

TOWN OF
SOUTHWEST RANCHES, FLORIDA



**Comprehensive Annual
Financial Report**

Fiscal Year Ended
September 30, 2012



**TOWN OF
SOUTHWEST RANCHES, FLORIDA
Comprehensive Annual Financial Report
Fiscal Year Ended September 30, 2012**



Prepared by Finance Department

Martin D. Sherwood, CPA CGFO
Town Financial Administrator

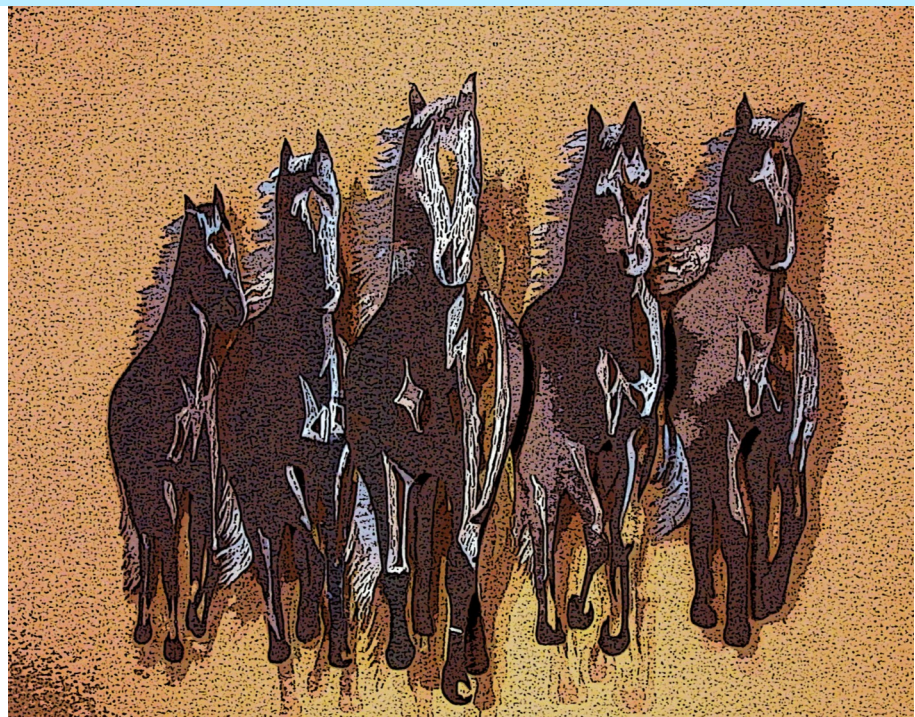
Peter C. Brill
Assistant Town Financial Administrator

“THE VISION OF THE TOWN
OF SOUTHWEST RANCHES IS TO
ENHANCE AND PRESERVE THE UNIQUE RURAL CHARACTER OF ITS COMMUNITY.

THE TOWN SHALL PROMOTE,
MAINTAIN AND PROTECT ITS
AGRICULTURAL, RESIDENTIAL AND EQUESTRIAN LIFESTYLES,
SENSITIVE TO THE NATURAL
ENVIRONMENT.

MOTTO

“PRESERVING OUR RURAL LIFESTYLE”



TOWN OF SOUTHWEST RANCHES, FLORIDA

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TOWN OF SOUTHWEST RANCHES, FLORIDA

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INTRODUCTORY SECTION





Town of Southwest Ranches

13400 Griffin Road
Southwest Ranches, FL 33330-2628

(954) 434-0008 Town Hall
(954) 434-1490 Fax

Town Council
Jeff Nelson, Mayor
Steve Breitkreuz, Vice Mayor
Freddy Fisikelli, Council Member
Gary Jablonski, Council Member
Doug McKay, Council Member

Andy Berns, Town Administrator
Keith M. Poliakoff, Town Attorney
Erika Gonzalez-Santamaria, CMC, Town Clerk
Martin D. Sherwood, CPA CGFO, Town Financial Administrator

March 21, 2013

To the Honorable Mayor and Vice Mayor, Town Council, and the Citizens of the Town of Southwest Ranches, Florida:

We are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the Town of Southwest Ranches, Florida (the Town), for the fiscal year ended September 30, 2012. Florida Statutes requires that every general-purpose local government publish within nine months of the close of each fiscal year a complete set of audited financial statements. In addition to meeting this legal requirement, the report continues to present the Town's strong support of full financial disclosure. This philosophy is reflected by the informative financial analysis provided by the Town's Finance Department and the exhibits and statistical tables included herein.

The CAFR's role is to assist in making policy decisions and to assist in providing accountability and transparency to the citizenry by:

- Comparing actual financial results with the legally adopted budget, where appropriate;
- Assessing financial condition and results of operations;
- Assisting in determining compliance with finance related laws, rules and regulations; and
- Assisting in evaluating the efficiency and effectiveness of Town operations.

Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the management of the Town. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly present the financial position and results of operations of the Town; and that all disclosures necessary to enable the reader to gain an understanding of the Town's financial activity have been included.

Marcum LLP, independent auditors, has issued an unqualified opinion on the Town of Southwest Ranch's financial statements for the fiscal year ended September 30, 2012. The independent auditors' report is located at the front of the financial section of this report. The Town's Financial Statements have been prepared in conformity with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board (GASB). The Town's Management Discussion and Analysis document (the MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview and analysis of the basic financial statements. MD&A compliments the letter of transmittal and should be read in conjunction with it.

ACCOUNTING AND INTERNAL CONTROLS

Management of the Town is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the Town are protected from loss, theft or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that:

- The cost of a control should not exceed the benefits likely to be derived: and
- The valuation of costs and benefits requires estimates and judgments by management.

PROFILE OF THE GOVERNMENT

The Town comprises approximately thirteen (13) square miles, with a 2010 census population of 7,345 and is located in the southwest portion of Broward County, a major metropolitan area. The Town is located between the three major urban cities, Davie (population over 90,000), Pembroke Pines (population approximately 150,000) and Weston (population 65,237). The neighboring cities provide a wealth of attractions and business for use by the residents of the Town. The residents benefit from this close association with the urban neighbors because the Town does not need to provide for these services.

The Town was incorporated on June 6, 2000. The Town's current Charter was amended by the citizens on November 4, 2003, on November 7, 2006 and on November 2, 2010. The Town operates under the Council-Administrator form of government where the Mayor and four Council Members must live in residential districts, are elected at large and appoint a Town Administrator and Town Financial Administrator. The Town Council establishes policy for the operation of the government, enacts ordinances for the safety, welfare, and orderly interaction of the citizens of the Town, adopts a millage rate and annual budget, appoints the Town Attorney, as well as members to various advisory boards, agencies, and authorities within the Town, and engages an independent auditor.

The financial reporting entity (the Town of Southwest Ranches) includes all funds of the primary government (i.e., the Town of Southwest Ranches as legally defined), as well as all of its component units. Component units are legally separate entities for which the Town of Southwest Ranches is financially accountable or the nature and significance of the relationship between the Town and the entity was such that exclusion would cause the Town's financial statements to be misleading or incomplete.

The Town has identified one component unit: The Southwest Ranches Volunteer Fire Rescue, Inc. is reported as a blended component unit of the Town and its governing body is composed of the members of the Town Council. Additional information can be found in Note 1 of the notes to the basic financial statements.

SERVICES PROVIDED

The Town contracts for all major Town services including police, fire, emergency medical services, building inspections, code compliance and planning & zoning. The Town also has employees to administer all contracts, grants, and daily operations of the Town as well as provide basic municipal services including parks, recreation, and general government services.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment. Despite the economic conditions, the Town has maintained its strong financial position through prudent planning and fiscal actions to reduce or contain costs.

The Town has suffered from a weak economy and declining real estate values as all other governments in Florida and in the nation; however, the Town has weathered this business cycle better than other communities due to the composition of its economy. Specifically, the Town primarily consists of an affluent residential housing stock of minimum one-acre and larger, single family estates.

In 2011, the Town experienced a 9.7% decline in taxable assessed valuation and a less than 1% increase in 2012. However, the 2012 taxable assessed values are still below the 2007 taxable assessed valuation causing financial stress to the Town.

The Town has made it a policy to establish reserve funds to offset unanticipated expenditures and ensure that a funding source exists in the event of a continuation of current economic conditions. The General Fund has an unassigned fund balance equal of 27.7% of the 2012 General Fund operating budget.

On a long-term financial perspective, the Town has recently identified all capital asset and infrastructure projects under a five-year capital improvement plan (CIP). This five-year CIP serves as a quick reference for a project timeline and identifies current and future funding requirements. Accordingly, eight projects have been fully or partially funded during the fiscal year 2013 budget process.

The Town adheres to several financial policies that impact daily operations and the current period's financial statements. The Town's budgetary and financial policies provide the basic framework for the overall fiscal management of the Town. The following policies were used in the development of current activities.

Revenue Policy:

The Town maintains a diversified revenue system to avoid reliance on property taxes. Charges for services are being provided at full cost recovery for services for individual users. One time revenue will never be used for ongoing operating costs.

Debt Policy:

The Town reviews and evaluates its existing obligations and future borrowing needs regularly. The Town, when necessary, will only issue debt for capital improvement projects. The Town borrowed \$439,139 and \$360,860 in 2010 and 2012, respectively from a line of credit to fund roadway and drainage improvements. Additionally, the Town entered into a \$2,500,000 note with a financial institution for the purpose of refunding an existing pooled commercial loan and to fund the move to a new permanent Town Hall building. These loans are still outstanding at September 30, 2012.

AWARDS

The Town has applied for and was awarded the Certificate of Achievement for Excellence in Financial Reporting awarded by the Governmental Finance Officers Association (GFOA) of the United States and Canada for the Town's first ever CAFR in 2003 and again in 2005, 2007, 2008, 2009, 2010 and 2011. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report whose contents conform to program standards. This report must satisfy both GAAP and applicable legal requirements.

It should be noted that the Certificate of Achievement is a prestigious national award, presented to less than 4,000 of approximately 90,000 governmental units nationwide, which recognizes conformance with the highest standards for preparation of state and local government financial reports.

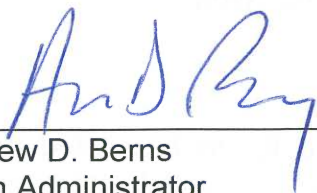
A Certificate of Achievement is valid for a period of one year only. We believe that our current 2012 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

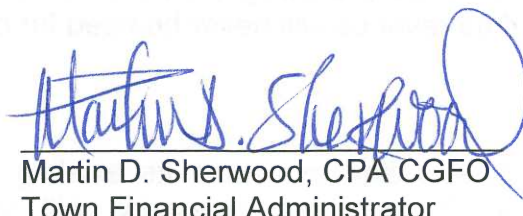
The preparation of this CAFR would not have been possible without the efficient and dedicated service of the Finance Department. The unconditional cooperation of the other departments and their respective staff is also greatly appreciated and deserving of thanks for understanding the importance of the financial status of this Town and as such, worked diligently to provide quality service within our financial means. We also wish to extend our appreciation to the auditing firm of Marcum LLP for their professional approach and high standards in conducting the audit of the Town's basic financial statements and related note disclosures as well as their assistance in the preparation of this CAFR.

Finally, credit also must be given to the Town Council for their leadership and unfailing support for maintaining the highest standards of professionalism in the management of the Town's finances.

Respectfully submitted,

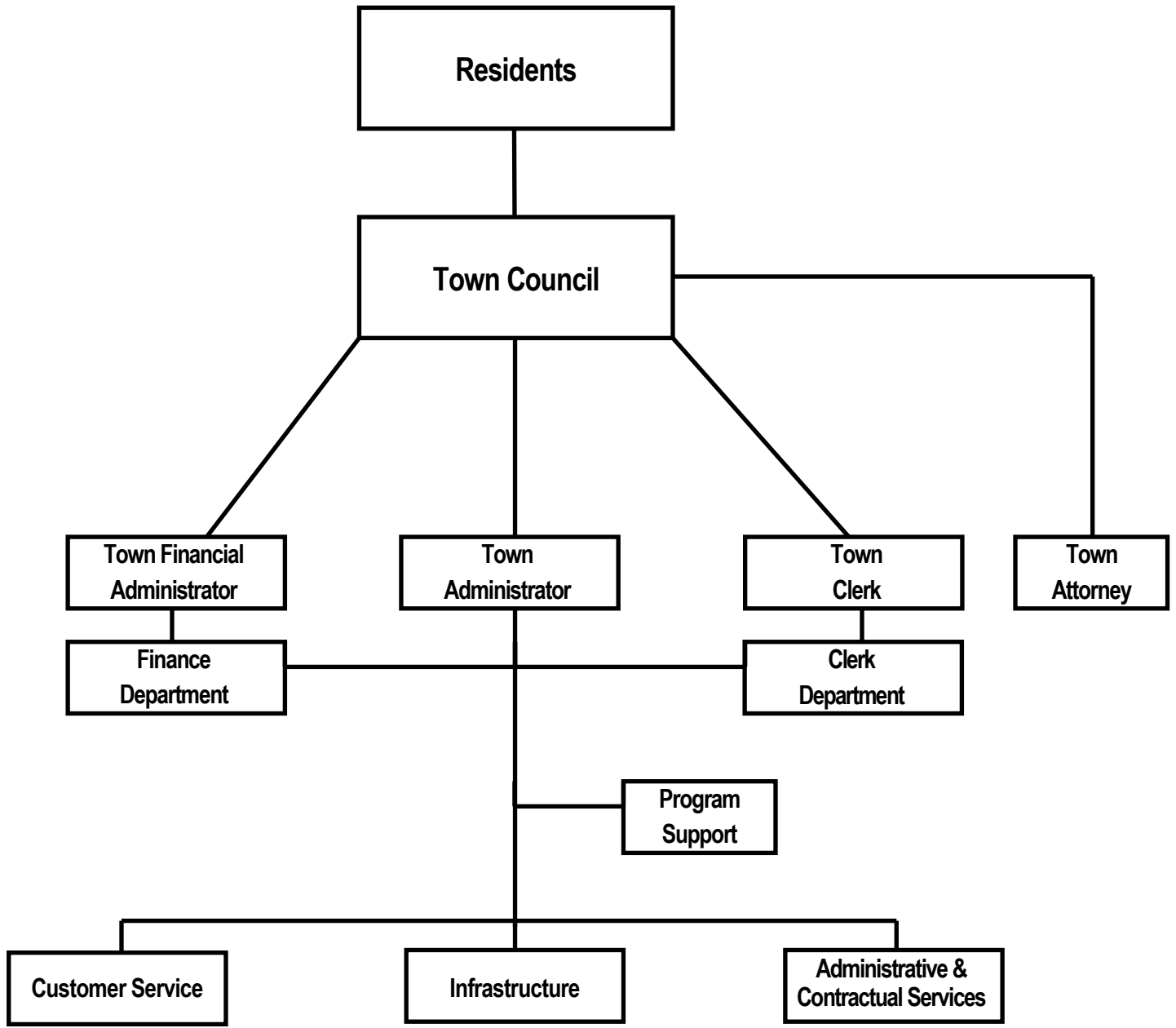


Andrew D. Berns
Town Administrator



Martin D. Sherwood, CPA CGFO
Town Financial Administrator

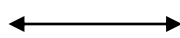
**Town of Southwest Ranches, Florida
Organizational Chart
Fiscal Year Ended September 30, 2012**



Front Desk
 Council Advisory Liaison
 Maintenance Building
 Community Assembly Hall
 Website
 Town Newsletter
 IT Services

Drainage & Infrastructure
 Engineering
 Building Department
 Planning and Zoning
 Emergency Management
 Grants
 Code Enforcement

Procurement
 Risk Management
 Human Resources
 Parks, Recreation & Open Space
 Emergency Management
 Solid Waste
 Public Safety



Town of Southwest Ranches, Florida
Council/Administrator Form of Government

List of Principal Officials
as of September 30, 2012

Town Charter approved by a majority of qualified voters of the Town on June 6, 2000



JEFF NELSON
Mayor



DOUG MCKAY
Vice Mayor



STEVE BREITKREUZ
Council Member



FREDDY FISIKELLI
Council Member



GARY JABLONSKI
Council Member

TOWN ADMINISTRATOR

Andrew D. Berns, June 2012 to Current
Elbert Wrains, (Interim) July 2011—December 2011

TOWN ATTORNEY

Keith Poliakoff, Esq.
Becker & Poliakoff, P.A.

