$ (1,064,173)	\$ (1,248,784)

**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. The plan was established, and the provisions of the plan, including contribution rates, may be amended by the Town Commission. As outlined in the Town’s personnel policies manual, if an employee eligible to participate in the Town’s health insurance program does not elect to participate, the Town will contribute 80% of the Town’s normal health insurance contribution for an employee with no spouse or dependent coverage to the deferred compensation plan on their behalf in lieu of providing health insurance. Additionally, contributions are also paid to the deferred compensation plan on behalf of the Town Manager. Except for the plan provisions related to loans, the deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency. The plan is administered by Nationwide Retirement Solutions. Except for the plan provisions related to loans, the Town has no fiduciary responsibility for the plan and therefore, the Town does not report the balances and activities in its financial statements. During the current fiscal year, the Town contributed approximately \$17,032 on behalf of employees to the deferred compensation plan and employees contributed approximately \$85,097.

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

**NOTE 14 – OTHER POST EMPLOYMENT BENEFITS**

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

Membership – Participants of the plan consisted of the following at September 30, 2022:

Retirees and beneficiaries	
currently receiving benefits	1
Active employees	36
Total	37

Changes in Net OPEB Liability – Sources of changes in the net OPEB liability were as follows:

	<b>Total OPEB Liability</b>	<b>Fiduciary Net Position</b>	<b>Net OPEB Liability</b>
Balance as of September 30, 2021	\$ 143,716	\$ -	\$ 143,716
Changes due to:			
Service cost	13,003	-	13,003
Interest	3,248	-	3,248
Differences between expected and actual experience	7,667	-	7,667
Changes of assumptions	(41,322)	-	(41,322)
Benefit payments	(9,989)	-	(9,989)
Balance as of September 30, 2022	\$ 116,323	\$ -	\$ 116,323

Actuarial Methods and Assumptions – Significant assumptions used to calculate the total OPEB liability were as follows:

Measurement date	September 30, 2021
Actuarial valuation date	September 30, 2021
Funding Method	Entry Age Cost Method (Level % of Pay)
Actuarial assumptions:	
Discount Rate	2.43%
Inflation Rate	2.50% per year
Salary Increase Rate	2.50% per year
Health Care Participation Rate	20% participation assumed, with 50% electing spouse coverage
Health Care Inflation	7.50% in fiscal 2022, grading down to ultimate rate of 4% in fiscal 2075
Mortality Rate	PubG-2010 Mortality Table projected to the valuation date using MP-2020.
Retirement Rates	100% at Age 60

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

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

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate – The following presents the net OPEB liability of the Town, as well as what the Town’s net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.43%) or 1-percentage-point higher (3.43%) than the current discount rate:

1%	Current	1%
Decrease	Discount Rate	Increase
1.43%	2.43%	3.43%
\$ 129,577	\$ 116,323	\$ 105,168

Sensitivity of the Net OPEB Liability Using Alternative Healthcare Cost Trend Rates – The following presents the net OPEB liability of the Town, as well as what the Town’s net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Healthcare Cost		
1% Decrease	Trend Rate	1% Increase
3.00% - 6.50%	4.00% - 7.50%	5.00% - 8.50%
\$ 104,343	\$ 116,323	\$ 130,639

OPEB Expense – For the fiscal year ended September 30, 2022, the Town recognized OPEB expense of (\$15,754).

**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 – RELATED PARTIES**

A member of the commission is the son-in-law of the owner of the company that has the leasing rights to a privately-owned 900 foot ocean pier in the Town. The pier has unrepaired damage from past storms including a portion that collapsed on November 10, 2022 as a result of Hurricane Nicole. The pier has code violations are currently before the Town’s Special Magistrate. As of March 22, 2023 approximately \$137,300 in code violations have accrued on the property and additional fines accrue at \$200 per day. It is not certain when the owner of the pier will address the code violations as a plan to rebuild the pier is being considered but requires extensive permitting before any demolition or construction could take place.

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

**NOTE 17 – PRONOUNCEMENTS ISSUED, BUT NOT YET ADOPTED**

*GASB 91 - Conduit Debt Obligations*

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. As amended by GASB statement No. 95, the requirements of this Statement are effective for reporting periods beginning after December 15, 2021. Earlier application is encouraged

*GASB 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements*

This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

*GASB 96 – Subscription-Based Information Technology Arrangements*

This statement provides new accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs), which have become increasingly common among state and local governments in recent years. Statement 96 is based on the standards established in Statement 87, Leases. The new statement defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The guidance requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability (with an exception for short-term SBITAs, those with a maximum possible term of 12 months) and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.

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

**NOTE 18 – SUBSEQUENT EVENTS**

**Purchase of 9-unit multifamily property at 4512 Bouganvilla Drive**

On January 14, 2023, the Town commission approved the purchase of a 9-unit multifamily property located at 4512 Bouganvilla Drive. On March 14, 2023, the Town purchased the property for \$3,600,000.

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

**NOTE 18 – SUBSEQUENT EVENTS (Continued)**

**Fire Rescue and Paramedic Services**

On February 14, 2023, the Town commission gave the authority to the Town manager to negotiate a contract for City of Pompano Beach to provide fire rescue and paramedic services to the Town which would replace the services provided by the Town's volunteer fire department and the Town's contractor, American Medical Response. As of the report date, negotiations are still ongoing with a contract anticipated to be brought forward to the Commission in April 2023 for their consideration.

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Property taxes	\$ 8,996,323	\$ 8,996,323	\$ 9,112,216	\$ 115,893
Franchise fees and utility taxes	1,883,300	1,883,300	2,022,272	138,972
Intergovernmental	1,074,756	1,091,426	1,171,975	80,549
Fines and forfeitures	60,000	60,000	40,206	(19,794)
Charges for services	7,650	7,650	13,660	6,010
Licenses and permits	129,500	131,480	179,102	47,622
Interest income	30,000	30,000	4,961	(25,039)
Grant revenue	187,839	187,839	175,894	(11,945)
Miscellaneous revenues	207,683	207,683	198,916	(8,767)
Total revenues	12,577,051	12,595,701	12,919,202	323,501
<b>Expenditures:</b>				
<b>General government departments:</b>				
Commission	233,275	233,275	178,149	55,126
Donations	63,259	63,259	50,259	13,000
Visitor center	104,441	104,441	55,207	49,234
Administration	1,131,230	1,131,230	981,867	149,363
Attorney	426,000	426,000	360,360	65,640
General	936,635	946,885	809,451	137,434
Business development	171,413	171,413	58,839	112,574
Total general government	3,066,253	3,076,503	2,494,132	582,371
<b>Other departments:</b>				
Police department	5,472,607	5,472,607	5,453,856	18,751
Emergency medical services	873,699	873,699	873,699	-
Development services	854,111	862,511	706,142	156,369
Municipal services	2,761,087	2,761,087	2,537,399	223,688
Recreation services	719,384	719,384	553,628	165,756
Total other departments	10,680,888	10,689,288	10,124,724	564,564
Total expenditures	13,747,141	13,765,791	12,618,856	1,146,935
Excess (deficiency) of revenues over (under) expenditures	(1,170,090)	(1,170,090)	300,346	1,470,436
<b>Other financing sources (uses):</b>				
Use of fund balance	1,688,752	1,688,752	-	(1,688,752)
Transfers in	22,000	22,000	22,000	-
Transfers out	(540,662)	(540,662)	(540,662)	-
Total other financing sources (uses)	1,170,090	1,170,090	(518,662)	(1,688,752)
Net change in fund balance	\$ -	\$ -	(218,316)	\$ (218,316)
Fund balance, beginning			8,594,081	
Fund balance, ending			\$ 8,375,765	

See notes to Required Supplementary Information.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE –**  
**BUILDING FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget-
	Original	Final		Positive (Negative)
Revenues:				
Licenses and permits	\$ 824,683	\$ 824,683	\$ 2,045,640	\$ 1,220,957
Total revenues	824,683	824,683	2,045,640	1,220,957
Expenditures:				
Current:				
Public safety	874,683	874,683	1,572,866	(698,183)
Capital outlay	-	55,998	-	55,998
Total expenditures	874,683	930,681	1,572,866	(642,185)
Excess (deficiency) of revenues over (under) expenditures	(50,000)	(105,998)	472,774	578,772
Other financing sources (uses):				
Use of fund balance	50,000	105,998	-	(105,998)
Total other financing sources (uses)	50,000	105,998	-	(105,998)
Net change in fund balances	\$ -	\$ -	472,774	\$ 472,774
Fund balance, beginning			211,210	
Fund balance, ending			\$ 683,984	