TOWN CLERK

Erika Gonzalez-Santamaria, CMC

TOWN FINANCIAL ADMINISTRATOR

Martin D. Sherwood, CPA CGFO June 2012 to Current
Jean Watson May 2007 to May 2012

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Southwest Ranches
Florida

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

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



Christopher P. Mouill

President

Jeffrey R. Emer

Executive Director

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

Honorable Mayor, Town Council and Town Administrator
Town of Southwest Ranches, Florida

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southwest Ranches, Florida (the Town), as of September 30, 2012, and for the fiscal year then ended, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, we express no such opinion. An audit also includes 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, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Southwest Ranches, Florida as of September 30, 2012, and the respective changes in financial position, and cash flows, where applicable, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2013, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. The purpose of that report is to describe the scope of our testing on 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information on pages 3 through 11 and 42 through 44, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The information identified in the table of contents as the Introductory and Statistical Sections are presented for the purposes of analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Marcum LLP

Fort Lauderdale, FL
March 21, 2013

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

Within this section of the comprehensive annual financial report for the Town of Southwest Ranches (the Town), the Town's management is pleased to provide this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended September 30, 2012. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

2012 FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$48,656,728 (total net assets) as of September 30, 2012.
- Total net assets decreased \$302,533 and are comprised of the following:
 - (1) Capital assets, net of related debt, of \$44,421,400 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt, which includes unamortized premiums and discounts.
 - (2) Net assets of \$582,907 are restricted by constraints imposed from the Town in the amount of \$517,455 for transportation, \$40,807 for the volunteer fire department, \$6,445 for public safety and \$18,200 for the town hall brick program from outside the Town such as grantors, laws, or regulations.
 - (3) Unrestricted net assets consist of \$3,652,421 that may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's governmental activities reported total ending net assets of \$48,353,579 at September 30, 2012. This compares to the prior year total ending net assets of \$48,667,813 showing a decrease of \$314,234 during the current year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$2,494,249, or 32% of total General Fund expenditures. The unrestricted fund balance for the General fund was \$2,469,604 or 32% of total General Fund expenditures.
- Overall, the Town continues to maintain a strong financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management Discussion and Analysis document introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, (3) notes to the basic financial statements and (4) required supplementary information. The Town also includes in this report additional information to supplement the basic financial statements. Comparative data is presented to allow comparison to the prior fiscal year.

Government-wide Financial Statements

The Town's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the Town's assets and liabilities, with the difference reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall health of the Town would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of the Town's infrastructure, in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinguish governmental activities of the Town principally supported by taxes from business-type activities intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, community services, parks and recreation and roadways.

The government-wide financial statements are presented on pages 12 and 13 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for nonmajor funds is provided in the form of combining statements in a later section of this report.

The Town has two types of funds:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the Town's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 14 - 17 of this report.

Individual fund information for nonmajor governmental funds is found in combining statements in a later section of this report.

Proprietary funds are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The Town's proprietary fund is classified as an enterprise fund. The enterprise fund essentially encompasses the same function reported as business-type activities in the government-wide statements.

The basic proprietary fund financial statements are presented on pages 18 - 20 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the basic financial statements begin on page 21 of this report.

Required Supplementary Information

Budgetary comparison schedules are included as "required supplementary information" for the General Fund and the Transportation Fund. Budgetary comparison schedules for all other governmental funds can be found in the supplementary information section of this report. These schedules demonstrate compliance with the Town's adopted and final revised budget.

Supplementary Information

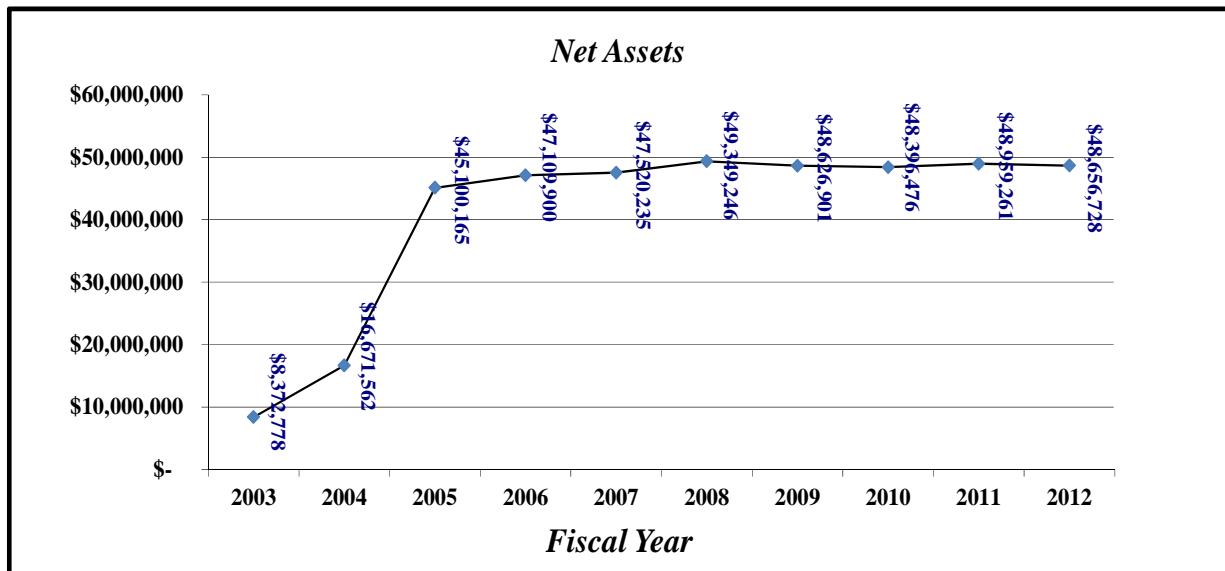
As discussed, the Town reports major funds in the basic financial statements. Combining and individual fund statements and schedules for nonmajor funds are presented in a supplementary information section of this report beginning on page 45.

FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE

The Town's net assets at fiscal year-end are \$48,656,728. The following table provides a summary of the Town's net assets:

	Summary of Net Assets					
	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Assets:						
Current assets	\$ 4,430,512	\$ 4,136,596	\$ 417,976	\$ 420,030	\$ 4,848,488	\$ 4,556,626
Non-current assets:						
Other	41,514	68,694	-	-	41,514	68,694
Capital assets	51,647,806	52,092,047	-	-	51,647,806	52,092,047
Total assets	56,119,832	56,297,337	417,976	420,030	56,537,808	56,717,367
Liabilities:						
Current liabilities	965,111	3,106,296	114,827	128,582	1,079,938	3,234,878
Long-term liabilities	6,801,142	4,523,228	-	-	6,801,142	4,523,228
Total liabilities	7,766,253	7,629,524	114,827	128,582	7,881,080	7,758,106
Net assets:						
Investment in capital assets, net of related debt	44,421,400	44,892,153	-	-	44,421,400	44,892,153
Restricted	582,907	736,555	-	-	582,907	736,555
Unrestricted	3,349,272	3,039,105	303,149	291,448	3,652,421	3,330,553
Total net assets	\$ 48,353,579	\$ 48,667,813	\$ 303,149	\$ 291,448	\$ 48,656,728	\$ 48,959,261

The following chart reports the Town's total net asset balances from fiscal year 2003-2012.



Note over the last ten years, the total net assets have increased \$40,283,950. The major increase in fiscal year 2005 relates to the reporting of infrastructure retroactively.

Current assets in governmental activities increased while it decreased in business-type activities in fiscal year September 30, 2012. Cash for governmental activities increased \$293,916. For business-type activities, cash decreased \$2,054.

The Town continues to maintain high current ratios. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 4.6 to 1 as compared to 1.3

to 1 at September 30, 2011. The current ratio for business-type activities is 3.6 to 1 as compared to 3.3 to 1 at September 30, 2011. Overall, the total current ratio at September 30, 2012 increased to 4.5 to 1 as compared to 1.4 to 1 at September 30, 2011. The increase was due to a \$2.5 million commercial paper loan with the Florida Local Government Finance Commission (FLGFC) reaching its maturity date on December 2011 that was paid off by refinancing with another financial institution for an additional 10 years therefore becoming primarily a long-term liability during fiscal year end 2012.

The Town reported positive balances in net assets for both governmental and business-type activities. During 2012, net assets decreased \$314,234 for governmental activities and increased \$11,701 for business-type activities. The governmental activities decrease is due primarily to a positive change of \$188,947 in current year net assets less a prior period adjustment of \$503,181 related to accumulated depreciation for capital assets reclassified from construction in progress. See Note 6 for additional details. The Town's overall financial position remained relatively stable during fiscal year 2012. The Town remains in a strong financial position, in spite of a depressed economy.

Note that approximately 92.0% of the governmental activities' total assets are tied up in capital assets. The Town uses these capital assets to provide services to its citizens. The business-type activities do not have capital assets. By combining governmental activities with business-type activities, the Town has invested approximately 91.4% of its total assets in capital assets, as presented in the government-wide statement of net assets.

The following table provides a summary of the Town's changes in net assets:

Summary of Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program:						
Charges for services	\$ 2,593,205	\$ 2,536,181	\$ 1,539,737	\$ 1,620,856	\$ 4,132,942	\$ 4,157,037
Operating grants and contributions	48,197	96,606	-	-	48,197	96,606
Capital grants and contributions	181,015	59,162	-	-	181,015	59,162
General:						
Ad valorem taxes	4,105,338	4,303,700	-	-	4,105,338	4,303,700
Other taxes	1,686,512	1,699,626	-	-	1,686,512	1,699,626
Intergovernmental	689,697	790,831	-	-	689,697	790,831
Investment earnings	30,789	25,786	2,121	8,500	32,910	34,286
Transfers	128,701		(128,701)			
Miscellaneous	97,064	139,911	-	-	97,064	139,911
Total revenues	9,560,518	9,651,803	1,413,157	1,629,356	10,973,675	11,281,159
Program Expenses:						
General government	1,897,921	1,750,991	-	-	1,897,921	1,750,991
Public safety	5,136,515	5,293,993	-	-	5,136,515	5,293,993
Parks and recreation	419,249	310,369	-	-	419,249	310,369
Roadways	730,440	725,093	-	-	730,440	725,093
Community services	887,750	796,857	-	-	887,750	796,857
Interest and other debt service costs	299,696	258,608	-	-	299,696	258,608
Solid waste	-	-	1,401,456	1,582,463	1,401,456	1,582,463
Total expenses	9,371,571	9,135,911	1,401,456	1,582,463	10,773,027	10,718,374
Changes in net assets	188,947	515,892	11,701	46,893	200,648	562,785
Beginning net assets - as previously reported	48,667,813	48,151,921	291,448	244,555	48,959,261	48,396,476
Prior Period Adjustment (Note 6)	(503,181)				(503,181)	-
Beginning net assets - as restated	\$ 48,164,632	\$ 48,151,921	\$ 291,448	\$ 244,555	\$ 48,456,080	\$ 48,396,476
Ending net assets	\$ 48,353,579	\$ 48,667,813	\$ 303,149	\$ 291,448	\$ 48,656,728	\$ 48,959,261

Governmental Activity Revenues

The Town is heavily reliant on property taxes to support governmental operations. Property taxes provided 42.9% of the Town's total revenues as compared to 44.6% in fiscal year 2011. Other taxes, which includes franchise and utility taxes provided 17.6% of the Town's total revenues for both fiscal year 2012 and 2011. Because of the Town's healthy financial position, we have been able to earn \$30,789 in investment earnings to support governmental activities.

Note that program revenues covered 30.1% of governmental operating expenditures as compared to 29.5% in fiscal year 2011. This means that the government's taxpayers and the Town's other general revenues normally fund 69.9% of the governmental activities, primarily from property taxes, other taxes and unrestricted intergovernmental revenue. As a result, the general economy has a major impact on the Town's revenue streams.

Governmental Activity Expenses

The following table presents the cost of each of the Town's services, including the net costs (i.e., total cost less program revenues generated by the activities). The net costs illustrate the financial burden that is placed on the Town's taxpayers by each of these services.

	Governmental Activities			
	Total Cost of Services	Percentage of Total	Net Cost of Services	Percentage of Total
General government	\$ 1,897,921	20.3%	\$ 1,788,741	27.3%
Public safety	5,136,515	54.8%	3,109,212	47.5%
Parks and recreation	419,249	4.5%	409,515	6.3%
Roadways	730,440	7.8%	689,932	10.5%
Community services	887,750	9.5%	252,058	3.8%
Interest and other debt service costs	299,696	3.2%	299,696	4.6%
Total	\$ 9,371,571	100.0%	\$ 6,549,154	100.0%

The public safety expenditures total gross over 54% while net of program revenues total over 47% of costs. The public safety function generated \$1,848,333 in user charges and \$178,970 in grant revenues, which offsets program costs. Other total cost and net costs do not differ substantially by percentage for each service.

Business-Type Activities

The Town reports one major enterprise fund, solid waste.

Total operating revenues decreased \$81,119 or 5.0% while operating expenses decreased \$181,007 or 11.4%. Personal services decreased 100% from \$75,739 in fiscal year 2011 as compared to fiscal year 2012. Commencing fiscal year 2012, an Administrative & Contractual Services Administrator was no longer employed with the Town and the duties and responsibilities were reassigned.

Specifically, while contractual expenses did not materially change, other operating expenses decreased \$105,461 in fiscal year 2012 as compared to fiscal year 2011. Much of this decrease relates to a decrease in legal fees and studies that were charged in fiscal year 2011.

In total, the operating income decreased \$35,192. The total increase in net assets was \$11,701.

FUND ANALYSIS

Governmental Funds

Governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$3,989,967 compared to \$3,833,665 at September 30, 2011.

The total governmental revenues exceeded expenditures by \$156,302.

The General Fund revenues exceeded its expenditures by \$1,275,577. Transfers in from Solid Waste of \$128,701 and transfers to other funds totaling \$1,115,490 offset this excess. The details of the general fund's financial operations are discussed below.

Governmental funds report total fund balance of \$3,989,967. Of this year-end total, \$582,907 is legally restricted for transportation, volunteer fire operations, public safety and town hall brick program. \$170,877 is committed to various projects. \$392,169 is assigned to the following purposes, debt service \$37,548 and capital projects \$354,621. \$349,765 is considered non-spendable and \$2,494,249 is unassigned and available for future appropriation within the General Fund.

The total ending fund balances of governmental funds show an increase of \$156,302 or 4.1% over the prior year.

Major Governmental Funds

The Town reports three major governmental funds, the General Fund, Transportation Fund and the Capital Projects Fund.

General Fund - The General Fund is the Town's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$288,788 or 1.1% as compared to a 24.1% increase in 2011. The ending assigned and unassigned fund balance is considered adequate, representing the equivalent of 32.1% of annual expenditures. This percentage compares to 29.9% at September 30, 2011.

Property taxes decreased \$198,362 or 4.6%. This decrease relates to reduction in the taxable value of property, with no offsetting millage rate increase from the prior year. However, in total, all tax revenues were \$211,476, or 3.5% below those of 2011. Fines and forfeitures were \$34,104 or 45.4% over the 2011 amount primarily due to legal recoveries in the amount of \$21,462. In fiscal year 2012, administrative fees pertaining to an allocation of personal services was eliminated, resulting in smaller charges for services.

Total General Fund expenditures decreased \$132,849 or 1.7% below the fiscal year 2011 level.

The most significant changes, by department, from fiscal year 2011 are described below.

General government costs were up \$101,059 or 5.5%. The town administrator 2012 amount of \$228,985 was \$44,590 or 16.3% below the 2011 amount. This reduction was primarily caused by the timing of the hiring of a new Town Administrator. The 2012 finance department amount was \$7,526 above the 2011 amount. This increase relates to a the retirement of the previous and then hiring of a new Town Financial Administrator.

The Town's attorney's expenditures increased by \$112,584 over 2012. This increase primarily relates to greater litigation and increased general government legal costs. The Town Clerk increased \$14,795 or 8% over the 2011 amount. This change is due to an increase of approximately \$23,137 related to personnel services, offset by a decrease of approximately \$8,342 related to operating costs.

The administrative services costs increased a net of \$9,788 or 2.1%, as follows:

- Property and liability insurance for New Town Hall (\$6,882)
- Contract labor (\$17,485)
- Utilities \$7,154
- General repairs \$11,247
- Town newsletter (\$8,490)
- Rent (\$20,391)
- Personnel costs (\$3,046)
- Communications \$3,747
- Information technology support \$26,263
- Supplies and postage \$17,810

These above increased (decreased) costs were offset by a variety of small savings across the budget of approximately (\$139).

In total, public safety costs were down \$359,373 or 7.0%. Fire and rescue services were \$343,455 or 11.4% below the 2011 amount. Contract fire services were reduced mainly because the town had successful contract renegotiations between the town and the entity providing the service during fiscal year 2011.