See notes to Required Supplementary Information.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE –**  
**FIRE FUND**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual Amounts	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Fire assessments	\$ 1,012,348	\$ 1,012,348	\$ 1,029,788	\$ 17,440
Charges for services	33,900	33,900	35,657	1,757
Interest income	1,000	1,000	218	(782)
Total revenues	1,047,248	1,047,248	1,065,663	18,415
Expenditures:				
Current:				
Public Safety	1,005,755	1,005,755	988,436	17,319
Capital outlay	918,000	937,000	18,603	918,397
Total expenditures	1,923,755	1,942,755	1,007,039	935,716
Excess (deficiency) of revenues over (under) expenditures	(876,507)	(895,507)	58,624	954,131
Other financing sources (uses):				
Use of fund balance	898,507	917,507	-	(917,507)
Transfers out	(22,000)	(22,000)	(22,000)	-
Total other financing sources (uses)	876,507	895,507	(22,000)	(917,507)
Net change in fund balances	\$ -	\$ -	36,624	\$ 36,624
Fund balance, beginning			1,708,133	
Fund balance, ending			\$ 1,744,757	

See notes to Required Supplementary Information.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
REQUIRED SUPPLEMENTARY INFORMATION  
NOTE TO BUDGETARY COMPARISON SCHEDULE  
FISCAL YEAR ENDED SEPTEMBER 30, 2022

**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 CHANGES IN THE NET PENSION ASSET AND RELATED RATIOS –**  
**VOLUNTEER FIREFIGHTERS PENSION PLAN**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Fiscal Year Ended September 30,	2022	2021	2020	2019	2018	2017	2016	2015
Measurement Year Ended September 30,	2021	2020	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability (TPL)</b>								
Service cost	\$ 37,952	\$ 36,608	\$ 36,204	\$ 39,229	\$ 55,966	\$ 22,358	\$ 39,823	\$ 48,234
Interest on the total pension liability	123,143	119,781	119,385	122,909	115,897	96,588	97,199	38,136
Benefit changes	-	-	-	-	-	152,366	-	-
Differences between actual and expected experience	162,578	(3,959)	(38,399)	(119,225)	17,679	57,929	(50,638)	-
Changes of assumption	-	(20,331)	-	-	21,808	-	(22,967)	-
Benefit payments	(127,636)	(99,320)	(91,580)	(87,100)	(76,043)	(46,123)	(15,194)	(15,194)
Refunds	(6,371)	(25,540)	(6,559)	(2,984)	(7,326)	(2,083)	(7,981)	(15,195)
Other changes	-	123,497	-	-	-	-	87,139	129,583
<b>Net change in total pension liability</b>	<b>189,666</b>	<b>130,736</b>	<b>19,051</b>	<b>(47,171)</b>	<b>127,981</b>	<b>281,035</b>	<b>127,381</b>	<b>185,564</b>
<b>Total pension liability - beginning</b>	<b>1,999,340</b>	<b>1,868,604</b>	<b>1,849,553</b>	<b>1,896,724</b>	<b>1,768,743</b>	<b>1,487,708</b>	<b>1,360,327</b>	<b>1,174,763</b>
<b>Total pension liability - ending (a)</b>	<b>\$ 2,189,006</b>	<b>\$ 1,999,340</b>	<b>\$ 1,868,604</b>	<b>\$ 1,849,553</b>	<b>\$ 1,896,724</b>	<b>\$ 1,768,743</b>	<b>\$ 1,487,708</b>	<b>\$ 1,360,327</b>
<b>Plan fiduciary net position</b>								
Contributions - Employer (from Town)	\$ 18,769	\$ 18,177	\$ 13,913	\$ 14,625	\$ 12,990	\$ 14,122	\$ 14,458	\$ 13,976
Contributions - Employer (from State)	65,532	219,261	52,752	113,804	58,209	85,906	110,610	153,054
Contributions - Members	18,769	18,177	13,913	17,831	12,990	14,122	14,458	13,976
Net investment income	478,477	368,238	134,797	229,884	180,802	123,067	(40,115)	58,637
Benefit payments	(127,636)	(99,320)	(91,580)	(87,100)	(76,043)	(46,123)	(15,194)	(15,194)
Refunds	(6,371)	(25,540)	(6,559)	(2,984)	(7,326)	(2,083)	(7,981)	(15,195)
Pension plan administrative expense	(35,500)	(40,883)	(35,131)	(36,441)	(27,136)	(18,613)	(32,027)	(8,350)
Other changes*	-	-	-	(37,116)	-	-	-	-
<b>Net change in fiduciary net position</b>	<b>412,040</b>	<b>458,110</b>	<b>82,105</b>	<b>212,503</b>	<b>154,486</b>	<b>170,398</b>	<b>44,209</b>	<b>200,904</b>
<b>Plan fiduciary net position - beginning</b>	<b>2,841,139</b>	<b>2,383,029</b>	<b>2,300,924</b>	<b>2,088,421</b>	<b>1,933,935</b>	<b>1,763,537</b>	<b>1,719,328</b>	<b>1,518,424</b>
<b>Plan fiduciary net position - ending (b)</b>	<b>\$ 3,253,179</b>	<b>\$ 2,841,139</b>	<b>\$ 2,383,029</b>	<b>\$ 2,300,924</b>	<b>\$ 2,088,421</b>	<b>\$ 1,933,935</b>	<b>\$ 1,763,537</b>	<b>\$ 1,719,328</b>
<b>Net pension liability (asset) - ending (a) - (b)</b>	<b>\$ (1,064,173)</b>	<b>\$ (841,799)</b>	<b>\$ (514,425)</b>	<b>\$ (451,371)</b>	<b>\$ (191,697)</b>	<b>\$ (165,192)</b>	<b>\$ (275,829)</b>	<b>\$ (359,001)</b>
Plan fiduciary net position as a percentage of the total pension liability	148.61%	142.10%	127.53%	124.40%	110.11%	109.34%	118.54%	126.39%
Covered employee payroll	\$ 375,380	\$ 363,540	\$ 278,260	\$ 292,500	\$ 259,800	\$ 282,440	\$ 289,160	\$ 279,520
Net Pension liability as a percentage of covered employee payroll	-283.49%	-231.56%	-184.87%	-154.31%	-73.79%	-58.49%	-95.39%	-128.43%

\* The fiscal year 2018 beginning net position of the Town of Lauderdale-by-the-Sea Volunteer Firefighters Pension Plan was adjusted by \$37,116 because a state contribution to the pension was improperly accrued as of September 30, 2017.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CONTRIBUTIONS –**  
**VOLUNTEER FIREFIGHTERS PENSION PLAN**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2022**

Fiscal Year End	(1) Actuarially Determined Contribution (ADC)	(2) Contributions Recognized by the Plan*	(3) Difference Between (1) and (2)	Covered Payroll**	Column (2) as a Percentage of Covered Payroll
September 30, 2013	\$ 20,932	\$ 40,274	\$ (19,342)	\$ 347,941 ***	11.57%
September 30, 2014	153	37,447	(37,294)	279,520	13.40%
September 30, 2015	-	37,929	(37,929)	289,160	13.12%
September 30, 2016	29,701	100,028	(70,327)	282,440	35.42%
September 30, 2017	34,083	34,083	-	259,800	13.12%
September 30, 2018	-	128,429	(128,429)	292,500	43.91%
September 30, 2019	-	66,665	(66,665)	278,260	23.96%
September 30, 2020	-	237,438	(237,438)	363,540	65.31%
September 30, 2021	-	84,301	(84,301)	375,380	22.46%
September 30, 2022	-	79,950	(79,950)	366,340	21.82%

\* Contributions recognized by the Plan relate to employer and nonemployer entities.

\*\* Covered payroll was calculated based on actual member contributions for the fiscal year divided by the employee contribution rate of 5%.

\*\*\* Expected total covered payroll assumed to be same as expected covered payroll for previous year.