The 2012 community services expenditures were \$90,893 or 11.4% above 2011. This increase relates to personnel costs in the amount of \$82,802, new in-house engineering costs of \$5,000 and permits and application fees for building,

planning and zoning in the amount of \$3,091. The 2012 parks and recreation amounts were \$35,689 above the 2011 amount of \$142,032. The major portion of this increase relates to comprehensive right-of-way landscape maintenance of \$6,000, lake maintenance of \$4,000, and tree maintenance of approximately 25,689 .

In this fiscal year, the General Fund transferred \$1,115,490 to other funds, which included \$210,000 to the Capital Projects Fund, \$252,368 to the Volunteer Fire Department Fund, and \$653,122 to the Debt Service Fund.. The Solid Waste Fund transferred \$128,701 to the General Fund and the Debt Service Fund transferred \$150,000 to the Capital Projects Fund.

Transportation Fund – This fund accounts for the Town's share of the state gasoline and local option gas taxes, which are restricted to transportation purposes. In fiscal 2012, revenue of \$210,462 of intergovernmental revenue as compared to \$299,522 in fiscal year 2011. \$222,031 was expended on roadways in 2012 and \$529,837 on capital outlay for roadway and drainage improvements. Legally restricted fund balance totaled \$375,253 while committed fund balance totaled \$142,202. The total transportation fund balance at fiscal year end 2012 was 517,455.

Capital Projects Fund - This fund is financed primarily from transfers from the General Fund and Debt Service Fund, as indicated above. During fiscal year 2012, this fund spent \$362,322 on capital outlay, which includes:

- Machinery and Equipment for Public Safety \$158,536
- Improvements for new Town Hall \$148,915
- Improvements for Parks and Open Spaces \$26,171
- Repairs \$14,700
- Landscaping \$14,000

Assigned fund balance totaled \$354,621 while committed fund balance totaled \$150,000. The total capital project fund balance at fiscal year end 2012 was 504,621.

Proprietary Fund

Proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. The business-type activities analysis above discusses the Town's enterprise fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund's budget was amended in this fiscal year to reflect Departmental line item reclassifications and new Town Council initiatives.

Property taxes and charges for services recognized exceeded the final budget by \$3004 or .01% and \$74,113 or 4.2%, respectively. The property tax increase and charges for services increase, primarily pertaining to Fire special assessments, relates to fewer taxpayers taking advantage of pre-payment discounts and settlements received from the Value Adjustment Board. Physical and economic charges were \$96,138 or 45.8% below the final budget. This decrease relates to a net lien recovery less than the estimated amount. Licenses and Permits were \$33,170 or 6.0% below the final budget. This decrease primarily relates to permitting, planning and zoning activity less than estimated. Intergovernmental was \$12,253 or 2.3% below the final budget. This decrease relates to the decrease in proceeds received from state revenue sharing and sales taxes.

All other revenue sources were consistent with the adopted budget. Overall, the Town recognized slightly over 100% of the revenue budget.

On the expenditure side, the Town's actual expenditures for each department were marginally less than budgeted due to conservative budgeting. By function, general governmental were \$65,231 or 3.3% below the budget, public safety were \$118,480 or 2.4% below the budget, community service were \$15,400 or 1.7% below the budget and parks and recreation were \$9,959 or 5.3% below the budget.

Overall, the total General Fund budget was underspent by \$209,070 due to tight Departmental Director expenditure controls, timing in capital project commencement, and not immediately filling vacant positions.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Town's investment in capital assets, net of accumulated depreciation, for governmental activities as of September 30, 2012, was \$51,647,806. The change in this net investment was an approximate 1/12th of 1% decrease for governmental activities. See Note 6 for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year.

The following table provides a summary of capital asset activity:

	Capital Assets	
	Governmental Activities	
	2012	2011
Non-depreciable assets:		
Land	\$ 34,045,677	\$ 33,883,843
Construction in progress	3,464,730	6,289,819
Total non-depreciable	<u>37,510,407</u>	<u>40,173,662</u>
Depreciable assets:		
Infrastructure	19,642,886	18,376,559
Improvements other than buildings	3,567,012	2,963,412
Buildings	2,507,220	994,808
Furniture and equipment	984,364	894,900
Building improvements	31,964	140,390
Total depreciable assets	<u>26,733,446</u>	<u>23,370,069</u>
Less accumulated depreciation	<u>12,596,047</u>	<u>11,451,684</u>
Net book value - depreciable assets	<u>14,137,399</u>	<u>11,918,385</u>
Percentage depreciated	<u>47%</u>	<u>49%</u>
Total Capital Asset Net Book Value	<u>\$ 51,647,806</u>	<u>\$ 52,092,047</u>

At September 30, 2012, the depreciable capital assets for governmental activities were 47% depreciated. This compares to the 49% at September 30, 2011.

For governmental activities, the majority of the increase (decrease) of the balance of construction-in-progress and the related land and all of the depreciable asset accounts, except building improvements, including the reclassification pertaining to construction in progress (see Note 6 for additional details) relates to the following projects:

- New Town Hall Improvements \$152,644
- Drainage-SW 210 Project \$34,526
- Fishing Hole Park \$22,534
- Rolling Oaks Park \$3,230
- New Town Hall Building/Renovations (\$1,512,412)
- Drainage - 178th Ave (\$359,291)
- Trails – Multi-use (\$277,675)
- Pedestrian Bridges (\$189,974)
- Fire Well Replacement (\$187,702)
- Drainage – C11 Project (\$108,290)

The old Town Hall Building modulars were demolished during fiscal year 2012 and represent the \$108,426 decrease in the building improvement account.

Debt

The Town reports the 2001 revenue bonds issued through the Florida Municipal Loan Council, a refinanced loan payable to a new ten-year note payable with a financial institution, a line of credit with a bank, and a capital lease. The following table reports long-term debt balances at September 30, 2012 and 2011:

	Outstanding Long-term Debt			
	Governmental Activities			
	2012		2011	
Revenue bonds	\$ 4,077,574	**	\$ 4,194,416	**
Loan payable	-		2,500,000	
Note payable	2,335,175		-	
Promissory note	-		3,900	
Line of credit	766,019		439,139	
Capital lease	47,638		62,439	
	<u>\$ 7,226,406</u>		<u>\$ 7,199,894</u>	

**Totals herein include total principal amount outstanding for the FMLC Revenue Bonds, the reoffering premium balance net of amortization, and the balance for the underwriters discount net of amortization. See Note 7 for additional information about the Town's long-term debt.

A SUMMARY OF THE ECONOMIC CONDITIONS AFFECTING THE TOWN

The State of Florida, by constitution, does not have a state personal income tax and therefore the State operates primarily using sales, gasoline and corporate income taxes. Local governments (towns and cities, counties, school boards) primarily rely on property and an array of permitted other taxes (utility taxes, franchise fees and occupational taxes) as well as intergovernmental revenues for their governmental activities. For business-type activities and certain governmental activities (building/construction services and parks, recreation and open space programs), the user pays a related fee or charge associated with the service.

As of September 2012, the unemployment rate for Broward County residents was 7.5%, comparing favorably to the State's unemployment rate of 8.7%. The Town's residents would expect to have a lower unemployment rate than is reported for the county. However, inflationary trends in the region compare favorably to national indices, which is a positive sign. In addition, according to the U.S Census Bureau (2007-2011), the Town's median household income of \$104,500 compares favorably to the State's median household income of \$47,827.

In the 2012-2013 adopted budget, we continue operating in a tight economic environment. There are some preliminary indications of a stabilization of the decline in housing values and related taxable values. Additionally, inflationary trends in the region compare favorably to national indices.

Some of the key elements affecting the fiscal year 2012-2013 budget include:

- Relatively no change in taxable values
- A continuing low interest yield environment
- Increasing crude oil prices which may assert some inflationary pressures
- Slow growth rates of building construction and rehabilitation
- A decline in the State of Florida shared revenues

All of these factors result in many budget challenges in fiscal year 2012-2013 and beyond. Additionally, the Town is carefully monitoring Florida Legislative initiatives and their future impact on the Town's ability to function at its present level.

The millage rate for fiscal year 2013 was decreased to the rollback rate of 3.9042 as compared to 3.9404 for fiscal year 2012. This slight decrease was possible through strict control over expenditures, which included favorable renegotiations of contracts.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town's finances, comply with finance-related laws and regulations, and demonstrate the Town's commitment to public accountability. Questions concerning any of the information provided in this report or request for additional information should be addressed to the Town Financial Administrator, Town of Southwest Ranches, 13400 Griffin Road, Southwest Ranches, FL 33330.

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BASIC FINANCIAL STATEMENTS

**These basic financial statements contain Government-wide Financial Statements,
Fund Financial Statements, Notes to Basic Financial Statements
and Required Supplementary Information**

TOWN OF SOUTHWEST RANCHES, FLORIDA

STATEMENT OF NET ASSETS

SEPTEMBER 30, 2012

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 3,526,072	\$ 416,526	\$ 3,942,598
Investments	71,982	--	71,982
Receivables	354,559	1,450	356,009
Due from other governments	128,134	--	128,134
Prepaid items	210,917	--	210,917
Tree inventory	138,848	--	138,848
Debt issuance costs, net	26,514	--	26,514
Deposits	15,000	--	15,000
Capital assets not being depreciated	37,510,407	--	37,510,407
Capital assets being depreciated, net	14,137,399	--	14,137,399
Total Assets	<u>56,119,832</u>	<u>417,976</u>	<u>56,537,808</u>
Liabilities			
Accounts payable and accrued liabilities	446,621	114,827	561,448
Accrued interest payable	84,302	--	84,302
Unearned revenue	8,924	--	8,924
Noncurrent liabilities:			
Due within one year	425,264	--	425,264
Due in more than one year	6,801,142	--	6,801,142
Total Liabilities	<u>7,766,253</u>	<u>114,827</u>	<u>7,881,080</u>
Net Assets			
Invested in capital assets, net of related debt	44,421,400	--	44,421,400
Restricted for:			
Transportation	517,455	--	517,455
Volunteer fire services	40,807	--	40,807
Public safety	6,445	--	6,445
Town Hall brick program	18,200	--	18,200
Unrestricted	3,349,272	303,149	3,652,421
Total Net Assets	<u>\$ 48,353,579</u>	<u>\$ 303,149</u>	<u>\$ 48,656,728</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SOUTHWEST RANCHES, FLORIDA

STATEMENT OF ACTIVITIES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental Activities							
General government	\$ 1,897,921	\$ 109,180	\$ --	\$ --	\$ (1,788,741)	\$ --	\$ (1,788,741)
Public safety	5,136,515	1,848,333	7,689	171,281	(3,109,212)	--	(3,109,212)
Community services	887,750	635,692	--	--	(252,058)	--	(252,058)
Parks and recreation	419,249	--	--	9,734	(409,515)	--	(409,515)
Roadways	730,440	--	40,508	--	(689,932)	--	(689,932)
Interest on long-term debt	299,696	--	--	--	(299,696)	--	(299,696)
Total Governmental Activities	9,371,571	2,593,205	48,197	181,015	(6,549,154)	--	(6,549,154)
Business-type Activities							
Solid waste	1,401,456	1,539,737	--	--	--	138,281	138,281
Total Primary Government	\$ 10,773,027	\$ 4,132,942	\$ 48,197	\$ 181,015	(6,549,154)	138,281	(6,410,873)
General Revenues							
Advalorem taxes					4,105,338	--	4,105,338
Franchise fees based on gross receipts					593,888	--	593,888
Unrestricted intergovernmental revenue					689,697	--	689,697
Utility taxes					1,092,624	--	1,092,624
Unrestricted investment income					30,789	2,121	32,910
Miscellaneous					97,064	--	97,064
Transfers					128,701	(128,701)	--
Total General Revenues and Transfers					6,738,101	(126,580)	6,611,521
Change in Net Assets					188,947	11,701	200,648
Net Assets - Beginning of Year - as previously reported					48,667,813	291,448	48,959,261
Prior Period Adjustment (Note 6)					(503,181)	--	(503,181)
Net Assets - Beginning of Year - as restated					48,164,632	291,448	48,456,080
Net Assets - End of Year					\$ 48,353,579	\$ 303,149	\$ 48,656,728

The accompanying notes are an integral part of these financial statements.

TOWN OF SOUTHWEST RANCHES, FLORIDA

BALANCE SHEET - GOVERNMENTAL FUNDS

SEPTEMBER 30, 2012

	General Fund	Transportation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 2,206,480	\$ 712,466	\$ 516,490	\$ 90,636	\$ 3,526,072
Investments	71,982	--	--	--	71,982
Receivables, net	354,559	--	--	--	354,559
Due from other governments	100,786	17,848	9,500	--	128,134
Prepaid items	207,568	--	--	3,349	210,917
Tree inventory	138,848	--	--	--	138,848
Deposits	--	--	15,000	--	15,000
Total Assets	\$ 3,080,223	\$ 730,314	\$ 540,990	\$ 93,985	\$ 4,445,512
Liabilities and Fund Balances					
Liabilities:					
Accounts payable and accrued liabilities	194,036	203,935	\$ 36,369	\$ 12,281	\$ 446,621
Deferred revenue	--	8,924	--	--	8,924
Total Liabilities	194,036	212,859	36,369	12,281	455,545
Fund Balances					
Non-spendable:					
Prepaid items	207,568	--	--	3,349	210,917
Tree inventory	138,848	--	--	--	138,848
Restricted for:					
Transportation	--	517,455	--	--	517,455
Volunteer fire services	--	--	--	40,807	40,807
Public safety	6,445	--	--	--	6,445
Town Hall brick program	18,200	--	--	--	18,200
Committed for:					
Tree preservation	20,877	--	--	--	20,877
Capital projects	--	--	150,000	--	150,000
Transportation	--	--	--	--	--
Assigned for:					
Debt service	--	--	--	37,548	37,548
Capital projects	--	--	354,621	--	354,621
Unassigned	2,494,249	--	--	--	2,494,249
Total Fund Balances	2,886,187	517,455	504,621	81,704	3,989,967
Total Liabilities and Fund Balances	\$ 3,080,223	\$ 730,314	\$ 540,990	\$ 93,985	\$ 4,445,512

The accompanying notes are an integral part of these financial statements.

TOWN OF SOUTHWEST RANCHES, FLORIDA

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

SEPTEMBER 30, 2012

**Amounts Reported for Governmental Activities in the
Statement of Net Assets (Page 12) are Difference Because:**

Fund Balances - Total Governmental Funds (Page 14)		\$ 3,989,967
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$ 64,243,853	
Accumulated depreciation	<u>(12,596,047)</u>	51,647,806
Other long-term assets used in governmental activities are not available to pay for current period expenditures and, therefore, are not reported in the funds.		
Debt issuance costs		26,514
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:		
Accrued interest payable	(84,302)	
Notes and loans payable	(6,412,748)	
Line of credit	(766,020)	
Capital lease payable	<u>(47,638)</u>	<u>(7,310,708)</u>
Net Assets of Governmental Activities (Page 12)		<u>\$ 48,353,579</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SOUTHWEST RANCHES, FLORIDA

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	General Fund	Transportation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Ad valorem taxes	\$ 4,105,338	\$ --	\$ --	\$ --	\$ 4,105,338
Utility taxes	1,092,624	--	--	--	1,092,624
Franchise fees	593,888	--	--	--	593,888
Licenses and permits	521,830	--	--	--	521,830
Intergovernmental	529,477	210,462	171,281	7,689	918,909
Charges for services	1,848,333	--	--	--	1,848,333
Fines and forfeitures	109,180	--	--	--	109,180
Physical and economic charges	113,862	--	--	--	113,862
Investment income	27,088	1,822	1,039	840	30,789
Miscellaneous	95,182	--	--	1,882	97,064
Total Revenues	<u>9,036,802</u>	<u>212,284</u>	<u>172,320</u>	<u>10,411</u>	<u>9,431,817</u>
Expenditures					
Current:					
General government:					
Town council	76,475	--	--	--	76,475
Town administrator	228,985	--	--	--	228,985
Finance	236,792	--	--	--	236,792
Town attorney	625,149	--	--	--	625,149
Town clerk	198,666	--	--	--	198,666
Administrative services	471,405	--	--	--	471,405
Total general government	<u>1,837,472</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,837,472</u>
Public safety:					
Police	2,109,604	--	--	--	2,109,604
Fire and rescue services	2,681,220	--	--	255,063	2,936,283
Total public safety	<u>4,790,824</u>	<u>--</u>	<u>--</u>	<u>255,063</u>	<u>5,045,887</u>
Community services					
Parks and recreation	177,921	--	--	--	177,921
Roadways	--	222,031	--	--	222,031
Capital outlay	67,258	529,837	362,322	--	959,417
Debt service:					
Principal	--	--	--	332,506	332,506
Interest and fiscal charges	--	--	--	302,092	302,092
Total Expenditures	<u>7,761,225</u>	<u>751,868</u>	<u>362,322</u>	<u>889,661</u>	<u>9,765,076</u>
Excess (deficiency) of revenues over expenditures	<u>1,275,577</u>	<u>(539,584)</u>	<u>(190,002)</u>	<u>(879,250)</u>	<u>(333,259)</u>
Other Financing Sources (Uses)					
Loan proceeds	--	360,860	--	--	360,860
Debt service - principal	--	--	(2,500,000)	--	(2,500,000)
Refunding note issued	--	--	2,500,000	--	2,500,000
Transfers in	128,701	--	360,000	905,490	1,394,191
Transfers out	<u>(1,115,490)</u>	<u>--</u>	<u>--</u>	<u>(150,000)</u>	<u>(1,265,490)</u>
Total Other Financing Sources (Uses)	<u>(986,789)</u>	<u>360,860</u>	<u>360,000</u>	<u>755,490</u>	<u>489,561</u>
Net Change in Fund Balances	288,788	(178,724)	169,998	(123,760)	156,302
Fund Balances - Beginning	<u>2,597,399</u>	<u>696,179</u>	<u>334,623</u>	<u>205,464</u>	<u>3,833,665</u>
Fund Balances - Ending	<u>\$ 2,886,187</u>	<u>\$ 517,455</u>	<u>\$ 504,621</u>	<u>\$ 81,704</u>	<u>\$ 3,989,967</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SOUTHWEST RANCHES, FLORIDA