Valuation date	October 1, 2021
Actuarial cost method	Aggregate
Amortization method	N/A
Remaining amortization period	N/A
Asset valuation method	Market Value of Assets
Actuarial assumptions:	
Investment rate of return	6.25%
Salary increases	5.5%
Inflation	2.25%

A publicly available financial statement for the Plan can be obtained from the Board of Trustees, 4442 Sea Grape Drive, Lauderdale-By-The-Sea, Florida, 33308 which includes the additional financial reporting requirements of GASB 67, *Financial Reporting for Pension Plans*, including the annual money-weighted rate of return on pension plan investments.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY –**  
**FLORIDA RETIREMENT SYSTEM**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**Schedule of the Town's Proportionate Share of the Net Pension Liability -**  
**Florida Retirement System Pension Plan**  
**Last 10 Years (1) (2)**

	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the FRS net pension liability	0.00721%	0.00720%	0.00724%	0.00821%	0.00838%	0.00811%	0.00739%	0.00716%
Town's proportionate share of the FRS net pension liability	\$ 2,682,141	\$ 543,717	\$ 3,136,558	\$ 2,827,042	\$ 2,523,345	\$ 2,397,897	\$ 1,867,084	\$ 925,142
Town's covered employee payroll	\$ 1,743,670	\$ 1,647,208	\$ 1,704,272	\$ 1,804,862	\$ 1,812,223	\$ 1,652,978	\$ 1,907,616	\$ 1,837,884
Town's proportionate share of the FRS net pension liability as a percentage of its covered employee payroll	153.82%	33.01%	184.04%	156.63%	139.24%	145.07%	97.88%	50.34%
FRS plan fiduciary net position as a percentage of the total pension liability	96.20%	96.40%	78.85%	82.61%	84.26%	83.89%	84.88%	92.00%

**Schedule of the Town's Proportionate Share of the Net Pension Liability -**  
**Health Insurance Subsidy Pension Plan**  
**Last 10 Years (1) (2)**

	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the HIS net pension liability	0.00629%	0.00625%	0.00634%	0.00640%	0.00634%	0.00604%	0.00618%	0.00599%
Town's proportionate share of the HIS net pension liability	\$ 665,824	\$ 766,557	\$ 774,159	\$ 716,401	\$ 670,555	\$ 645,544	\$ 720,176	\$ 610,760
Town's covered employee payroll	\$ 1,743,670	\$ 1,647,208	\$ 1,704,272	\$ 1,804,862	\$ 1,812,223	\$ 1,652,978	\$ 1,907,616	\$ 1,837,884
Town's proportionate share of the HIS net pension liability as a percentage of its covered employee payroll	38.19%	46.54%	45.42%	39.69%	37.00%	39.05%	37.75%	33.23%
HIS plan fiduciary net position as a percentage of the total pension liability	4.81%	3.56%	3.00%	2.63%	2.15%	1.64%	0.97%	0.50%

(1) The amounts presented for each year were determined as of the measurement date, June 30.

(2) Information is only available for the years presented.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PENSION CONTRIBUTIONS –**  
**FLORIDA RETIREMENT SYSTEM**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2022**

**Schedule of the Town Contributions -**  
**Florida Retirement System Pension Plan**  
**Last 10 Fiscal Years (1) (2)**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required FRS contribution	\$ 263,843	\$ 232,940	\$ 222,200	\$ 229,363	\$ 228,094	\$ 201,918	\$ 213,343	\$ 203,842
FRS contributions in relation to the contractually required contribution	(263,843)	(232,940)	(222,200)	(229,363)	(228,094)	(201,918)	(213,343)	(203,842)
FRS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered employee payroll	\$ 1,680,556	\$ 1,645,548	\$ 1,717,336	\$ 1,741,337	\$ 1,822,995	\$ 1,710,062	\$ 1,987,533	\$ 1,854,933
FRS contributions as a percentage of covered employee payroll	15.70%	14.16%	12.94%	13.17%	12.51%	11.81%	10.73%	10.99%

**Schedule of the Town Contributions -**  
**Health Insurance Subsidy Pension Plan**  
**Last 10 Fiscal Years (1) (2)**

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required HIS contribution	\$ 27,897	\$ 27,317	\$ 28,507	\$ 28,905	\$ 30,262	\$ 28,387	\$ 32,944	\$ 25,157
HIS contributions in relation to the contractually required contribution	(27,897)	(27,317)	(28,507)	(28,905)	(30,262)	(28,387)	(32,944)	(25,157)
HIS contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered employee payroll	\$ 1,680,556	\$ 1,645,548	\$ 1,717,336	\$ 1,741,337	\$ 1,822,995	\$ 1,710,062	\$ 1,987,533	\$ 1,854,933
HIS contributions as a percentage of covered employee payroll	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.66%	1.36%

(1) The amounts presented for each fiscal year were determined as of September 30.

(2) Information is only available for the years presented.

A publicly available financial statement for the Plan can be obtained from the Florida Department of Management Services (DMS), Division of Retirement, Research and Education Section, PO Box 9000, Tallahassee, Florida, 32315-9000; phone 850-488-5706; website ([www.dms.myflorida.com](http://www.dms.myflorida.com)) which includes additional financial reporting requirements, including the annual money-weighted rate of return on pension plan investments.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE TOWN'S NET OPEB LIABILITY**  
**FISCAL YEAR ENDED SEPTEMBER 30, 2022**

<b>Fiscal Year Ended September 30,</b>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Beginning balance	\$ 143,716	\$ 119,631	\$ 135,003	\$ 138,275	\$ 141,778
Service cost	13,003	10,737	9,749	10,075	10,466
Interest	3,248	4,502	5,772	5,176	4,485
Differences between expected and actual experience	7,667	-	(26,873)	-	-
Changes in assumptions	(41,322)	18,138	9,467	(6,121)	(7,050)
Benefit payments	(9,989)	(9,292)	(13,487)	(12,402)	(11,404)
Ending balance (a)	<u>\$ 116,323</u>	<u>\$ 143,716</u>	<u>\$ 119,631</u>	<u>\$ 135,003</u>	<u>\$ 138,275</u>
<b>Plan Fiduciary Net Position</b>					
Beginning balance	\$ -	\$ -	\$ -	\$ -	\$ -
Service cost	-	-	-	-	-
Expected interest growth	-	-	-	-	-
Changes in assumptions	-	-	-	-	-
Benefit payments	-	-	-	-	-
Ending balance (b)	<u>\$ -</u>				
<b>Net OPEB Liability (a - b)</b>	<u>\$ 116,323</u>	<u>\$ 143,716</u>	<u>\$ 119,631</u>	<u>\$ 135,003</u>	<u>\$ 138,275</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	\$ 1,999,036	\$ 1,991,464	\$ 1,942,891	\$ 2,073,315	\$ 2,022,746
Net OPEB liability as a percentage of covered employee payroll	5.82%	7.22%	6.16%	6.51%	6.84%

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ -	\$ 300,000	\$ 300,000
Interest income	600.00	600	552	(48)
Grant revenue	1,668,844	1,668,844	3,337,689	1,668,845
Total revenues	1,669,444	1,669,444	3,638,241	1,968,797
<b>Expenditures:</b>				
General Government:				
Administrative	164,743	164,743	42,856	121,887
Capital outlay	5,888,566	8,433,735	3,276,569	5,157,166
Total expenditures	6,053,309	8,598,478	3,319,425	5,279,053
Excess (deficiency) of revenues over (under) expenditures	(4,383,865)	(6,929,034)	318,816	7,247,850
<b>Other financing sources (uses):</b>				
Transfers in	1,649,962	1,649,962	1,649,962	-
Use of fund balance	2,733,903	5,279,072	-	(5,279,072)
Total other financing sources (uses)	4,383,865	6,929,034	1,649,962	(5,279,072)
Net change in fund balance	\$ -	\$ -	1,968,778	\$ 1,968,778
Fund balance, beginning			3,775,023	
Fund balance, ending			\$ 5,743,801	

**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, 2022**

	Budgeted Amounts		Actual Amounts	Variance With
	Original	Final		Final Budget- Positive (Negative)
Revenues:				
Miscellaneous	\$ -	\$ -	\$ 1,071	\$ 1,071
Total revenues	-	-	1,071	1,071
Expenditures:				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	1,071	\$ 1,071
Fund balance, beginning			14,369	
Fund balance, ending			\$ 15,440	