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

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

**Amounts Reported for Governmental Activities in the
Statement of Activities (Page 13) are Different Because:**

Net changes in fund balance - total governmental funds
(Page 16) \$ 156,302

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the cost of those
assets is depreciated over their estimated useful lives
and reported as depreciation expense:

Expenditures for capital outlays	\$ 931,866	
Less: current year provision for depreciation expense	<u>(872,926)</u>	58,940

The issuance of long-term debt (e.g., bonds, leases) provides
current financial resources to governmental funds, while the
repayment of the principal of long-term debt consumes the
current financial resources to governmental funds. Neither
transaction, however, has any effect on net position. Also,
governmental funds report the effect of issuance costs,
premiums, discounts, and similar items when debt is first
issued, whereas these amounts are deferred and amortized
in the statement of activities. This detail of the difference
is as follows:

Proceeds from debt	(360,860)	
Refunding note proceeds	(2,500,000)	
Repayment of principal	2,832,506	
Provision for amortization of original issue premium	3,213	
Provision for amortization of debt issuance costs	(2,179)	
Provision for amortization of underwriters discount	<u>(1,371)</u>	(28,691)

Some expenses reported in the statement of activities do not
require the use of current financial resources and therefore
are not reported as expenditures in the governmental funds:

Accrued interest payable		<u>2,396</u>
--------------------------	--	--------------

Change in Net Assets of Governmental Activities (Page 13) \$ 188,947

The accompanying notes are an integral part of these financial statements.

TOWN OF SOUTHWEST RANCHES, FLORIDA

STATEMENT OF NET ASSETS - PROPRIETARY FUND

SEPTEMBER 30, 2012

	<u>Solid Waste Fund</u>
Assets	
Current Assets	
Cash	\$ 416,526
Receivables	<u>1,450</u>
Total Assets	<u>417,976</u>
Liabilities and Net Assets	
Current Liabilities	
Accounts payable and accrued liabilities	<u>114,827</u>
Total Liabilities	114,827
Net Assets	
Unrestricted	<u>303,149</u>
Total Net Assets	<u>\$ 303,149</u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SOUTHWEST RANCHES, FLORIDA

**STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET ASSETS - PROPRIETARY FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	<u>Solid Waste Fund</u>
Operating Revenues	
Charges for services	<u>\$ 1,539,737</u>
Operating Expenses	
Contractual services	1,367,922
Other operating expenses	<u>33,534</u>
Total Operating Expenses	<u>1,401,456</u>
Operating Income	138,281
Nonoperating Revenues	
Investment income	<u>2,121</u>
Income before transfers	140,402
Transfer out	<u>(128,701)</u>
Change in Net Assets	11,701
Net Assets - Beginning of Year	<u>291,448</u>
Net Assets - End of Year	<u><u>\$ 303,149</u></u>

The accompanying notes are an integral part of these financial statements.

TOWN OF SOUTHWEST RANCHES, FLORIDA

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Solid Waste Fund
Cash Flows from Operating Activities	
Cash received from customers and users	\$ 1,541,273
Cash paid to suppliers	<u>(1,415,211)</u>
Net Cash Provided by Operating Activities	<u>126,062</u>
Cash Flows from Non-Capital Financing Activities	
Transfer out	<u>(128,701)</u>
Cash Flows from Investing Activities	
Interest received	<u>2,121</u>
Net Decrease in Cash	(518)
Cash - Beginning	<u>417,044</u>
Cash - Ending	<u><u>\$ 416,526</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating income	\$ <u>138,281</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Decrease in receivables	1,536
Increase in accounts payable and accrued liabilities	<u>(13,755)</u>
Total adjustments	<u>(12,219)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 126,062</u></u>

The accompanying notes are an integral part of these financial statements.

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**NOTES TO BASIC
FINANCIAL STATEMENTS**

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of the Town of Southwest Ranches, Florida's (the Town) significant accounting policies is presented to assist the reader in interpreting the basic financial statements. The policies are considered essential and should be read in conjunction with the basic financial statements.

The Town is an instrumentality of the State of Florida, incorporated in accordance with House Bill No. 1777 on June 6, 2000, to carry on a centralized government. The Town Council, which is composed of four Council elected members and the elected Mayor, is responsible for legislative and fiscal control of the Town. The Town is governed under a Council/Administrator form of government. A Town Administrator is appointed by the Council and is responsible for administrative and fiscal control of the resources of the Town maintained in the funds.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applicable 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.

A. FINANCIAL REPORTING ENTITY

As required by accounting principles generally accepted in the United States of America, the accompanying financial statements present the Town and its component units, entities for which the Town is considered to be financially accountable. The Town is financially accountable if the Town Council appoints a voting majority of an organization's governing body and it is able to impose its will on that organization, or there is a potential for the organization to provide specific financial burdens on the Town. Blended component units, although legally separate entities are in substance, part of the Town's operations and so data from the component unit is combined with data of the primary government.

The Southwest Ranches Volunteer Fire-Rescue, Inc. (the Department) became a blended component unit of the Town of Southwest Ranches on January 28, 2010 when the members of the Town Council became the Board of Directors of the Department. The Department is a legally separate, tax-exempt organization that provides for the protection of human and animal life and property against fire, disaster, natural catastrophe or other calamity within the Town limits of Southwest Ranches. There is no separately issued financial statement for this component unit.

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary 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 intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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 or applicants 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 as *general revenues*.

Separate financial statements are provided for governmental funds and the proprietary fund. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the proprietary 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 from the end of the current fiscal year.

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, franchise fees, utility taxes, charges for services, intergovernmental revenues and interest associated with the current fiscal period are all considered to be measurable and available and have been recognized as revenues of the current fiscal period. Revenues for expenditure driven grants are recognized when the qualifying expenditures are incurred. All other revenue items such as fines and forfeitures and licenses and permits are considered to be measurable and available when cash is received by the Town.

The reporting practices of the proprietary fund types closely parallel comparable commercial financial reporting, which recognize revenue when earned and expenses when incurred (the accrual basis) including, in the case of the enterprise fund, depreciation on its exhaustible capital assets, if any. Earned, but unbilled service receivables, if any, would be accrued as revenue in the enterprise fund.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

The *Transportation Fund* accounts for the receipt of the Town's portion of the state revenue sharing of the gasoline and local option gas taxes which are restricted for transportation related expenditures.

The *Capital Projects Fund* is used to account for the capital projects of the Town which have received the approval of the Town Council. Transfers from the general and other funds are made to this fund to cover such expenditures.

The Town reports the following major proprietary fund:

The *Solid Waste Fund* (an enterprise fund) accounts for the operation of the Town's solid waste collection, disposal, and recycling services.

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the government's solid waste functions and various other functions of the government, if applicable. 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, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as *program revenues*. The general revenues include all taxes whose purpose has not been restricted to a specific program.

Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets. 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 proprietary fund are charges to customers for sales and services. Operating expenses for proprietary funds include the costs of sales and services, administrative expenses and depreciation on capital assets, as applicable. All revenues and expenses that do not meet this definition are reported as non-operating revenues or 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 they are needed.

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. DEPOSITS AND INVESTMENTS

The Town utilizes a pooled cash account for cash of all Town funds other than those that are required to be physically segregated. The pooled cash account concept allows each participating fund to benefit from the economies of scale and improved yield which are inherent to a larger investment pool. Formal accounting records detail the individual equities of the participating funds. The pooled cash system utilizes single checking account for Town receipts and all disbursements including payroll.

The Town's cash and cash equivalents are considered to be cash and short-term investments with original maturities of three months or less from the date of acquisition. The Town's cash and cash equivalents include cash on hand, demand deposits, and investments with Florida PRIME administered by the State Board of Administration. Fund B which is also administered by the State Board of Administration is classified as an investment.

The Town's investments in the Florida PRIME are stated at the value of the pool shares (2a-7 like pool), which is fair value. Fund B is a fluctuating NAV pool and is reported based on the fair value factor.

E. INVENTORY AND PREPAIDS

Inventory is valued at average cost. Inventory of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventory consists of trees acquired as a result of the Town's acquisition of a tract of land.

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

F. CAPITAL ASSETS

Capital assets, which include land, construction in progress, intangible and infrastructure assets, improvements other than buildings, buildings, furniture and equipment, and leasehold improvements, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date of donation.

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. CAPITAL ASSETS (CONTINUED)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Assets	Years
Infrastructure	10-40
Improvements other than buildings	10-20
Buildings	50
Furniture and equipment	5-20
Building improvements	5

G. LONG-TERM OBLIGATIONS

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

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, in the year of issuance. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance 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, and principal payments, are reported as debt service expenditures.

H. UNEARNED/DEFERRED REVENUES

Unearned revenues at the government-wide level, governmental funds and the proprietary funds are reported when the Town receives resources before it has earned the revenues. Furthermore, governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period.

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. FUND EQUITY

The Town follows the criteria for classifying governmental fund balances into specifically defined classifications. Classifications are hierarchical and are based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the funds may be spent. The Town's accounting and financial policies are used to interpret the nature and/or requirements of the funds and their corresponding classification of nonspendable, restricted, committed, assigned or unassigned.

The following are the fund balance classifications:

Nonspendable fund balance. Nonspendable fund balances are amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

Committed fund balance. These amounts can only be used for the specific purposes determined by a formal action (Ordinance or resolution) of the Town Council, the Town's highest level of decision making authority. Ordinances and resolutions constitute the most binding constraints and are deemed equally binding and enforceable within the Town. Commitments may be changed or lifted only by the Town Council taking the same formal action (Ordinance or resolution) that imposed the constraint originally. Resources accumulated pursuant to stabilization arrangements sometimes are reported in this category.

Assigned fund balance. Assigned fund balances are amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is established by the Town Administrator and Town Financial Administrator who have the discretionary authority as charter officers of the Town and to which the Council has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. There is no formal policy which has been established by Council delegating this authority. This balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as nonspendable, restricted, or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue or capital projects fund are assigned for the purposes in accordance with the nature of their fund type. Assignment within the General Fund conveys that the intended use of those amounts is for a specific purpose that is narrower than the general purposes of the Town itself.

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. FUND EQUITY (CONTINUED)

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

Additionally, the Town would first use 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.

J. NET ASSETS

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

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

K. USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results may differ from management's estimates.

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 2 – DEPOSITS AND INVESTMENTS

DEPOSITS

During the year, the Town's pooled cash was held in qualified public depositories. In addition to insurance provided by the Federal Deposit Insurance Corporation (FDIC), all deposits are held in banking institutions approved by the State of Florida, State Treasurer to hold public funds. Under the Florida Statutes Chapter 280, *Florida Security for Public Deposits Act*, the State Treasurer requires all qualified public depositories to deposit with the Treasurer or banking institution eligible collateral of the depository. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses. Since the Town uses only authorized public depositories, all funds deposited with financial institutions are FDIC insured and/or are fully collateralized and treated as insured.

INVESTMENTS

The Town is authorized to invest in obligations of the U.S. Treasury, its agencies, instrumentalities and the Florida PRIME and the Fund B Surplus Funds Trust Fund administered by the State Board of Administration. The investment policy defined in the statutes attempts to promote, through state assistance, the maximization of net interest earnings on invested surplus funds of local units of governments while limiting the risk to which the funds are exposed.

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

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 2 – POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

The Town had the following investments as of September 30, 2012:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
Investments		
Florida PRIME	\$ 524,158	39 days
Fund B	<u>71,982</u>	4.08 years
Total Investments - Town	<u>\$ 596,140</u>	

Florida PRIME is presented as cash and cash equivalents in the financial statements.

INTEREST RATE RISK

The Town 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.

CREDIT RISK

The Town has no established investment policy other than authorization by the Town Council to invest surplus funds in the State Board of Administration Pool. Florida PRIME is rated by Standard and Poor's. The current rating is AAAM. The Fund B is not rated by a nationally recognized statistical rating organization.

CONCENTRATION OF CREDIT RISK

Disclosure is required when the percentage is 5% or more in any one issuer. At September 30, 2012, the Town only invests in an external investment pool and therefore not subject to concentration of credit risk.

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 3 – PROPERTY TAXES

Property values are assessed as of January 1 of each year, at which time taxes become an enforceable lien on property. Tax bills are mailed for the Town by Broward County on or about October 1 of each year and are payable with discounts of up to 4% offered for early payment. Taxes become delinquent on April 1 of the year following the year of assessment and state law provides for enforcement of collection of property taxes by seizure of the personal property or by the sale of interest-bearing tax certificates to satisfy unpaid property taxes. Assessed values are established by the Broward County Property Appraiser. In November 1992, a Florida constitutional amendment was approved by the voters which provides for limiting the increases in homestead property valuations for ad valorem tax purposes to a maximum of 3% annually and also provides for reassessment of market values upon changes in ownership. The County bills and collects all property taxes and remits them to the Town. Procedures for the collection of delinquent taxes by Broward County are provided for in the Laws of Florida. There were no material delinquent property taxes at September 30, 2012.

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 tax levy of the Town is established by the Town Council and the Broward County Property Appraiser, who incorporates the Town's millage into the total tax levy, which includes the County, County School Board and other agencies tax requirements. The millage rate assessed by the Town for the year ended September 30, 2012 was 3.9404 mills (\$3.9404 per \$1,000 of taxable assessed valuation).

NOTE 4 - RECEIVABLES

Receivables as of September 30, 2012 for the Town's funds are as follows:

	Taxes and Fees
General Fund	\$ 379,806
Solid Waste Fund	<u>1,450</u>
Gross Total Receivables	381,256
Less: Allowance for Uncollectible Receivables	<u>(25,247)</u>
Gross Total Receivables	<u>\$ 356,009</u>

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 5 – INTERFUND TRANSFERS

Interfund transfers during fiscal year ended September 30, 2012 is as follows:

	Transfers In	Transfers Out
General Fund	\$ 128,701	\$ 1,115,490
Transportation Fund	--	--
Capital Projects Fund	360,000	--
Volunteer Fire Department Fund	252,368	--
Debt Service Fund	653,122	150,000
Solid Waste Fund	--	128,701
	<hr/>	<hr/>
Total Interfund Transfers	<u>\$ 1,394,191</u>	<u>\$ 1,394,191</u>

General Fund Transfers In consisted entirely of \$128,701 from the Town’s Solid Waste fund providing cost reimbursement to recover general fund administrative, finance and contractual compliance management, as well as legal services.

General Fund Transfers Out consisted of \$210,000 to the Capital Projects Fund to fund capital projects primarily pertaining to new Town Hall building improvements; \$252,368 to the Volunteer Fire Department Fund (component unit) to fund volunteer fire operations; and \$653,122 to the Debt Service Fund as debt service principal and interest payments become due in accordance with debt service covenants.

Capital Projects Fund Transfer In consisted of \$210,000 previously mentioned from the General fund plus \$150,000 from the Debt Service Fund line of credit proceeds received specifically for new Town Hall building improvements.

All of the other Transfers In pertaining to the Volunteer Fire Department Fund (component unit - \$252,368) and Debt Service Fund (\$653,122) as well as the Transfer Out pertaining to the Debt Service Fund (\$150,000) was transferred from the General Fund or transferred to the Capital Projects Fund, respectively as previously mentioned.

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 6 – CAPITAL ASSETS

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

	Beginning Balance	Prior Period Adjustment (1)	Adjusted Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities						
Capital assets, not being depreciated:						
Land	\$ 33,883,843	\$ 142,834	\$ 34,026,677	\$ 19,000	\$ --	\$ 34,045,677
Construction in progress	6,289,819	(1,498,060)	4,791,759	212,934	(1,539,963)	3,464,730
Total capital assets, not being depreciated	<u>40,173,662</u>	<u>(1,355,226)</u>	<u>38,818,436</u>	<u>231,934</u>	<u>(1,539,963)</u>	<u>37,510,407</u>
Capital assets, being depreciated:						
Infrastructure	18,376,559	751,626	19,128,185	514,701	--	19,642,886
Improvements other than buildings	2,963,412	603,600	3,567,012	--	--	3,567,012
Buildings	994,808	--	994,808	1,512,412	--	2,507,220
Furniture and equipment	894,900	(11,251)	883,649	212,782	(112,067)	984,364
Building improvements	140,390	11,251	151,641	--	(119,677)	31,964
Total capital assets being depreciated	<u>23,370,069</u>	<u>1,355,226</u>	<u>24,725,295</u>	<u>2,239,895</u>	<u>(231,744)</u>	<u>26,733,446</u>
Total capital assets	<u>63,543,731</u>	<u>--</u>	<u>63,543,731</u>	<u>2,471,829</u>	<u>(1,771,707)</u>	<u>64,243,853</u>
Less: accumulated depreciation for:						
Infrastructure	9,559,925	162,302	9,722,227	531,729		10,253,956
Improvements other than buildings	1,127,004	340,879	1,467,883	223,857		1,691,740
Buildings	75,968	--	75,968	33,554		109,522
Furniture and equipment	569,110	--	569,110	83,436	(112,067)	540,479
Building improvements	119,677	--	119,677	350	(119,677)	350
Total accumulated depreciation	<u>11,451,684</u>	<u>503,181</u>	<u>11,954,865</u>	<u>872,926</u>	<u>(231,744)</u>	<u>12,596,047</u>
Total capital assets, being depreciated, net	<u>11,918,385</u>	<u>852,045</u>	<u>12,770,430</u>	<u>1,366,969</u>	<u>--</u>	<u>14,137,399</u>
Governmental Activities						
Capital Assets, Net	<u>\$ 52,092,047</u>	<u>\$ (503,181)</u>	<u>\$ 51,588,866</u>	<u>\$ 1,598,903</u>	<u>\$ (1,539,963)</u>	<u>\$ 51,647,806</u>

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

General government	\$ 32,561
Public safety	241,328
Roadways	90,628
Parks and recreation	<u>508,409</u>

Total Depreciation - Governmental Activities \$ 872,926

- (1) The beginning net assets of the governmental activities in the government wide financial statements have been restated to correct an error and increase opening accumulated depreciation. This correction is for depreciation expense that had not been recorded in previous years for assets of completed projects that not been reclassified from construction in progress to the infrastructure and improvements other than buildings categories.

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 7 – LONG-TERM DEBT

The following is a summary of changes in long-term liabilities of the Town for governmental activities for the fiscal year ended September 30, 2012.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
FMLC Loan Payable	\$ 4,145,000	\$ --	\$ (115,000)	\$4,030,000	\$120,000
Add: Unamortized Reoffering Premium	67,470	--	(3,213)	64,257	--
Less: Unamortized Underwriters Discount	(18,054)	--	1,371	(16,683)	--
FLGFC Loan Payable	2,500,000	--	(2,500,000)	--	--
Note Payable	--	2,500,000	(164,825)	2,335,175	225,063
Promissory Note Loan Payable	3,900	--	(3,900)	--	--
Capital Lease Payable	439,139	360,860	(33,980)	766,019	65,400
	62,439	--	(14,801)	47,638	14,801
Total	<u>\$ 7,199,894</u>	<u>\$2,860,860</u>	<u>\$(2,834,348)</u>	<u>\$7,226,406</u>	<u>\$425,264</u>

FLORIDA MUNICIPAL LOAN COUNCIL

In 2001, the Town entered into a loan agreement with the Florida Municipal Loan Council (FMLC) funded from proceeds of the Florida Municipal Loan Council Revenue Bonds, Series 2001A (the Bonds) for a total of \$5,099,752 (\$4,985,000 par amount of the Bonds plus a \$114,752 reoffering premium). The loan requires semi-annual payments of interest at varying rates on May and November of each fiscal year and principal payment of varying amounts on November of each fiscal year through November 1, 2031. The interest rate at September 30, 2011 was 5%. Proceeds of the loan were used for the payoff of outstanding obligations, acquisition of certain parks and recreational land and construction of improvements and recreational facilities. As security for loan repayment, the Town covenants and agrees to appropriate in its annual budget amounts of non-ad valorem revenues sufficient to satisfy its annual debt service requirements under the loan agreement. During 2012, the Town was in compliance with this covenant.

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 7 – LONG-TERM DEBT (CONTINUED)

FLORIDA MUNICIPAL LOAN COUNCIL (CONTINUED)

The annual requirements to pay principal and interest on this obligation as of September 30, 2012 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2013	\$ 120,000	\$ 199,325	\$ 319,325
2014	125,000	193,044	318,044
2015	135,000	186,219	321,219
2016	140,000	179,000	319,000
2017	150,000	171,388	321,388
2018-2022	860,000	732,789	1,592,789
2023-2027	1,100,000	492,500	1,592,500
2028-2032	1,400,000	181,500	1,581,500
Total	\$ 4,030,000	\$ 2,335,765	\$ 6,365,765

FLORIDA LOCAL GOVERNMENT FINANCE COMMISSION

In 2001, the Town entered into a pooled commercial paper loan agreement with the Florida Local Government Finance Commission (FLGFC) for total available funds of \$13,000,000 to finance the acquisition of property for the Town's capital improvement program. The loan was refinanced and paid off on December 1, 2011 with a financial institution entitled Revenue Refunding Note, Series 2011. Due to floating rates and the balloon payment due later that month, there was no economic gain or loss related to this transaction.

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 7 – LONG-TERM DEBT (CONTINUED)

REVENUE REFUNDING NOTE, SERIES 2011

On December 1, 2011 the Town entered in to a \$2,500,000 note with a financial institution for the purpose of refunding the Town’s pooled commercial paper loan with the Florida Local Government Finance Commission (FLGFC). The note requires quarterly payments of principal and interest beginning March 1, 2012 and matures in December 1, 2021. The note bears interest on the outstanding principal amount thereof at a fixed rate of 2.73% per annum calculated on a 30/360 day count basis. The Town has pledged non-ad valorem revenue to secure payment of the principal and interest of the note.

Fiscal Year Ending September 30,	Principal	Interest	Total
2013	\$ 225,063	\$ 61,459	\$ 286,522
2014	231,271	55,252	286,523
2015	237,649	48,873	286,522
2016	244,204	42,319	286,523
2017	250,939	35,583	286,522
2018-2022	<u>1,146,049</u>	<u>71,673</u>	<u>1,217,722</u>
Total	<u>\$ 2,335,175</u>	<u>\$ 315,159</u>	<u>\$ 2,650,334</u>

PROMISSORY NOTE

In 2007, the Volunteer Fire-Rescue Department entered into a loan agreement with a bank for \$40,000 at an interest rate of 7.875% to finance the acquisition of a fire truck. The note was paid off during fiscal year 2012.

LOAN PAYABLE

On April 7, 2010, the Town entered into a line of credit agreement with a bank in an amount not to exceed \$2,000,000 for the purpose of financing road improvements and drainage projects in the Town. The note calls for monthly interest payments at 2.75% during the draw period. The principal amount outstanding at the end of the draw period shall be payable monthly, beginning May 7, 2012 in equal payments of principal and interest at 3.95% through April 7, 2022. The Town covenants to budget and appropriate in its annual budget from legally available non-ad valorem revenues in each fiscal year, sufficient moneys to pay the principal and interest on the loan. The balance outstanding on the loan at September 30, 2012 was \$766,019. The amortization schedule herein represents

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 7 – LONG-TERM DEBT (CONTINUED)

LINE OF CREDIT (CONTINUED)

the total debt service to be paid under this loan agreement, including the draw made subsequent to year end. The annual requirements to pay principal and interest on this obligation as of September 30, 2012 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2013	\$ 65,400	\$ 31,568	\$ 96,968
2014	71,136	25,831	96,967
2015	73,998	22,970	96,968
2016	76,974	19,993	96,967
2017	80,070	16,897	96,967
2018-2022	<u>398,441</u>	<u>38,878</u>	<u>437,319</u>
Total	<u>\$ 766,019</u>	<u>\$ 156,137</u>	<u>\$ 922,156</u>

EMERGENCY LINE OF CREDIT

On August 25, 2010, the Town entered into a revolving line of credit agreement with a bank in an amount not to exceed \$3,000,000 for the purpose of expenditures for extraordinary, nonrecurring items the Town desires or needs to undertake subsequent to and as a result of a natural, technological or civil emergency. Monthly interest payments at a variable rate equal to the prime rate will be due on any draws. The outstanding principal of the note plus any accrued and unpaid interest shall be due on June 13, 2013. The Town covenants to budget and appropriate in its annual budget from legally available non-ad valorem revenues in each fiscal year, sufficient moneys to pay the principal and interest on the note. There were no draws on the line of credit during the fiscal year ended September 30, 2012.

NOTE 8 – LEASES

CAPITAL LEASE

In 2007, the Town entered into a lease agreement for financing the acquisition of a 1995 Pierce Quantum Custom Pumper for the Volunteer Fire Department in the amount of \$124,000. The Town is leasing the vehicle in order to sublease to the Volunteer Fire Department at \$10 per year. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of its future minimum lease payments as of the inception date.

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 8 – LEASES (CONTINUED)

CAPITAL LEASE (CONTINUED)

Asset Acquired Under the Capital Lease

Machinery and equipment	\$ 124,000
Accumulated depreciation	<u>(72,333)</u>
	<u><u>\$ 51,667</u></u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2012 were as follows:

Fiscal Year Ending September 30,	Amount
2013	\$ 18,122
2014	18,122
2015	<u>18,122</u>
Total minimum lease payments	54,366
Less: interest portion	<u>6,728</u>
Present Value of Future Minimum Lease Payments	<u><u>\$ 47,638</u></u>

NOTE 9 – 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 reductions in insurance coverage from coverage requirements in the prior year. Settled claims did not exceed coverage requirements for each of the past three years.

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 10 – COMMITMENTS AND CONTINGENCIES

AGREEMENT WITH BROWARD COUNTY FOR LOCAL POLICE PATROL SERVICES

In 2007, the Town entered into an agreement with the Broward County Sheriff's Office (BSO) for local police patrol services through September 30, 2011. This contract was extended through May 1, 2013. The Town incurred expenditures of \$2,109,604 for police services under this contract for the fiscal year ended September 30, 2012. Under the terms of the current agreement, the following year will not increase more than 5% over the total budgeted costs for the same items in the preceding year. The Town is in the process of negotiating a new agreement.

INTERLOCAL AGREEMENT WITH PEMBROKE PINES FOR DELIVERY OF EMERGENCY MEDICAL AND FIRE PROTECTION SERVICES

In 2011, the Town entered into an agreement with the City of Pembroke Pines (Pembroke Pines) to provide emergency medical and fire protection services to the Town effective October 1, 2011 through September 30, 2015. During 2012, the Town and Pembroke Pines cancelled the agreement in effect and entered into a new agreement with the Town of Davie (Davie) for relatively similar services effective October 1, 2012 through September 30, 2015. The new agreement may be renewed for successive five-year periods upon mutual agreement of both parties and has annual compounded increases of 4%. Either party may cancel the contract with a minimum notice of nine (9) months. The Town paid \$2,520,000 under this agreement for the fiscal year ended September 30, 2012.

AGREEMENT FOR PLANS REVIEW AND BUILDING INSPECTION SERVICES

The Town extended a service agreement with a provider through March 1, 2015 for plan review and building inspection services. The amount of compensation is based on rates and schedules set forth in the agreement with a maximum percentage of 75% of actual revenue received by the Town. For the fiscal year ended September 30, 2012, the Town paid \$325,554 for these services.

AGREEMENT FOR PLANNING AND ZONING SERVICES

In 2010, the Town entered into an agreement with a consultant to provide planning and zoning services on a full cost recovery fee structure. This agreement, which was set to expire October 31, 2010, was extended through April 30, 2015. For the year ended September 30, 2012, the Town paid \$149,108 for these services.

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 10 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

AGREEMENT FOR CODE COMPLIANCE SERVICES

The Town previously entered into a service agreement with a provider for the provision of code compliance services. The Company will provide code compliance services and act as the Code Compliance Official of the Town. The agreement expires in January 2015. During January 2013, the agreement was modified that effective January 1, 2013, compensation shall not exceed \$125,000. For the year ended September 30, 2012, the Town paid approximately \$198,400 for these services. Either party may terminate this agreement upon providing 90 days written notice.

LITIGATION

The Town is a defendant in various suits and claims incidental to its operations. Although the outcome of the litigation is not presently determinable, it is the opinion of the Town attorney that resolution of the matters will not have a material adverse effect on the financial position and results of operations of the Town.

GRANTS AND AWARDS

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Town. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, would not have a material adverse effect on the financial position of the Town.

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS

The Town follows the standards for *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* (OPEB). The standard does not require funding of OPEB expense, but any difference between the annual required contribution (ARC) and the amount funded during the year is required to be recorded in the employer's Statement of Net Assets as an increase (or decrease) in the OPEB obligation.

PLAN DESCRIPTION

The Town provides an optional single employer defined benefit postemployment healthcare plan to eligible individuals. The plan allows its employees and their beneficiaries, at their own cost, to continue to obtain health and dental insurance benefits upon retirement. The benefits of the plan conform to Florida Statutes, which are the legal authority for the plan. The plan has no assets and does not issue a separate financial report.

TOWN OF SOUTHWEST RANCHES, FLORIDA

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

NOTE 11 – OTHER POST EMPLOYMENT BENEFITS (CONTINUED)

FUNDING POLICY AND ANNUAL OPEB COST

The Town does not make a contribution to the plan on behalf of retirees. In addition, retirees and their beneficiaries do not pay group rates to the Town's healthcare provider due to the fact that rates for current employees are adjusted based on their age. In accordance with accounting standards, the Town has evaluated and determined that it is not necessary to calculate an offset to the cost of these benefits as an employer contribution, based on implicit rate subsidy since the premiums are adjusted based on age. Therefore, there is no liability to the Town to be recorded.