**STATISTICAL SECTION**

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## STATISTICAL SECTION

This part of the Town of Lauderdale-By-The-Sea's annual comprehensive 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>71-78</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>79-81</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>82-84</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>85-87</b>
<b>Operating and Other 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>88-89</b>

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

**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)**

	Fiscal Year Ended September 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities:										
Net investment in capital assets	\$ 20,759	\$ 23,624	\$ 23,853	\$ 24,579	\$ 23,632	\$ 22,702	\$ 21,699	\$ 21,361	\$ 21,390	\$ 20,128
Restricted for:										
Florida building Code									211	684
Town beautification per contractual agreement	678	678	678	678	678	678	678	678	678	678
Law enforcement	139	156	2	3	5	12	14	14	14	14
Fire enforcement	604	793	982	904	946	1,140	1,399	1,505	1,708	1,745
Unrestricted	10,368	8,323	7,969	7,043	7,672	8,610	9,640	10,508	9,549	11,456
Total governmental activities net position	<u>32,548</u>	<u>33,574</u>	<u>33,484</u>	<u>33,207</u>	<u>32,933</u>	<u>33,142</u>	<u>33,430</u>	<u>34,066</u>	<u>33,550</u>	<u>34,705</u>
Business-type activities:										
Net investment in capital assets	7,464	8,454	8,366	9,026	12,148	12,800	13,778	14,176	14,141	19,177
Unrestricted	2,822	2,666	4,291	5,239	3,868	5,013	6,001	7,036	8,588	4,777
Total business-type activities net position	<u>10,286</u>	<u>11,120</u>	<u>12,657</u>	<u>14,265</u>	<u>16,016</u>	<u>17,813</u>	<u>19,779</u>	<u>21,212</u>	<u>22,729</u>	<u>23,954</u>
Primary government:										
Net investment in capital assets	28,223	32,078	32,219	33,605	35,780	35,502	35,477	35,537	35,531	39,305
Restricted for:										
El Mar beautification per contractual agreement	678	678	678	678	678	678	678	678	678	678
Law enforcement	139	156	2	3	5	12	14	14	14	14
Fire enforcement	604	793	982	904	946	1,140	1,399	1,505	1,708	1,745
Unrestricted	13,190	10,989	12,260	12,282	11,540	13,623	15,641	17,544	18,137	16,233
Total primary government net position	<u>\$ 42,834</u>	<u>\$ 44,694</u>	<u>\$ 46,141</u>	<u>\$ 47,472</u>	<u>\$ 48,949</u>	<u>\$ 50,955</u>	<u>\$ 53,209</u>	<u>\$ 55,278</u>	<u>\$ 56,068</u>	<u>\$ 57,975</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:	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental activities:</b>										
General government	\$ 2,567	\$ 2,409	\$ 2,471	\$ 2,327	\$ 2,514	\$ 2,535	\$ 2,747	\$ 2,689	\$ 2,269	\$ 2,395
Public safety	6,049	6,254	7,093	7,407	7,338	7,428	7,849	8,131	8,625	9,635
Transportation	1,317	1,382	1,516	1,675	1,856	1,978	2,013	2,339	2,013	2,490
Recreation	362	382	452	442	470	444	472	581	610	597
Physical environment	810	1,007	1,246	1,534	1,591	1,435	1,362	1,454	2,568	4,505
Interest	-	-	-	-	-	-	-	-	-	30
<b>Total governmental activities</b>	<b>11,105</b>	<b>11,434</b>	<b>12,778</b>	<b>13,385</b>	<b>13,769</b>	<b>13,820</b>	<b>14,443</b>	<b>15,194</b>	<b>16,085</b>	<b>19,652</b>
<b>Business-type activities:</b>										
Sewer	861	1,260	882	950	955	856	877	1,043	1,090	1,068
Parking	425	490	660	680	753	765	922	858	996	1,196
<b>Total business-type activities</b>	<b>1,286</b>	<b>1,750</b>	<b>1,542</b>	<b>1,630</b>	<b>1,708</b>	<b>1,621</b>	<b>1,799</b>	<b>1,901</b>	<b>2,086</b>	<b>2,264</b>
<b>Total primary government</b>	<b>\$ 12,391</b>	<b>\$ 13,184</b>	<b>\$ 14,320</b>	<b>\$ 15,015</b>	<b>\$ 15,477</b>	<b>\$ 15,441</b>	<b>\$ 16,242</b>	<b>\$ 17,095</b>	<b>\$ 18,171</b>	<b>\$ 21,916</b>
<b>Program revenues:</b>										
<b>Governmental activities:</b>										
<b>Charges for services:</b>										
General government	\$ 887	\$ 1,195	\$ 1,619	\$ 1,502	\$ 1,357	\$ 1,632	\$ 1,503	\$ 2,557	\$ 1,269	\$ 2,265
Public safety	1,085	1,029	1,017	1,018	1,095	1,099	1,100	1,095	1,095	1,079
Operating grants and contributions	69	81	82	82	84	85	193	285	551	3,514
Capital grants and contributions	-	32	129	-	-	-	-	-	-	-
<b>Total governmental activities program revenues</b>	<b>2,041</b>	<b>2,337</b>	<b>2,847</b>	<b>2,602</b>	<b>2,536</b>	<b>2,816</b>	<b>2,796</b>	<b>3,937</b>	<b>2,915</b>	<b>6,858</b>
<b>Business type activities:</b>										
<b>Charges for services:</b>										
Sewer	1,125	966	1,128	1,051	1,150	1,178	1,197	1,193	1,303	1,304
Parking	1,553	1,616	2,034	2,182	2,309	2,237	2,616	2,092	2,685	3,191
Capital grants and contributions	39	-	-	-	-	-	-	-	-	-
<b>Total business-type activities program revenues</b>	<b>2,717</b>	<b>2,582</b>	<b>3,162</b>	<b>3,233</b>	<b>3,459</b>	<b>3,415</b>	<b>3,813</b>	<b>3,285</b>	<b>3,988</b>	<b>4,495</b>
<b>Total primary government program revenues</b>	<b>\$ 4,758</b>	<b>\$ 4,919</b>	<b>\$ 6,009</b>	<b>\$ 5,835</b>	<b>\$ 5,995</b>	<b>\$ 6,231</b>	<b>\$ 6,609</b>	<b>\$ 7,222</b>	<b>\$ 6,903</b>	<b>\$ 11,353</b>

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

	Fiscal Year Ended September 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Net (expense) revenue:										
Governmental activities	\$ (9,064)	\$ (9,097)	\$ (9,931)	\$ (10,783)	\$ (11,233)	\$ (11,004)	\$ (11,647)	\$ (11,257)	\$ (13,170)	\$ (12,794)
Business-type activities	1,431	832	1,620	1,603	1,751	1,794	2,014	1,384	1,902	2,231
Total primary government net expense	<u>\$ (7,633)</u>	<u>\$ (8,265)</u>	<u>\$ (8,311)</u>	<u>\$ (9,180)</u>	<u>\$ (9,482)</u>	<u>\$ (9,210)</u>	<u>\$ (9,633)</u>	<u>\$ (9,873)</u>	<u>\$ (11,268)</u>	<u>\$ (10,563)</u>
General revenues and other changes in net position:										
Governmental activities:										
Property taxes	\$ 6,723	\$ 6,915	\$ 7,076	\$ 7,484	\$ 7,920	\$ 8,271	\$ 8,699	\$ 8,804	\$ 9,152	\$ 9,112
Utility taxes based on gross receipts	932	970	1,009	999	1,050	1,059	1,084	1,067	1,078	1,165
Franchise fees based on gross receipts	699	707	706	735	749	735	771	768	769	857
Communications services tax	385	351	357	414	317	314	315	318	293	308
Intergovernmental	848	676	916	682	703	716	723	645	739	863
Unrestricted Interest earnings	75	25	32	6	17	25	89	115	5	5
Miscellaneous	267	478	417	186	202	208	253	174	215	199
Total governmental activities	<u>9,929</u>	<u>10,122</u>	<u>10,513</u>	<u>10,506</u>	<u>10,958</u>	<u>11,328</u>	<u>11,934</u>	<u>11,891</u>	<u>12,251</u>	<u>12,509</u>
Business-type activities:										
Unrestricted Interest earnings	2	2	2	-	-	6	35	26	-	1
Miscellaneous	-	-	3	5	-	8	18	22	15	101
Gain on sale of assets	-	-	-	-	1	-	-	-	-	-
Total business-type activities	<u>2</u>	<u>2</u>	<u>5</u>	<u>5</u>	<u>1</u>	<u>14</u>	<u>53</u>	<u>48</u>	<u>15</u>	<u>102</u>
Total primary government	<u>\$ 9,931</u>	<u>\$ 10,124</u>	<u>\$ 10,518</u>	<u>\$ 10,511</u>	<u>\$ 10,959</u>	<u>\$ 11,342</u>	<u>\$ 11,987</u>	<u>\$ 11,939</u>	<u>\$ 12,266</u>	<u>\$ 12,611</u>
Changes in net position:										
Government activities	\$ 865	\$ 1,025	\$ 582	\$ (277)	\$ (275)	\$ 324	\$ 287	\$ 634	\$ (919)	\$ (285)
Business-type activities	1,433	834	1,625	1,608	1,752	1,808	2,067	1,432	1,917	2,333
Total primary government	<u>\$ 2,298</u>	<u>\$ 1,859</u>	<u>\$ 2,207</u>	<u>\$ 1,331</u>	<u>\$ 1,477</u>	<u>\$ 2,132</u>	<u>\$ 2,354</u>	<u>\$ 2,066</u>	<u>\$ 998</u>	<u>\$ 2,048</u>

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

Fiscal Year Ended September 30,	Ad Valorem and Fire Taxes	Franchise Fees on Services	Utility Tax	Communication Service Tax	Transportation Tax	Total
2013	7,766	699	932	385	104	9,886
2014	7,894	707	970	351	107	10,029
2015	8,053	706	1,009	357	110	10,235
2016	8,459	735	999	414	110	10,717
2017	8,973	749	1,050	317	116	11,205
2018	9,323	735	1,059	314	112	11,543
2019	9,755	771	1,084	315	113	12,038
2020	9,853	768	1,067	318	100	12,106
2021	10,203	9,112	-	1,165	101	20,581
2022	10,142	857	1,165	308	109	12,581

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

	September 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund:										
Nonspendable	\$ 170	\$ 160	\$ 167	\$ 202	\$ 158	\$ 91	\$ 44	\$ 129	\$ -	\$ -
Assigned	4,399	3,982	3,542	3,740	2,333	2,500	2,500	4,150	2,500	2,500
Unassigned	3,629	3,324	3,401	2,443	3,520	4,653	5,842	5,893	6,094	5,876
Total general fund	<u>\$ 8,198</u>	<u>\$ 7,466</u>	<u>\$ 7,110</u>	<u>\$ 6,385</u>	<u>\$ 6,011</u>	<u>\$ 7,244</u>	<u>\$ 8,386</u>	<u>\$ 10,172</u>	<u>\$ 8,594</u>	<u>\$ 8,376</u>
All other governmental funds:										
Nonspendable	\$ 64	\$ 65	\$ 66	\$ 67	\$ 67	\$ 67	\$ -	\$ 74	\$ -	\$ -
Restricted	1,421	1,470	1,659	1,584	1,630	1,831	2,090	2,195	2,611	3,122
Committed	-	156	3	-	-	-	-	-	-	-
Assigned	2,091	714	1,243	1,424	2,866	2,952	3,580	2,863	3,097	5,066
Unassigned	-	-	-	-	-	-	(92)	(5)	-	-
Total all other governmental funds	<u>\$ 3,576</u>	<u>\$ 2,405</u>	<u>\$ 2,971</u>	<u>\$ 3,075</u>	<u>\$ 4,563</u>	<u>\$ 4,850</u>	<u>\$ 5,578</u>	<u>\$ 5,127</u>	<u>\$ 5,708</u>	<u>\$ 8,188</u>

**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)**

	Fiscal Year Ended September 30,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Revenues:</b>										
Property taxes and fire assessments	\$ 10,142,004	\$ 10,203,620	\$ 9,853,257	\$ 9,755,326	\$ 9,323,013	\$ 8,973,038	\$ 8,458,845	\$ 8,052,767	\$ 7,894,483	\$ 7,766,298
Franchise fees and utility taxes	2,022,272	1,847,000	1,835,015	1,854,540	1,794,609	1,799,511	1,734,171	1,714,761	1,677,798	1,631,074
Intergovernmental	1,471,975	1,032,457	963,615	1,037,907	1,029,976	1,019,977	1,095,512	1,273,084	1,027,448	1,233,228
Fines and forfeitures	40,206	40,151	1,710,876	357,287	484,086	161,139	94,009	165,437	444,386	123,534
Charges for services	49,317	44,588	46,051	44,631	47,013	42,300	43,015	39,935	49,348	41,966
Interest and other	5,731	5,079	114,915	1,145,245	25,317	17,081	6,024	32,016	25,361	74,648
Licenses and permits	2,224,742	1,228,868	846,857	89,366	1,147,773	1,196,042	1,408,293	1,453,520	750,198	763,664
Grants	3,513,583	551,046	285,955	193,393	84,696	84,237	81,650	81,530	81,387	190,621
Miscellaneous revenues	199,987	215,014	174,187	253,023	207,760	202,005	346,943	416,718	477,969	266,653
<b>Total revenues</b>	<b>19,669,817</b>	<b>15,167,823</b>	<b>15,830,728</b>	<b>14,730,718</b>	<b>14,144,243</b>	<b>13,495,330</b>	<b>13,268,462</b>	<b>13,229,768</b>	<b>12,428,378</b>	<b>12,091,686</b>
<b>Expenditures:</b>										
<b>Current:</b>										
General government	2,506,648	2,567,815	2,527,771	2,458,940	2,386,055	2,209,305	2,209,228	2,431,450	2,367,732	2,536,061
Public safety	9,584,224	8,559,543	8,003,039	7,681,724	7,325,908	7,215,408	7,274,122	7,033,832	6,214,577	5,991,798
Transportation	2,431,697	2,066,966	2,111,273	1,733,786	1,750,558	1,636,939	1,485,940	1,419,610	1,298,636	1,225,552
Recreation	547,038	589,763	576,938	460,021	431,725	458,066	430,185	439,763	370,420	338,444
Physical environment	-	277,016	234,351	221,694	233,592	223,675	230,293	225,740	229,228	184,217
Capital outlay	3,445,730	2,505,363	1,041,011	304,795	495,847	637,985	2,260,012	1,468,907	3,851,212	5,157,495
<b>Debt service:</b>										
Principal	2,819	-	-	-	-	-	-	-	-	-
Interest	30	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>18,518,186</b>	<b>16,566,466</b>	<b>14,494,383</b>	<b>12,860,960</b>	<b>12,623,685</b>	<b>12,381,378</b>	<b>13,889,780</b>	<b>13,019,302</b>	<b>14,331,805</b>	<b>15,433,567</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,151,631</b>	<b>(1,398,643)</b>	<b>1,336,345</b>	<b>1,869,758</b>	<b>1,520,558</b>	<b>1,113,952</b>	<b>(621,318)</b>	<b>210,466</b>	<b>(1,903,427)</b>	<b>(3,341,881)</b>
<b>Other financing sources (uses):</b>										
Transfers in	1,671,962	3,022,254	35,000	912,580	537,822	1,808,063	2,244,835	1,683,227	1,931,730	2,882,800
Transfers out	(562,662)	(2,621,490)	(35,000)	(912,580)	(537,822)	(1,808,063)	(2,244,835)	(1,683,227)	(1,931,730)	(2,882,800)
<b>Total other financing sources (uses)</b>	<b>1,109,300</b>	<b>400,764</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net change in fund balances</b>	<b>2,260,931</b>	<b>(997,879)</b>	<b>1,336,345</b>	<b>1,869,758</b>	<b>1,520,558</b>	<b>1,113,952</b>	<b>(621,318)</b>	<b>210,466</b>	<b>(1,903,427)</b>	<b>(3,341,881)</b>
<b>Fund balances - beginning</b>	<b>14,302,816</b>	<b>15,300,695</b>	<b>13,964,350</b>	<b>12,094,592</b>	<b>10,574,034</b>	<b>9,460,082</b>	<b>10,081,400</b>	<b>9,870,934</b>	<b>11,774,361</b>	<b>15,116,242</b>
<b>Fund balances - ending</b>	<b>\$ 16,563,747</b>	<b>\$ 14,302,816</b>	<b>\$ 15,300,695</b>	<b>\$ 13,964,350</b>	<b>\$ 12,094,592</b>	<b>\$ 10,574,034</b>	<b>\$ 9,460,082</b>	<b>\$ 10,081,400</b>	<b>\$ 9,870,934</b>	<b>\$ 11,774,361</b>