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REQUIRED SUPPLEMENTARY INFORMATION



TOWN OF SOUTHWEST RANCHES, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - GENERAL FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Ad valorem taxes	\$ 4,102,334	\$ 4,102,334	\$ 4,105,338	\$ 3,004
Utility taxes	1,010,000	1,090,000	1,092,624	2,624
Franchise fees	525,000	525,000	593,888	68,888
Licenses and permits	458,000	555,000	521,830	(33,170)
Intergovernmental	542,000	542,000	529,477	(12,523)
Charges for services	1,998,351	1,774,220	1,848,333	74,113
Fines and forfeitures	70,000	95,000	109,180	14,180
Physical and economic charges	210,000	210,000	113,862	(96,138)
Investment income	20,500	25,500	27,088	1,588
Miscellaneous	82,000	82,000	95,182	13,182
Total Revenues	<u>9,018,185</u>	<u>9,001,054</u>	<u>9,036,802</u>	<u>35,748</u>
Expenditures				
Current:				
General government:				
Town council	79,828	79,828	76,475	3,353
Town administrator	232,400	231,900	228,985	2,915
Finance	222,800	236,800	236,792	8
Town attorney	444,000	629,000	625,149	3,851
Town clerk	207,300	207,300	198,666	8,634
Administrative services	530,027	585,133	538,663	46,470
Total general government	<u>1,716,355</u>	<u>1,969,961</u>	<u>1,904,730</u>	<u>65,231</u>
Public safety:				
Police	2,083,716	2,109,916	2,109,604	312
Fire and rescue services	3,195,812	2,799,388	2,681,220	118,168
Total public safety	<u>5,279,528</u>	<u>4,909,304</u>	<u>4,790,824</u>	<u>118,480</u>
Community services				
Community services	895,850	903,150	887,750	15,400
Parks and recreation	194,360	187,880	177,921	9,959
Total Expenditures	<u>8,086,093</u>	<u>7,970,295</u>	<u>7,761,225</u>	<u>209,070</u>
Excess of Revenues over Expenditures	<u>932,092</u>	<u>1,030,759</u>	<u>1,275,577</u>	<u>244,818</u>
Other Financing Uses				
Transfers in	--	128,701	128,701	--
Transfers out	(932,092)	(1,159,460)	(1,115,490)	43,970
Total Other Financing Uses	<u>(932,092)</u>	<u>(1,030,759)</u>	<u>(986,789)</u>	<u>43,970</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 288,788</u>	<u>\$ 288,788</u>

TOWN OF SOUTHWEST RANCHES, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION FUND

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental:				
Local option gas tax	\$ 191,000	\$ 191,000	\$ 169,954	\$ (21,046)
Grants	<u> --</u>	<u> --</u>	<u> 40,508</u>	<u> 40,508</u>
Total intergovernmental	191,000	191,000	210,462	19,462
Investment income	<u> --</u>	<u> --</u>	<u> 1,822</u>	<u> 1,822</u>
Total Revenues	<u> 191,000</u>	<u> 191,000</u>	<u> 212,284</u>	<u> 21,284</u>
Expenditures				
Current:				
Roadways	263,887	264,716	222,031	42,685
Capital outlay	<u> 662,000</u>	<u> 1,022,031</u>	<u> 529,837</u>	<u> 492,194</u>
Total Expenditures	<u> 925,887</u>	<u> 1,286,747</u>	<u> 751,868</u>	<u> 534,879</u>
Deficiency of Revenues over Expenditures	<u> (734,887)</u>	<u> (1,095,747)</u>	<u> (539,584)</u>	<u> 556,163</u>
Other Financing Sources				
Loan proceeds	<u> --</u>	<u> 360,860</u>	<u> 360,860</u>	<u> --</u>
Total Other Financing Sources	<u> --</u>	<u> 360,860</u>	<u> 360,860</u>	<u> --</u>
Net Change in Fund Balance	<u> \$ (734,887)</u>	<u> \$ (734,887)</u>	<u> \$ (178,724)</u>	<u> \$ 556,163</u>

TOWN OF SOUTHWEST RANCHES, FLORIDA

REQUIRED SUPPLEMENTARY INFORMATION

NOTES TO BUDGETARY COMPARISON SCHEDULES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

The Town follows the procedures below in establishing the budgetary data reflected in the accompanying financial statements.

NOTE 1 - BUDGETS AND BUDGETARY ACCOUNTING

- a. Prior to September 1, the Town Administrator submits to the Town Council a proposed operating budget for the ensuing fiscal year, commencing October 1. The operating budget includes proposed expenditures and the means of funding 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. Upon request of the Town Administrator, the Town Council, in the form of a resolution, may amend the budget, make changes between funds or from a reserve, and increase or decrease a fund. The Town Administrator may make changes within a department. Therefore, the legal level of control is at the department level. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the fund from which it was appropriated and is subject to future appropriations.
- e. Annual appropriated budgets are adopted for the General Fund, the Transportation Fund (a special revenue fund), Debt Service Fund and Capital Project Fund on a basis consistent with accounting principles generally accepted in the United States of America except for capital outlay and debt service which are not budgeted. The Volunteer Fire Department Fund did not have a legally adopted budget for the year ended September 30, 2012.
- f. The reported budgetary data represents the final approved budget after amendments adopted by the Town Council. There was \$360,860 of supplemental appropriations in the transportation fund during the fiscal year ended September 30, 2012.

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**COMBINING AND INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**

TOWN OF SOUTHWEST RANCHES, FLORIDA

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2012

	Volunteer Fire Department	Debt Service Fund	Total Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	\$ 45,007	\$ 45,629	\$ 90,636
Prepaid items	<u>3,349</u>	<u>--</u>	<u>3,349</u>
Total Assets	<u>\$ 48,356</u>	<u>\$ 45,629</u>	<u>\$ 93,985</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	<u>4,200</u>	<u>8,081</u>	<u>12,281</u>
Total Liabilities	<u>4,200</u>	<u>8,081</u>	<u>12,281</u>
Fund Balances			
Non-spendable:			
Prepaid items	3,349	--	3,349
Restricted for:			
Volunteer fire department	40,807	--	40,807
Assigned for:			
Debt service	<u>--</u>	<u>37,548</u>	<u>37,548</u>
Total Fund Balances	<u>44,156</u>	<u>37,548</u>	<u>81,704</u>
Total Liabilities and Fund Balances	<u>\$ 48,356</u>	<u>\$ 45,629</u>	<u>\$ 93,985</u>

TOWN OF SOUTHWEST RANCHES, FLORIDA

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**

NONMAJOR GOVERNMENTAL FUNDS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Volunteer Fire Department	Debt Service Fund	Total Nonmajor Governmental Funds
Revenues			
Investment income	\$ 65	\$ 775	\$ 840
Intergovernmental	7,689	--	7,689
Miscellaneous	<u>1,882</u>	<u>--</u>	<u>1,882</u>
Total Revenues	<u>9,636</u>	<u>775</u>	<u>10,411</u>
Expenditures			
Fire and rescue services	255,063	--	255,063
Debt service:			
Principal	3,900	328,606	332,506
Interest and fiscal charges	<u>71</u>	<u>302,021</u>	<u>302,092</u>
Total Expenditures	<u>259,034</u>	<u>630,627</u>	<u>889,661</u>
Deficiency of Revenues Over Expenditures	<u>(249,398)</u>	<u>(629,852)</u>	<u>(879,250)</u>
Other Financing Uses			
Transfers in	252,368	653,122	905,490
Transfers out	<u>--</u>	<u>(150,000)</u>	<u>(150,000)</u>
Net Change in Fund Balances	2,970	(126,730)	(123,760)
Fund Balances - Beginning	<u>41,186</u>	<u>164,278</u>	<u>205,464</u>
Fund Balances - Ending	<u><u>\$ 44,156</u></u>	<u><u>\$ 37,548</u></u>	<u><u>\$ 81,704</u></u>

TOWN OF SOUTHWEST RANCHES, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
DEBT SERVICE FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		Positive (Negative)
Revenues				
Investment income	\$ --	\$ --	\$ 775	\$ 775
Expenditures				
Debt service:				
Principal	247,000	329,000	328,606	394
Interest and fiscal charges	406,122	324,122	302,021	22,101
Total Expenditures	<u>653,122</u>	<u>653,122</u>	<u>630,627</u>	<u>22,495</u>
Deficiency of Revenues over Expenditures	<u>(653,122)</u>	<u>(653,122)</u>	<u>(629,852)</u>	<u>23,270</u>
Other Financing Sources (Uses)				
Transfers in	653,122	653,122	653,122	--
Transfers out	--	--	(150,000)	150,000
Total Other Financing Sources (Uses)	<u>653,122</u>	<u>653,122</u>	<u>503,122</u>	<u>150,000</u>
Net Change in Fund Balance	<u>\$ --</u>	<u>\$ --</u>	<u>\$ (126,730)</u>	<u>\$ 173,270</u>

TOWN OF SOUTHWEST RANCHES, FLORIDA

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND**

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ 13,000	\$ 13,000	\$ 171,281	\$ 158,281
Investment income	—	—	1,039	1,039
Total Revenues	<u>13,000</u>	<u>13,000</u>	<u>172,320</u>	<u>159,320</u>
Expenditures				
Capital outlay	<u>364,450</u>	<u>364,450</u>	<u>362,322</u>	<u>2,128</u>
Total Expenditures	<u>364,450</u>	<u>364,450</u>	<u>362,322</u>	<u>2,128</u>
Deficiency of Revenues over Expenditures	<u>(351,450)</u>	<u>(351,450)</u>	<u>(190,002)</u>	<u>161,448</u>
Other Financing Sources				
Transfers in	<u>210,000</u>	<u>210,000</u>	<u>360,000</u>	<u>(150,000)</u>
Net Change in Fund Balance	<u>\$ (141,450)</u>	<u>\$ (141,450)</u>	<u>\$ 169,998</u>	<u>\$ 11,448</u>
Appropriated Fund Balance	<u>\$ 141,450</u>	<u>\$ 141,450</u>		

STATISTICAL SECTION



Town of Southwest Ranches, Florida
Introduction to Statistical Section
(Unaudited)

This part of Town of Southwest Ranches' comprehensive annual financial report presents detailed information as a context for understanding this year's financial statements, note disclosures, and supplementary information. This information is unaudited.

Contents	<u>Page</u>
Financial Trends These tables contain trend information that may assist the reader in assessing the Town's current financial performance by placing it in historical perspective.	49-65
Revenue Capacity These tables contain information that may assist the reader in assessing the Town's most significant local revenue source, the property taxes.	66-71
Debt Capacity These tables contain information that may assist the reader in analyzing the affordability of the Town's current levels of outstanding debt and the Town's ability to issue debt in the future. The Town is not subject to a legal debt margin. There have been no revenue bonds issued in the last ten years.	72-73
Demographic and Economic Information These tables present demographic and economic information intended (1) to assist users in understanding the socioeconomic environment within which the Town operates and (2) to provide information that facilitates comparisons of financial statement information over time and among towns.	74-75
Operating Information These tables contain service and infrastructure indicators that can inform one's understanding how the information in the Town's financial statements relates to the services the Town provides and the activities it performs.	76-78

Data Source:

Unless otherwise noted, the information in these tables is derived from the comprehensive annual financial report for the applicable year.

Town of Southwest Ranches, Florida
Changes in Net Assets - Governmental Activities (Unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)

	For the Fiscal Year Ended September 30,									
	2003	2004	2005	2006 ¹	2007	2008	2009	2010	2011	2012
Expenses:										
General government	\$ 749,888	\$ 835,810	\$ 1,783,732	\$ 1,407,916	\$ 1,635,441	\$ 1,516,047	\$ 1,380,331	\$ 1,624,918	\$ 1,750,991	\$ 1,897,921
Public safety	2,024,690	2,111,633	2,271,390	2,466,655	2,516,793	3,610,699	5,609,400	6,207,667	5,293,993	5,136,515
Community services	767,903	1,023,169	1,018,218	1,200,384	1,796,043	2,036,933	1,446,553	1,313,271	796,857	887,750
Public works	656,611	938,493	1,992,753	1,269,187	1,089,096	1,640,272	1,900,861	-	-	-
Parks and recreation	-	132,391	240,120	484,684	430,541	507,966	502,143	387,510	310,369	419,249
Roadways	-	-	-	12,107,067	326,384	261,532	253,394	751,754	725,093	730,440
Nondepartmental	54,929	140,085	262,431	29,897	33,204	-	-	-	-	-
Interest and other debt service costs	329,346	394,403	431,092	632,381	498,034	340,250	280,961	286,467	258,608	299,696
Total Expenses	4,583,367	5,575,984	7,999,736	19,598,171	8,325,536	9,913,699	11,373,643	10,571,587	9,135,911	9,371,571
Program Revenues:										
Charges for services:										
General government	-	-	-	239,541	288,755	116,332	142,592	155,437	134,717	109,180
Public safety	499,817	510,517	513,438	1,006,275	609,733	1,044,649	1,100,308	1,527,184	1,613,117	1,848,333
Community services	234,345	354,718	296,036	306,516	860,578	942,262	1,024,625	801,244	788,347	635,692
Parks and recreation	-	-	-	291,084	133,980	50,925	1,645	-	-	-
Public works	728,150	588,690	613,610	651,572	628,844	1,296,891	1,303,431	-	-	-
Operating grants and contributions	-	-	1,044,829	10,414,610	188,280	1,899,800	196,192	269,781	96,606	48,197
Capital grants and contributions	3,125,694	7,967,899	9,932,927	603,445	93,628	116,152	11,342	280,521	59,162	181,015
Total Program Revenues	4,588,006	9,421,824	12,400,840	13,513,043	2,803,798	5,467,011	3,780,135	3,034,167	2,691,949	2,822,417
Net (Expense) Revenue	4,639	3,845,840	4,401,104	(6,085,128)	(5,521,738)	(4,446,688)	(7,593,508)	(7,537,420)	(6,443,962)	(6,549,154)
General Revenues:										
Taxes:										
Property taxes	1,956,415	2,122,694	2,503,780	2,969,270	3,488,788	3,920,509	4,527,435	4,574,566	4,303,700	4,105,338
Utility taxes	657,677	479,391	496,246	521,151	583,190	589,629	593,394	659,884	1,079,094	1,092,624
Franchise fees based on gross receipts	391,293	542,625	667,075	808,273	853,267	1,046,849	1,167,851	1,005,629	620,532	593,888
Unrestricted intergovernmental revenues	665,240	956,848	(261,264)	652,622	583,506	552,210	546,154	547,048	790,831	689,697
Unrestricted investment earnings	143,596	351,386	455,003	227,190	300,938	141,347	53,342	90,149	25,786	30,789
Miscellaneous	-	-	-	9,693	132,727	25,159	43,700	68,173	139,911	97,064
Special item, gain on sale of land held for investment	-	-	-	2,906,664	-	-	-	-	-	-
Extraordinary item, impairment of asset	-	-	-	-	-	-	(60,676)	-	-	-
Total General Revenues	3,814,221	4,452,944	3,860,840	8,094,863	5,942,416	6,275,703	6,871,200	6,945,449	6,959,854	6,609,400
Net Transfers In (Out)	-	-	-	-	-	-	-	-	-	128,701
Total General Revenues										
Net Transfers	3,814,221	4,452,944	3,860,840	8,094,863	5,942,416	6,275,703	6,871,200	6,945,449	6,959,854	6,738,101
Change in Net Assets	\$ 3,818,860	\$ 8,298,784	\$ 8,261,944	\$ 2,009,735	\$ 420,678	\$ 1,829,015	\$ (722,308)	\$ (591,971)	\$ 515,892	\$ 188,947

Notes:

¹ Roadways include significant expenditures and intergovernmental revenue resulting from hurricanes Katrina and Wilma costs and related federal reimbursement.

Data Source:

Applicable years' comprehensive annual financial report.

Town of Southwest Ranches, Florida
Changes in Net Assets - Governmental Activities - Percentage of Total (Unaudited)
Last Ten Fiscal Years
(accrual basis of accounting)

	For the Fiscal Year Ended September 30,									
	2003	2004	2005	2006 ¹	2007	2008	2009	2010	2011	2012
Expenses:										
General government	16.4%	15.0%	22.3%	7.2%	19.6%	15.3%	12.1%	15.4%	19.2%	20.3%
Public safety	44.2%	37.9%	28.4%	12.6%	30.2%	36.4%	49.3%	58.7%	57.9%	54.8%
Community services	16.8%	18.3%	12.7%	6.1%	21.6%	20.5%	12.7%	12.4%	8.7%	9.5%
Public works	14.3%	16.8%	24.9%	6.5%	13.1%	16.5%	16.7%	0.0%	0.0%	0.0%
Parks and recreation	0.0%	2.4%	3.0%	2.5%	5.2%	5.1%	4.4%	3.7%	3.4%	4.5%
Roadways	0.0%	0.0%	0.0%	61.8%	3.9%	2.6%	2.2%	7.1%	7.9%	7.8%
Nondepartmental	1.2%	2.5%	3.3%	0.2%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Interest and other debt service costs	7.2%	7.1%	5.4%	3.2%	6.0%	3.4%	2.5%	2.7%	2.9%	
Total Expenses	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Program Revenues:										
Charges for services:										
General government	0.0%	0.0%	0.0%	1.8%	10.3%	2.1%	3.8%	5.1%	5.0%	3.9%
Public safety	10.9%	5.4%	4.1%	7.4%	21.7%	19.1%	29.1%	50.3%	59.9%	65.5%
Community services	5.1%	3.8%	2.4%	2.3%	30.7%	17.2%	27.1%	26.4%	29.3%	22.5%
Parks and recreation	0.0%	0.0%	0.0%	2.2%	4.8%	0.9%	0.0%	0.0%	0.0%	0.0%
Public works	15.9%	6.2%	4.9%	4.8%	22.4%	23.7%	34.5%	0.0%	0.0%	0.0%
Operating grants and contributions	0.0%	0.0%	8.4%	77.1%	6.7%	34.8%	5.2%	8.9%	3.6%	1.7%
Capital grants and contributions	68.1%	84.6%	80.1%	4.5%	3.3%	2.1%	0.3%	9.2%	2.2%	6.4%
Total Program Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
General Revenues:										
Taxes:										
Property taxes	51.3%	47.7%	64.9%	36.7%	58.7%	62.5%	65.9%	65.9%	61.8%	62.1%
Utility taxes	17.2%	10.8%	12.9%	6.4%	9.8%	9.4%	8.6%	9.5%	15.5%	16.5%
Franchise fees based on gross receipts	10.3%	12.2%	17.3%	10.0%	14.4%	16.7%	17.0%	14.5%	8.9%	9.0%
Unrestricted intergovernmental revenues	17.4%	21.5%	-6.8%	8.1%	9.8%	8.8%	7.9%	7.9%	11.4%	10.4%
Unrestricted investment earnings (losses)	3.8%	7.9%	11.8%	2.8%	5.1%	2.3%	0.8%	1.3%	0.4%	0.5%
Miscellaneous	0.0%	0.0%	0.0%	0.1%	2.2%	0.4%	0.6%	1.0%	2.5%	1.5%
Special item, gain on sale of land held for investment	0.0%	0.0%	0.0%	35.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Extraordinary item, impairment of asset	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.9%	0.0%	0.0%	0.0%
Total General Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Notes:
¹ Roadways include significant expenditures and intergovernmental revenue resulting from hurricanes Katrina and Wilma costs and related federal reimbursement.