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

Fiscal Year	Property Taxes and Fire Assessment Fees	Franchise Fees and Utility Taxes	Licenses and Permits	Inter-Govt	Charges Services	Fines and Forfeitures	Grants	Interest and Other	Total
2013	7,766,298	1,631,074	763,664	1,233,228	41,966	123,534	190,621	341,301	12,091,686
2014	7,894,483	1,677,798	750,198	1,027,448	49,348	444,386	81,387	503,330	12,428,378
2015	8,052,767	1,714,761	1,453,520	1,273,084	39,935	165,437	81,530	448,734	13,229,768
2016	8,458,845	1,734,171	1,408,293	1,095,512	43,015	94,009	81,650	352,967	13,268,462
2017	8,973,038	1,799,511	1,196,042	1,019,977	42,300	161,139	84,237	219,086	13,495,330
2018	9,323,013	1,794,609	1,147,773	1,029,976	47,013	484,086	84,696	233,077	14,144,243
2019	9,755,326	1,854,540	1,145,245	1,037,907	44,631	357,287	193,393	342,389	14,730,718
2020	9,853,257	1,835,015	846,857	963,615	46,051	1,710,876	285,955	595,634	16,137,260
2021	10,203,620	1,847,000	1,228,868	1,032,457	44,588	40,151	551,046	220,093	15,167,823
2022	10,142,004	2,022,272	2,224,742	1,471,975	49,317	40,206	3,513,583	205,718	19,669,817

**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	Total Direct Tax Rate
				Real	Personal			
2013	2012	1,883,607,260	16,475,042	136,628,990	4,273,669	1,759,179,643	1,758,359,285	3.9312
2014	2013	1,934,576,100	18,819,056	136,763,170	3,876,058	1,812,755,928	1,810,952,599	3.9312
2015	2014	2,055,742,730	18,924,622	139,076,520	4,699,454	1,930,891,378	1,928,187,948	3.8000
2016	2015	2,199,032,820	20,856,875	139,266,890	5,071,794	2,075,551,011	2,073,594,801	3.7379
2017	2016	2,343,814,020	21,518,709	140,782,850	4,969,718	2,219,580,161	2,219,593,247	3.5989
2018	2017	2,633,255,130	25,617,432	146,659,620	4,748,348	2,507,464,594	2,376,152,413	3.5989
2019	2018	2,747,642,390	24,658,591	148,531,390	4,597,310	2,619,172,281	2,500,803,075	3.5989
2020	2019	2,837,935,350	25,310,350	151,619,270	4,454,434	2,707,171,996	2,609,201,941	3.5000
2021	2020	2,922,478,720	25,813,927	154,954,160	4,304,194	2,789,034,293	2,698,422,605	3.5000
2022	2021	3,173,710,480	26,401,309	156,305,650	3,165,749	3,040,640,390	2,780,377,130	3.3923

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.

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

**TABLE 8  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT AND TEN YEARS AGO  
SEPTEMBER 30, 2022**

2022					2012				
Taxpayer	Assessed Valuation <sup>1</sup>	Type of Use	Rank	Percentage of Total Assessed Valuation	Taxpayer	Assessed Valuation <sup>1</sup>	Rank	Percentage of Total Assessed Valuation	
Florida Development Group	\$ 38,842,132	Hotel	1	1.23%	Walnut & Vine Properties II LCC	\$ 13,099,790	1	0.76%	
White Cap of Florida Inc	13,469,906	Condomiums	2	0.43%	Ocean 4660 LLC	9,732,410	2	0.56%	
Edmondson, James P	10,954,620	Restaurant	3	0.35%	Edmondson, James P. - Seawatch	9,481,530	3	0.55%	
Gorana International Inc	9,341,690	Restaurant/Pier	4	0.30%	White Cap of FL, Inc.	6,685,530	4	0.39%	
Anglin Family Trust	8,649,538	Properties	5	0.27%	Demko Family Holdings LTD	5,921,090	5	0.34%	
Z & K Property Corp Inc	7,354,680	Condomiums	6	0.23%	Minto Villas-By-The-Sea	4,428,960	6	0.26%	
LBTS Properties LLC	6,495,250	Restaurant/Park.lot/Hotel	7	0.21%	Gorana International Inc.	4,380,430	7	0.25%	
ACS 218 LLC	6,172,970	Condomiums	8	0.20%	Little Italy Oceanside	3,854,780	8	0.22%	
High Noon Apt Motels Inc	5,119,556	Hotel	9	0.16%	Benihama National of FI Corp	3,628,200	9	0.21%	
Demoko Family Holdings LTD	4906720	Hotel	10	0.16%	Tropic Seas Resort Inc.	2,711,970	10	0.16%	
	<u>\$ 111,307,062</u>			<u>3.53%</u>		<u>\$ 63,924,690</u>		<u>3.70%</u>	

<sup>1</sup> Source: Broward County Revenue Collector

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

Fiscal Year Ended September 30,	Total Tax Levy	(1). Current Tax Collected	Percentage of Current Taxes Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2013	6,926,376	6,916,855	99.86%	8,709	6,925,564	99.99%
2014	7,136,718	7,124,316	99.83%	-	7,124,316	99.83%
2015	7,345,409	7,332,884	99.83%	-	7,332,884	99.83%
2016	7,767,916	7,745,628	99.71%	-	7,745,628	99.71%
2017	8,197,882	8,187,809	99.88%	-	8,187,809	99.88%
2018	8,566,383	8,551,166	99.82%	-	8,551,166	99.82%
2019	9,033,399	9,007,973	99.72%	-	9,007,973	99.72%
2020	9,178,604	9,115,971	99.32%	-	9,115,971	99.32%
2021	9,490,048	9,455,177	99.63%	-	9,455,177	99.63%
2021	9,471,467	9,441,542	99.68%	-	9,441,542	99.68%

Source: Town of Lauderdale-By-The-Sea Finance Department

(1) Includes collection fees and early payment discounts taken

**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	
2013	3.9312	5.5530	7.4560	0.4289	0.0345	0.4902	1.8564	0.0860	19.8362
2014	3.9312	5.7230	7.4560	0.4110	0.0345	0.4882	1.7554	0.0860	19.8853
2015	3.8000	5.7230	7.4380	0.3842	0.0345	0.4882	1.5939	0.0860	19.5478
2016	3.7379	5.7230	7.2740	0.3551	0.0320	0.4882	1.4425	0.0860	19.1387
2017	3.6873	5.6690	6.9063	0.3307	0.0320	0.4882	1.3462	0.0860	18.5457
2018	3.5989	5.6690	6.5394	0.3100	0.0320	0.4882	1.2483	0.0860	17.9718
2019	3.5989	5.6690	6.7393	0.2795	0.0320	0.4882	1.0324	0.0985	17.9378
2020	3.5000	5.6690	6.5052	0.2675	0.0320	0.4882	1.1469	0.0985	17.7073
2021	3.5000	5.6690	6.4621	0.2572	0.0320	0.4699	1.2770	0.0995	17.7667
2022	3.3923	5.6690	6.1383	0.2301	0.0320	0.4500	1.6029	0.0999	17.6145

Source: Broward County, Florida, Property Appraiser

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

Fiscal Year	Principal	Interest	Total Debt Service	Total General Governmental Expenditures	Ratio of Debt
2013	-	-	-	15,433,567	0.00%
2014	-	-	-	14,331,805	0.00%
2015	-	-	-	13,019,302	0.00%
2016	-	-	-	13,889,780	0.00%
2017	-	-	-	12,381,378	0.00%
2018	-	-	-	12,623,685	0.00%
2019	-	-	-	12,860,960	0.00%
2020	-	-	-	14,494,383	0.00%
2021	-	-	-	16,566,466	0.00%
2022	2,819	30	2,849	18,518,186	0.02%

**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				
2013	-	-	-	587,208	587,208	11,000	53	59,411	0.09%
2014	-	-	-	-	-	11,000	0	57,561	0.00%
2015	-	-	-	-	-	11,000	0	60,928	0.00%
2016	-	-	-	-	-	11,000	0	64,180	0.00%
2017	-	-	-	-	-	11,000	0	60,548	0.00%
2018	-	-	-	-	-	11,000	0	65,691	0.00%
2019	-	-	-	-	-	11,000	0	73,197	0.00%
2020	-	-	-	-	-	12,000	0	72,068	0.00%
2021	-	-	-	-	-	12,000	0	72,560	0.00%
2022	-	-	-	-	-	12,000	0	72,359	0.00%

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

TABLE 13  
DIRECT AND OVERLAPPING  
GOVERNMENTAL ACTIVITY DEBT  
SEPTEMBER 30, 2022

Name of Governmental Unit	Net Bonded Outstanding September 30, 2022	Percent of Debt Applied to Town Lauderdale By-The-Sea (1)	Amount of Debt Debt Applied Town of Lauderdale By-The-Sea
Broward County	\$ 2,548,178 <sup>1</sup>	1.1227%	\$ 28,608
Broward County School District	97,455 <sup>2</sup>	1.1227%	<u>1,094</u>
Subtotal, overlapping debt			28,608
Town of Lauderdale-By-The-Sea Direct Debt			<u>-</u>
Total direct and overlapping debt			<u>\$ 28,608</u>

<sup>1</sup> Source: Broward County, Florida Property Appraiser

<sup>2</sup> Source: Broward County School Board CAFR

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.

(1) The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of Broward County's taxable assessed value that is within the Town of Lauderdale-By-The-Sea's boundaries and dividing it by Broward County's total taxable assessed value.

**TOWN OF LAUDERDALE-BY-THE-SEA, FLORIDA**  
**TABLE 14**  
**STATISTICS**  
**DEMOGRAPHICS AND ECONOMICS**  
**SEPTEMBER 30, 2022**

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 and Officials:	Full and Part-Time	39
Recreation facilities:	Miles of Public Beach	2
	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	4
Socio-Economic Data:	Consumer Price Index <sup>(1)A</sup>	9.9%
	Per Capita Personal Income <sup>(2)</sup>	72,359.00
Population Statistics:	Civilian Labor Force <sup>(1)B</sup>	1,066.70
	Unemployment Rate <sup>(1)C</sup>	2.2%

Source:

- (1) United States Department of Labor - Bureau of Labor Statistics  
 Broward County, Florida
  - A. All urban consumers, base: 1982-84=100, not seasonally adjusted
  - B. Number of persons, in thousands, not seasonally adjusted
  - C. Not seasonally adjusted
- (2) U.S. Census Bureau Quickfacts - Released July 1, 2021

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

TABLE 15  
 PRINCIPAL EMPLOYERS  
 CURRENT AND TEN YEARS AGO  
 SEPTEMBER 30, 2022

<u>Employer</u>	<u>2022</u>			<u>2012</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	189	1	N/A	172	1	N/A
Sea Watch Restaurant	-	-	N/A	106	2	N/A
Blue Moon Fish Company - Restaurant	115	2	N/A	75	3	N/A
Benihana-Restaurant	-	-	N/A	70	4	N/A
Sea Watch Restaurant	103	3	N/A	-	-	N/A
Village Grill-Restaurant	80	4	N/A	-	-	N/A
Tacocraft-Restaurant	70	5	N/A	-	-	N/A
Benihana-Restaurant	61	6	N/A	-	-	N/A
Mulligans	54	7	N/A	-	-	N/A
Lauderdale-By-The-Sea Resort & Beach Club	-	-	N/A	30	5	N/A
Lauderdale Beachside Hotel- Hotel and Rest.	-	-	N/A	24	6	N/A
Total	<u>672</u>			<u>477</u>		

Source: Lauderdale-By-The-Sea Development Services

N/A - Information not available

**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,									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Administration	7.6	7.6	7.6	7.6	7.3	7.5	7.5	8.6	8.6	8.5
General Government	1	1	1	1	1.5	1.4	1.4	1.4	1.2	1.3
Public Works	15.7	15.7	15.7	15.7	15.8	15.8	15.8	14.8	13.8	13.8
Development services	3.1	3.1	3.1	3.1	3.5	3.4	3.4	3.2	2.5	2.5
Parking	2.55	2.55	2.55	2.55	1.5	1.5	1.5	0.5	0.4	0.4
Project Management	1.2	1.2	1.2	1.2	1.1	1.1	1.1	1.3	1.1	1.1
Sewer	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Building	1.55	1.55	1.55	1.55	-	-	-	-	-	-
Total	34.00	34.00	34.00	34.00	32.00	32.00	32.00	31.00	28.75	28.75

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

Function	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>General Government:</b>										
Informational calls received	5,231	1,432	1,527	3,251	3,317	4,068	4,595	5,305	6,353	6,840
Public records request	67	-	15	25	49	47	42	46	46	-
Resolutions	59	61	47	138	36	46	42	48	52	46
Ordinances	12	11	8	27	26	11	15	16	14	41
Commission meetings	26	22	22	22	29	26	30	34	21	22
Cash receipts - general operating	4,980	7,827	6,386	6,751	6,221	5,786	5,970	5,370	6,556	4,332
Cash disbursements - general operating	4,165	3,924	3,507	3,868	3,673	3,650	3,425	4,064	5,128	3,140
Payroll disbursements - general operating	2,176	2,102	3,042	3,100	3,230	3,397	3,380	3,353	4,540	1,330
Purchase orders issued	13	23	16	14	23	18	29	57	57	148
Claims processed - gen liability and workers	-	1	3	6	3	1	4	10	13	9
Hours of information technology services	320	187	230	268	140	181	153	100	415	329
<b>Public safety:</b>										
Informational calls received	11,312	10,164	8,621	8,951	8,208	9,416	9,116	8,253	7,190	5,179
Public records request	-	-	-	-	-	-	-	-	-	-
Citizen on patrol membership	30	32	32	32	32	29	29	29	30	37
Neighborhood crime watch membership	-	-	-	-	-	-	-	-	-	-
Fire responses	586	441	386	323	443	407	353	408	369	364
Fire medical services (EMS)	1,053	1,184	1,032	1,116	1,115	1,114	1,119	1,101	987	990
Notices of violations code compliance	258	43	21	132	314	270	638	180	288	956
Citations issued code compliance	201	195	130	371	-	-	-	-	-	-
Complaints investigated	547	484	294	814	1,231	1,062	1,154	1,458	1,252	1,266
Parking citations	10,651	11,686	6,476	5,925	5,275	8,447	8,953	6,720	4,358	4,674
<b>Municipal services:</b>										
Parking maintenance (hours)	-	-	-	-	-	-	-	-	-	520
Street maintenance and repairs (hours)	-	-	-	-	-	-	-	-	-	1,547
Ground maintenance and repairs (hours)	-	-	-	-	-	-	-	-	-	5,657
Building maintenance and repairs (hours)	-	-	-	-	-	-	-	-	-	2,744
<b>Cultural - recreation:</b>										
Scheduled recreation activities	1,293	500	678	1,538	1,396	1,213	1,157	1,036	995	969
Recreation Volunteer hours	2,196	1,017	3,243	2,966	2,124	1,756	1,914	1,677	1,538	1,662
Recreation activity participants	2,097	720	2,017	3,719	3,425	2,621	2,885	2,487	2,816	2,741
Recreation areas maintenance (hours)	-	-	-	-	-	-	-	-	-	1,965

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

TABLE 18  
CAPITAL ASSETS BY FUNCTION  
LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
General Government Facilities:										
Town Buildings	7	7	7	7	7	7	7	7	7	7
Recreation Facilities:										
Miles of Public Beach	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Parks	3	3	3	3	3	3	3	3	3	3
Tennis Courts	2	2	2	2	2	2	2	2	2	2
Shuffleboard Court	2	2	2	2	2	2	2	2	2	2
Bocci Ball Court	1	1	1	1	1	1	1	1	1	1
Basketball Court	1	1	1	1	1	1	1	1	1	1
Beach Portals	6	6	6	6	6	6	6	6	6	6
Public Safety Facilities:										
Police Station	1	1	1	1	1	1	1	1	1	1
Police Vehicles	31	31	30	30	30	30	30	30	30	30
Fire Stations	1	1	1	1	1	1	1	1	1	1
Fire Rescue Station	1	1	1	1	1	1	1	1	1	1
Fire Vehicles	3	3	3	3	3	3	2	2	2	2
Fire Rescue Vehicle	3	3	3	3	3	3	3	3	3	3
Infrastructure:										
Miles of paved roads	16.7	16.7	16.7	16.68	16.68	16.68	16.68	16.68	16.68	16.68
Cable television	1	1	1	1	1	1	1	1	1	1
Surface Parking Lot	4	4	4	4	4	4	4	4	4	4

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

**COMPLIANCE SECTION**

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

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 remaining fund information of the Town Of Lauderdale-By-The-Sea, Florida ("Town") as of and for the fiscal year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our opinion thereon dated March 28, 2023.