Data Source:
 Applicable years' comprehensive annual financial report.

Town of Southwest Ranches, Florida
Changes in Net Assets - Business-type Activities
Last Three Fiscal Years ¹
(accrual basis of accounting)

Source	For the Fiscal Year Ended September 30,		
	2010	2011	2012
Expenses:			
Solid waste	\$ 1,417,368	\$ 1,582,463	\$ 1,401,456
Program Revenues:			
Charges for services:			
Solid waste	<u>1,651,805</u>	<u>1,620,856</u>	<u>1,539,737</u>
Net Revenue	234,437	38,393	138,281
General Revenues:			
Investment earnings	<u>10,118</u>	<u>8,500</u>	<u>2,121</u>
Income before transfers:	244,555	46,893	140,402
Transfers out	-	-	(128,701)
Change in Net Assets	<u><u>\$ 244,555</u></u>	<u><u>\$ 46,893</u></u>	<u><u>\$ 11,701</u></u>

Notes:

¹ The Town established the solid waste fund in fiscal year 2010.

Data Source:

Applicable years' comprehensive annual financial report.

Town of Southwest Ranches, Florida
Changes in Total Net Assets
Last Ten Fiscal Years
(accrual basis of accounting)

	For the Fiscal Year Ended September 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses:										
Governmental activities ¹	\$ 4,583,367	\$ 5,575,984	\$ 7,999,736	\$ 19,598,171	\$ 8,325,536	\$ 9,913,699	\$ 11,373,643	\$ 10,571,587	\$ 9,135,911	\$ 9,371,571
Business-type activities ²	-	-	-	-	-	-	-	1,417,368	1,582,463	1,401,456
Total Expenses	<u>4,583,367</u>	<u>5,575,984</u>	<u>7,999,736</u>	<u>19,598,171</u>	<u>8,325,536</u>	<u>9,913,699</u>	<u>11,373,643</u>	<u>11,988,955</u>	<u>10,718,374</u>	<u>10,773,027</u>
Program Revenues:										
Governmental activities ¹	4,588,006	9,421,824	12,400,840	13,513,043	2,803,798	5,467,011	3,780,135	3,034,167	2,691,949	2,822,417
Business-type activities ²	-	-	-	-	-	-	-	1,651,805	1,620,856	1,539,737
Total Program Revenues	<u>4,588,006</u>	<u>9,421,824</u>	<u>12,400,840</u>	<u>13,513,043</u>	<u>2,803,798</u>	<u>5,467,011</u>	<u>3,780,135</u>	<u>4,685,972</u>	<u>4,312,805</u>	<u>4,362,154</u>
Net (Expense) Revenue	<u>4,639</u>	<u>3,845,840</u>	<u>4,401,104</u>	<u>(6,085,128)</u>	<u>(5,521,738)</u>	<u>(4,446,688)</u>	<u>(7,593,508)</u>	<u>(7,302,983)</u>	<u>(6,405,569)</u>	<u>(6,410,873)</u>
General Revenues and Transfers:										
Governmental activities ¹	3,814,221	4,452,944	3,860,840	8,094,863	5,942,416	6,275,703	6,871,200	6,945,449	6,959,854	6,738,101
Business-type activities ²	-	-	-	-	-	-	-	10,118	8,500	2,121
Total General Revenues	<u>3,814,221</u>	<u>4,452,944</u>	<u>3,860,840</u>	<u>8,094,863</u>	<u>5,942,416</u>	<u>6,275,703</u>	<u>6,871,200</u>	<u>6,955,567</u>	<u>6,968,354</u>	<u>6,740,222</u>
Net Transfers In (Out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(128,701)</u>
Change in Net Assets	<u>\$ 3,818,860</u>	<u>\$ 8,298,784</u>	<u>\$ 8,261,944</u>	<u>\$ 2,009,735</u>	<u>\$ 420,678</u>	<u>\$ 1,829,015</u>	<u>\$ (722,308)</u>	<u>\$ (347,416)</u>	<u>\$ 562,785</u>	<u>\$ 200,648</u>

Notes:

¹ See Exhibit I

² See Exhibit III

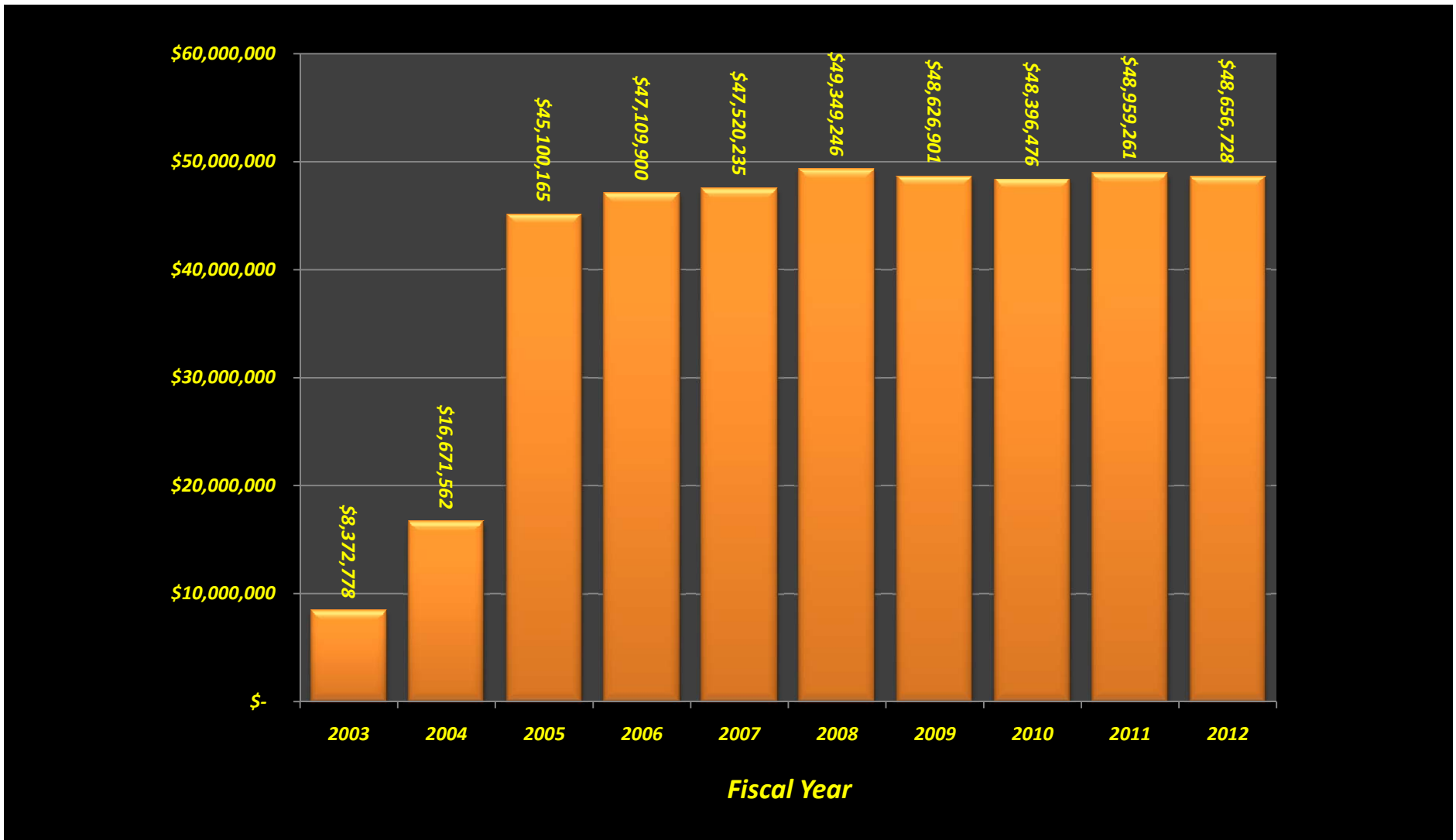
Town of Southwest Ranches, Florida
Government-wide Net Assets by Category ¹
Last Ten Fiscal Years
(accrual basis of accounting)

	September 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental Activities										
Invested in capital assets, net of related debt	\$ 3,515,277	\$ 11,367,768	\$ 38,284,247	\$ 40,644,914	\$ 41,185,533	\$ 44,125,155	\$ 43,824,944	\$ 44,607,660	\$ 44,892,153	\$ 44,421,400
Restricted	392,119	180,820	80,406	140,535	99,855	215,354	315,335	728,064	736,555	582,907
Unrestricted	4,465,382	5,122,974	6,735,512	6,324,451	6,234,847	5,008,737	4,486,622	2,816,197	3,039,105	3,349,272
Subtotal Governmental Activities Net Assets	<u>8,372,778</u>	<u>16,671,562</u>	<u>45,100,165</u>	<u>47,109,900</u>	<u>47,520,235</u>	<u>49,349,246</u>	<u>48,626,901</u>	<u>48,151,921</u>	<u>48,667,813</u>	<u>48,353,579</u>
Business-type Activities										
Unrestricted	-	-	-	-	-	-	-	244,555	291,448	303,149
Primary Government										
Invested in capital assets, net of related debt	3,515,277	11,367,768	38,284,247	40,644,914	41,185,533	44,125,155	43,824,944	44,607,660	44,892,153	44,421,400
Restricted	392,119	180,820	80,406	140,535	99,855	215,354	315,335	728,064	736,555	582,907
Unrestricted	4,465,382	5,122,974	6,735,512	6,324,451	6,234,847	5,008,737	4,486,622	3,060,752	3,330,553	3,652,421
Total Primary Government Net Assets	<u><u>\$ 8,372,778</u></u>	<u><u>\$ 16,671,562</u></u>	<u><u>\$ 45,100,165</u></u>	<u><u>\$ 47,109,900</u></u>	<u><u>\$ 47,520,235</u></u>	<u><u>\$ 49,349,246</u></u>	<u><u>\$ 48,626,901</u></u>	<u><u>\$ 48,396,476</u></u>	<u><u>\$ 48,959,261</u></u>	<u><u>\$ 48,656,728</u></u>

Notes:

¹Accounting standards require that net assets be reported in three components in the financial statements: invested in capital assets, net of related debt; restricted; and unrestricted. Net assets are considered restricted only when (1) an external party, such as the State of Florida or the federal government, places a restriction on how the resources may be used, or (2) enabling legislation is enacted by the Town. There are no restrictions currently reported as a result of enabling legislation.

Town of Southwest Ranches, Florida
Chart-Total Government-wide Net Assets
Last ten Fiscal Years
(accrual basis of accounting)



Town of Southwest Ranches, Florida
General Governmental Revenues by Source (Unaudited) ¹
Last Ten Fiscal Years
(modified accrual basis of accounting)

For the Fiscal Year Ended September 30,

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenue Source	Amounts									
Taxes	\$ 3,005,385	\$ 3,144,710	\$ 3,667,101	\$ 4,298,694	\$ 4,925,245	\$ 5,556,986	\$ 6,288,683	\$ 6,240,079	\$ 6,003,326	\$ 5,791,850
Licenses and permits	234,345	354,718	296,036	306,517	860,578	758,289	757,059	499,056	482,382	521,830
Intergovernmental	665,240	956,848	783,565	861,911	769,933	729,245	742,348	522,048	787,169	689,697
Charges for services	1,190,746	1,065,050	1,098,521	1,126,695	1,138,577	1,044,650	1,100,308	1,527,184	1,613,117	1,848,333
Fines and forfeitures	37,221	34,157	28,527	37,095	40,416	39,912	73,595	72,892	75,076	109,180
Physical and economic charges	-	-	-	500,000	100,000	-	-	325,775	309,627	113,862
Grants	3,125,694	7,637,359	9,932,927	10,458,766	93,628	1,838,916	11,342	550,302	155,768	229,212
Investment income	84,326	46,755	154,437	227,190	300,938	141,347	53,342	90,149	25,786	30,789
Donated property	-	-	-	350,000	-	-	-	-	-	-
Sale of trees	-	-	-	291,084	133,980	50,925	1,645	-	-	-
Miscellaneous	59,270	304,631	300,566	243,290	382,919	285,552	380,263	152,132	198,346	97,064
Total Revenues	\$ 8,402,227	\$ 13,544,228	\$16,261,680	\$18,701,242	\$ 8,746,214	\$10,445,822	\$ 9,408,585	\$ 9,979,617	\$ 9,650,597	\$ 9,431,817
% Change from Prior Year	64.1%	61.2%	20.1%	15.0%	-53.2%	19.4%	-9.9%	6.1%	-3.3%	-2.3%
	Percentage of Total									
Taxes	35.8%	23.2%	22.6%	23.0%	56.3%	53.2%	66.8%	62.5%	62.2%	61.4%
Licenses and permits	2.8%	2.6%	1.8%	1.6%	9.8%	7.3%	8.0%	5.0%	5.0%	5.5%
Intergovernmental	7.9%	7.1%	4.8%	4.6%	8.8%	7.0%	7.9%	5.2%	8.2%	7.3%
Charges for services	14.2%	7.9%	6.8%	6.0%	13.0%	10.0%	11.7%	15.3%	16.7%	19.6%
Fines and forfeitures	0.4%	0.3%	0.2%	0.2%	0.5%	0.4%	0.8%	0.7%	0.8%	1.2%
Physical and economic charges	0.0%	0.0%	0.0%	2.7%	1.1%	0.0%	0.0%	3.3%	3.2%	1.2%
Grants	37.2%	56.4%	61.1%	55.9%	1.1%	17.6%	0.1%	5.5%	1.6%	2.4%
Investment income	1.0%	0.3%	0.9%	1.2%	3.4%	1.4%	0.6%	0.9%	0.3%	0.3%
Donated property	0.0%	0.0%	0.0%	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Sale of trees	0.0%	0.0%	0.0%	1.6%	1.5%	0.5%	0.0%	0.0%	0.0%	0.0%
Miscellaneous	0.7%	2.2%	1.8%	1.3%	4.4%	2.7%	4.0%	1.5%	2.1%	1.0%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

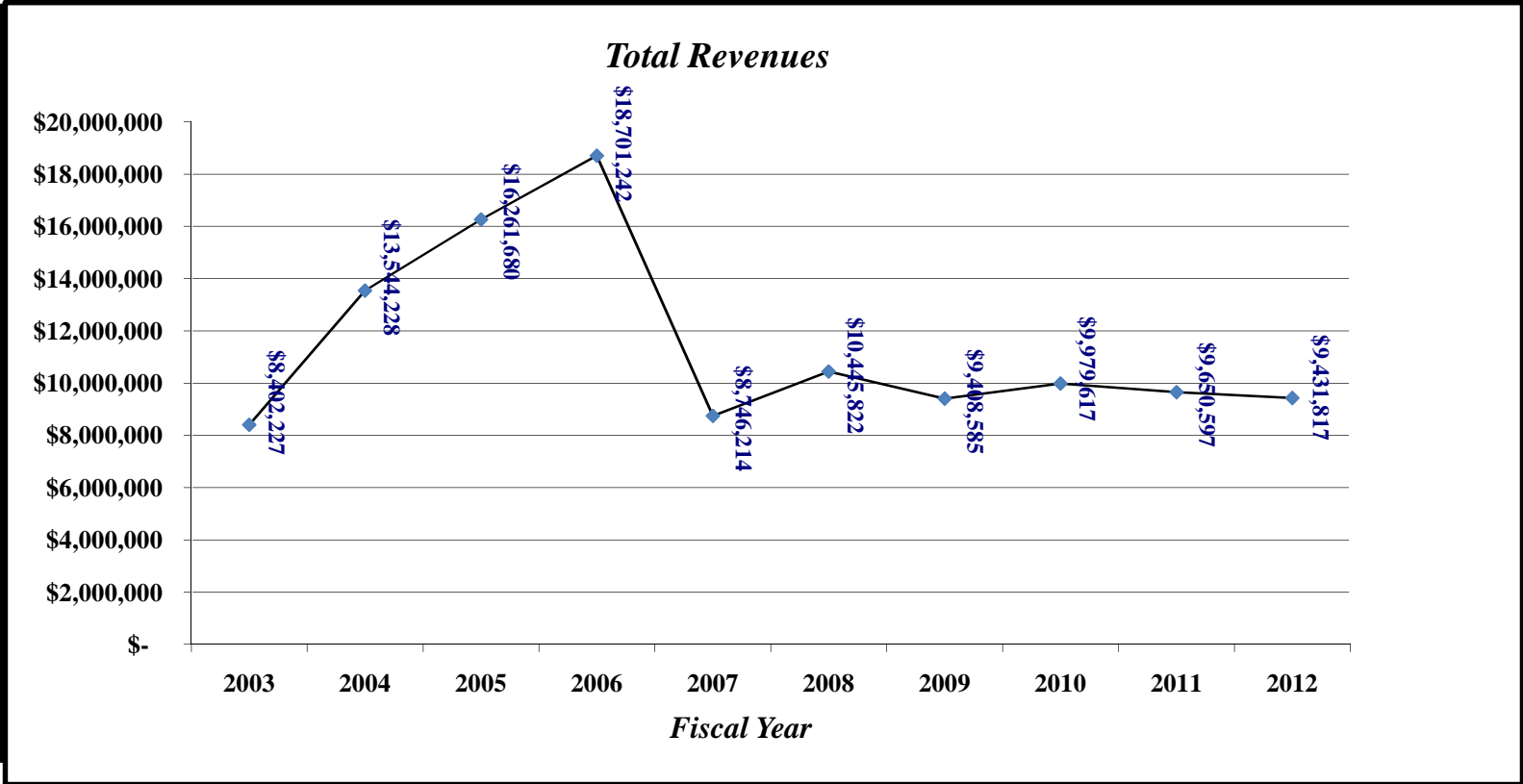
Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' comprehensive annual financial report.