**Report on 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.

**Report on Compliance and Other Matters**

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

We noted certain matters involving the internal control over financial reporting and compliance that we have reported to management of the Town in a separate letter dated March 28, 2023.

## **The Town's Responses to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the Town's responses to the findings identified in our audit and described in the accompanying Management Letter. The Town's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

### **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.

March 28, 2023



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

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

We have examined the Town Of Lauderdale-By-The-Sea, Florida's ("Town") compliance with the requirements of Section 218.415, Florida Statutes, in accordance with Rule 10.556(10) of the Auditor General of the State of Florida during the fiscal year ended September 30, 2022. Management is responsible for Town's compliance with those requirements. Our responsibility is to express an opinion on Town's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the Town complied, in all material respects, with the specified requirements referenced in Section 218.415, Florida Statutes. An examination involves performing procedures to obtain evidence about whether the Town complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion. Our examination does not provide a legal determination on the Town's compliance with specified requirements.

In our opinion, the Town complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2022.

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

March 28, 2023



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

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

**Report on the Financial Statements**

We have audited the financial statements of the Town of Lauderdale-By-The-Sea, Florida ("Town") as of and for the fiscal year ended September 30, 2022, and have issued our report thereon dated March 28, 2023.

**Auditor's Responsibility**

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

**Other Reporting Requirements**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; and Independent Auditor's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports, which are dated March 28, 2023, should be considered in conjunction with this management letter.

**Purpose of this Letter**

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

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

Our management letter is intended solely for the information and use of the Mayor, Town Commission, Town Manager, Legislative Auditing Committee, members of the Florida Senate and the Florida House of Representatives, the Florida Auditor General, Federal and other granting agencies, as applicable, and is not intended to be and should not be used by anyone other than these specified parties.

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

March 28, 2023

## REPORT TO MANAGEMENT

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS

#### **2022-01 Sewer Accounts Receivable Reconciliation to City of Fort Lauderdale Records**

Observation: During our testing of Sewer revenues and receivables, we noted that the Town of Lauderdale by the Sea's sewer accounts receivable balance is not being reconciled to the City of Fort Lauderdale's accounts receivable aging schedule. The City of Fort Lauderdale bills, collects, and tracks the accounts receivable on behalf of the Town.

Recommendation: We recommend that the Town work with the City of Fort Lauderdale to obtain the information required by the Town to perform this reconciliation. We provided the Town's accounting department with our recommended modifications to the monthly reports provided by the Town.

Reference Number for Prior Year Finding: 2021:01

Management Response: The City of Fort Lauderdale Billing Department is working with their IT Department to modify the monthly billing to ensure proper reconciliation.

#### **2022-02 Permit Fee Software Variables**

Observation: The Town overcharged customers pool construction permit fees from the period of 3/26/2019 to 9/30/2022 \$51 each for a total of \$3,151 based on a listing of permits provided by the Town's contractor. The Town's contractor entered the incorrect variables into the Town's permit software that is used to calculate the pool permit fees during this time. In addition, we noted on 1/13/2023 the variables in the software for the rate changes effective 1/1/2023 were also incorrectly entered into the Town's permit software.

Recommendation: The Town should ensure that the Town's contractor corrected the errors in the software system, calculate and issue refunds to the customers overcharged. The Town should also review all permit fees that the permit software is charging to make sure all the other fees are correct in the software. Also, the Town should request the Town's contractor to implement a procedure that anytime a change in the variables in the permit software need to be updated the Town's contractor would send those changes to an employee of the Town for review and approval.

Reference Number for Prior Year Finding: Not applicable.

Management Response: The Town will ensure that the executed copy of the building permit fee schedule is forwarded to the building permit administrator for CAP Government immediately following any future amendment. CAP Government will then forward the needed changes to Citizenserve and will confirm once the changes have been implemented by notifying the Development Services Director and Finance Department. The Development Services Director will then review the changes implemented and provide confirmation of acceptance of the changes to the CAP Government Permit Administrator.

## REPORT TO MANAGEMENT (Continued)

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS (Continued)

#### **2022-03 Town Credit Cards**

Observation: How the Town uses credit cards is not in compliance with its written policy on credit cards. The Town's procurement policy states "The Purchasing credit card may be used only by the employee whose name is embossed on the card. The cardholder is responsible and accountable for all transactions that occur on his/her card" and "The purchasing credit card account number must be kept confidential." We noted that in practice the cards and numbers are sometimes used by other employees than the employee on the card. It should be noted that in the instances that we reviewed the employee on the card was aware and gave permission to the employee not on the card to use it. The policy also says "The Town credit card may only be issued to Department Directors and employees of higher rank than Department Directors"

Recommendation: The Town should stop using cards outside the parameters of the policy. If deemed necessary, the Town should change the policy to allow for cards being issued for the specific positions are deemed necessary to have cards. Another option is the Town could change the policy and describe a written procedure where the cards can be signed out by and in from another employee by the responsible employee on the card if the card agreements allow for it.

Reference Number for Prior Year Finding: Not applicable.

Management Response: The Town will work towards adopting a policy on Purchasing cards to be incorporated into the Purchasing manual to be presented to Commission for approval. The Purchasing cards will be issued by the Department and/or purchasing to individual employees who frequently purchase goods and services of a pre-approved amount. All requests for new cardholders, changes to current cardholders, or changes to authorization will be made in writing by the Department Director to Purchasing/Finance. Each employee designated to receive a card will be given a copy of purchasing card policy and procedure manual, along with training, from Finance personnel or designees. The Department Director approving the issuance of a purchasing card will set limits for each cardholder: transaction amount, frequency, vendor, and commodity as required. All such limits will be reviewed by Purchasing/Finance.

## REPORT TO MANAGEMENT (Continued)

### I. CURRENT YEAR FINDINGS AND RECOMMENDATIONS (Continued)

#### 2022-04 Town Gas Cards

Observation: The Town does not have a written policies and procedures around Gas cards. We noted that mileage was not keyed in correctly in several instances and that cards designated for vehicles where used to fill up hand held gas tanks instead of using a separate card for hand held gas tanks.

Recommendation: The Town should put in writing and periodically communicate to users of the cards the policies and procedures around gas cards. Those policies and procedures should talk about not just the use of the gas cards but the review of the invoices including what those reviews should be looking for on the invoices and how the operation of the controls should be documented. The policy should emphasize controls around keying in the correct mileage at pumps. The Town could turn on automatic alerts that notify the invoice reviewer of deviation from expected mileage beyond a certain amount. The policy could require explanations of deviations beyond that amount to be provided by gas card users and documented by the invoice reviewer. The policy should also emphasize using a separate card for handheld gas cans and the like as opposed to a card that is assigned to a vehicle.

Reference Number for Prior Year Finding: Not applicable.

Management Response: The Town is working on Gas Card Use policy. The policy will include procedures for gas card use that will address record keeping, authorizations, data verification, prohibitions, violations and revocation. A mileage log will be kept for each vehicle and will be reviewed by the Department Director or designee. All requests for new cardholders, changes to current cardholders, or changes to authorization will be made by the Department Director.

### II. PRIOR YEAR FINDINGS

#### 2021-01 Sewer Accounts Receivable Reconciliation to City of Fort Lauderdale Records:

Current Status: See finding no. 2021-01 above.

#### 2021-02 Capital Asset Physical Inventory Count:

Current Status: Recommendation has been implemented

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

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

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

There were no significant findings and recommendations made in the preceding annual financial audit report for the fiscal year ended September 30, 2021, except as noted above.

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

There were no such matters discovered by, or that came to the attention of, the auditor, to be reported for the fiscal year ended September 30, 2022, except as noted above.

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

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

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, 2022, except as noted above.

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