Town of Southwest Ranches, Florida
Chart-Total General Governmental Revenues (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)



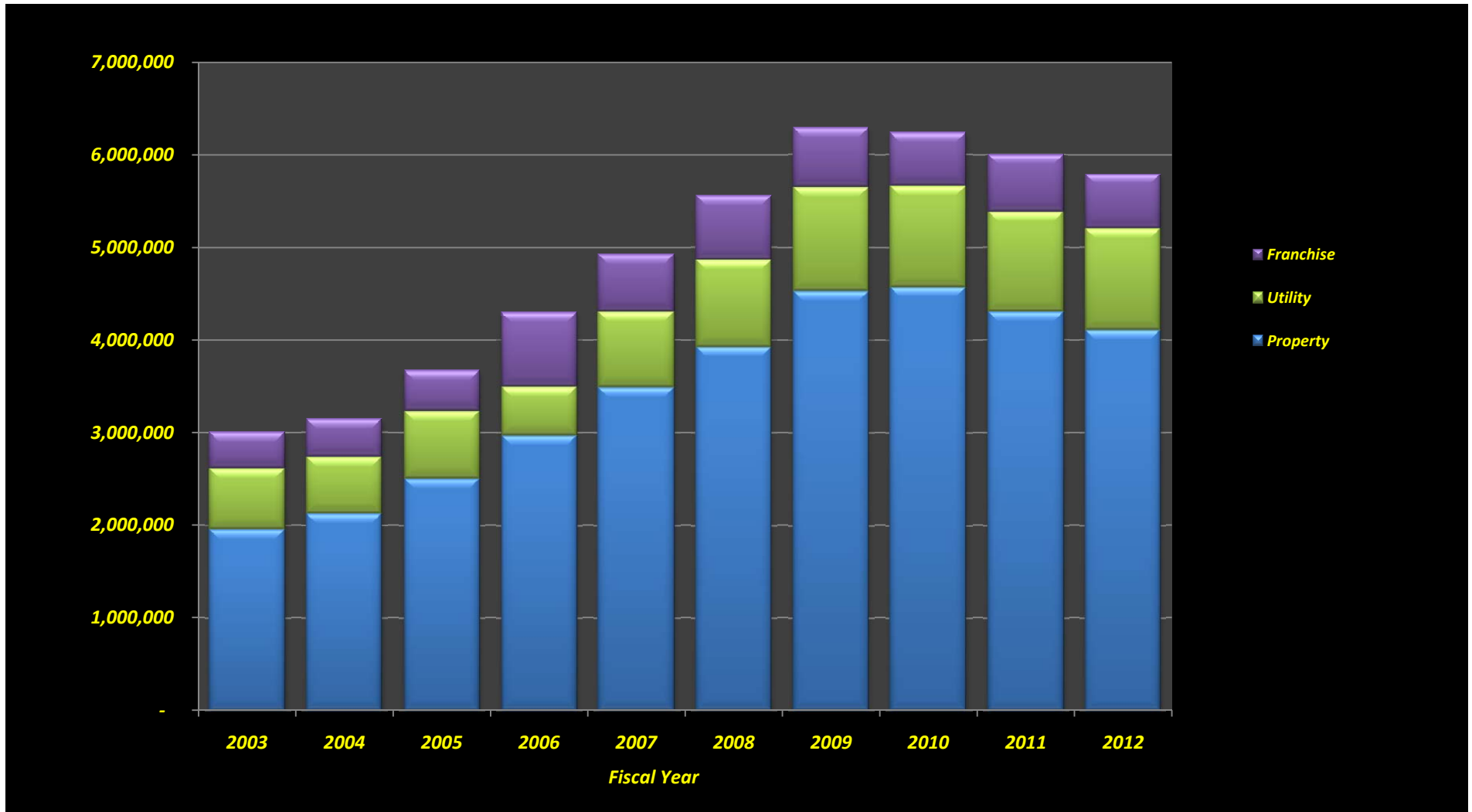
Town of Southwest Ranches, Florida
Tax Revenues by Source - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

For The Fiscal Year Ended September 30,	Property	Utility	Franchise	Total
Amounts				
2003	\$ 1,956,415	\$ 657,677	\$ 391,293	\$ 3,005,385
2004	2,122,694	613,281	408,735	3,144,710
2005	2,503,780	726,384	436,937	3,667,101
2006	2,969,270	521,151	808,273	4,298,694
2007	3,488,788	817,053	619,404	4,925,245
2008	3,920,509	944,019	692,458	5,556,986
2009	4,527,435	1,126,386	634,862	6,288,683
2010	4,574,566	1,094,070	571,443	6,240,079
2011	4,303,700	1,079,094	620,532	6,003,326
2012	4,105,338	1,092,624	593,888	5,791,850
<i>% Change in Dollars Over 10 Years</i>	138.9%	73.8%	76.8%	116.5%
Percentage of Total				
2003	65.1%	21.9%	13.0%	100.0%
2004	67.5%	19.5%	13.0%	100.0%
2005	68.3%	19.8%	11.9%	100.0%
2006	69.1%	12.1%	18.8%	100.0%
2007	70.8%	16.6%	12.6%	100.0%
2008	70.6%	17.0%	12.5%	100.0%
2009	72.0%	17.9%	10.1%	100.0%
2010	73.3%	17.5%	9.2%	100.0%
2011	71.7%	18.0%	10.3%	100.0%
2012	70.9%	18.9%	10.3%	100.0%

Data Source:

Applicable years' comprehensive annual financial report.

Town of Southwest Ranches, Florida
Chart-Tax Revenues by Source - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)



Town of Southwest Ranches, Florida
General Governmental Expenditures by Function (Unaudited) ¹
Last Ten Fiscal Years
(modified accrual basis of accounting)

Function	For the Fiscal Year Ended September 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Current:										
General government	\$ 712,464	\$ 788,257	\$ 1,274,071	\$ 2,879,193	\$ 2,156,924	\$ 1,487,226	\$ 1,374,958	\$ 1,609,445	\$ 1,736,413	\$ 1,837,472
Public safety	2,024,690	2,111,633	2,271,390	2,463,714	2,513,851	3,595,357	5,579,359	5,641,271	5,230,602	5,045,887
Community services	767,903	1,023,169	1,018,218	1,200,384	1,796,043	2,036,933	1,446,553	902,745	796,857	887,750
Public works	614,965	938,493	1,992,753	798,002	613,822	1,164,999	1,425,587	-	-	-
Parks and recreation	-	46,715	83,528	669,365	256,775	333,343	326,710	285,500	142,032	177,921
Roadways and hurricane-related expenditures	-	-	-	12,107,067	326,384	261,536	253,394	856,243	301,951	222,031
Nondepartmental	54,929	106,927	202,414	29,897	33,204	-	-	-	-	-
Total Current	4,174,951	5,015,194	6,842,374	20,147,622	7,697,003	8,879,394	10,406,561	9,295,204	8,207,855	8,171,061
% Change From Prior Year	15.6%	20.1%	36.4%	194.5%	-61.8%	15.4%	17.2%	-10.7%	-11.7%	-0.4%
Capital Outlay	1,377,338	9,269,515	10,364,292	1,207,509	408,574	561,314	392,465	2,002,944	819,349	959,417
% Change From Prior Year	-54.3%	573.0%	11.8%	-88.3%	-66.2%	37.4%	-30.1%	410.3%	-59.1%	17.1%
Debt Service:										
Principal	90,000	7,213,000	6,111,000	12,121,000	702,568	3,106,158	111,855	125,278	132,413	332,506
Interest and fees	340,335	427,248	493,963	632,725	503,851	343,720	283,248	291,328	260,900	302,092
Total Debt Service	430,335	7,640,248	6,604,963	12,753,725	1,206,419	3,449,878	395,103	416,606	393,313	634,598
% Change From Prior Year	-89.2%	1675.4%	-13.6%	93.1%	-90.5%	186.0%	-88.5%	5.4%	-5.6%	61.3%
Ratio of Total Debt Service to Total Non-Capital Expenditures	10.3%	152.3%	96.5%	63.3%	15.7%	38.9%	3.8%	4.5%	4.8%	7.8%
Total Expenditures	\$ 5,982,624	\$ 21,924,957	\$ 23,811,629	\$ 34,108,856	\$ 9,311,996	\$ 12,890,586	\$ 11,194,129	\$ 11,714,754	\$ 9,420,517	\$ 9,765,076
% Change From Prior Year	-43.6%	266.5%	8.6%	43.2%	-72.7%	38.4%	-13.2%	4.7%	-19.6%	3.7%

Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' comprehensive annual financial report.

Town of Southwest Ranches, Florida
General Governmental Current Expenditures by Function (Unaudited) ¹
Last Ten Fiscal Years
(modified accrual basis of accounting)

Function	For the Fiscal Year Ended September 30,									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Amounts										
Current:										
General government	\$ 712,464	\$ 788,257	\$ 1,274,071	\$ 2,879,193	\$ 2,156,924	\$ 1,487,226	\$ 1,374,958	\$ 1,609,445	\$ 1,736,413	\$ 1,837,472
Public safety	2,024,690	2,111,633	2,271,390	2,463,714	2,513,851	3,595,357	5,579,359	5,641,271	5,230,602	5,045,887
Community services	767,903	1,023,169	1,018,218	1,200,384	1,796,043	2,036,933	1,446,553	902,745	796,857	887,750
Public works	614,965	938,493	1,992,753	798,002	613,822	1,164,999	1,425,587	-	-	-
Parks and recreation	-	46,715	83,528	669,365	256,775	333,343	326,710	285,500	142,032	177,921
Roadways and hurricane-related expenditures	-	-	-	12,107,067	326,384	261,536	253,394	856,243	301,951	222,031
Nondepartmental	54,929	106,927	202,414	29,897	33,204	-	-	-	-	-
Total Current	\$ 4,174,951	\$ 5,015,194	\$ 6,842,374	\$ 20,147,622	\$ 7,697,003	\$ 8,879,394	\$ 10,406,561	\$ 9,295,204	\$ 8,207,855	\$ 8,171,061
Percentage of Total										
Current:										
General government	17.1%	15.7%	18.6%	14.3%	28.0%	16.7%	13.2%	17.3%	21.2%	22.5%
Public safety	48.5%	42.1%	33.2%	12.2%	32.7%	40.5%	53.6%	60.7%	63.7%	61.8%
Community services	18.4%	20.4%	14.9%	6.0%	23.3%	22.9%	13.9%	9.7%	9.7%	10.9%
Public works	14.7%	18.7%	29.1%	4.0%	8.0%	13.1%	13.7%	0.0%	0.0%	0.0%
Parks and recreation	0.0%	0.9%	1.2%	3.3%	3.3%	3.8%	3.1%	3.1%	1.7%	2.2%
Roadways and hurricane-related expenditures	0.0%	0.0%	0.0%	60.1%	4.2%	2.9%	2.4%	9.2%	3.7%	2.7%
Nondepartmental	1.3%	2.1%	3.0%	0.1%	0.4%	0.0%	0.0%	0.0%	0.0%	0.0%
Total Current	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

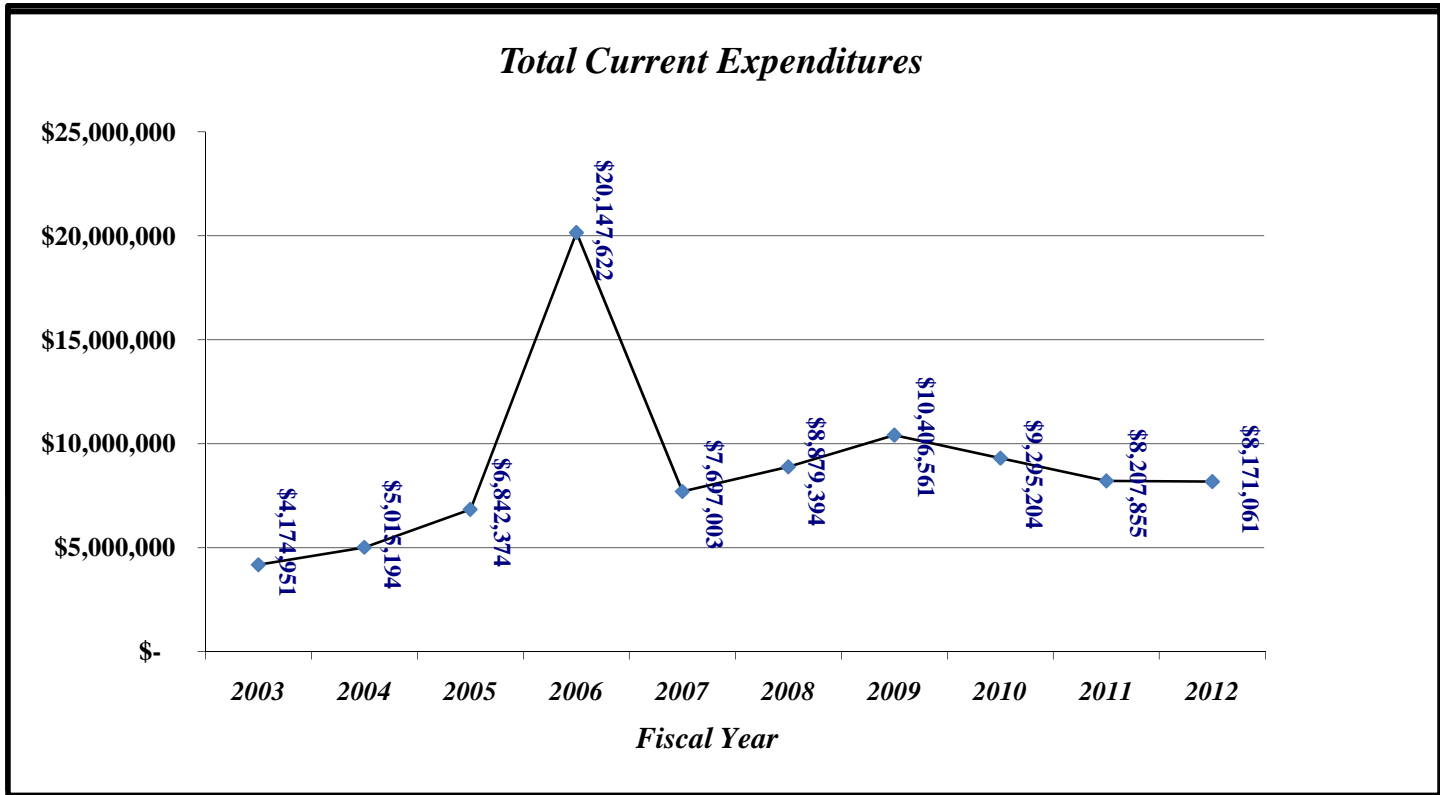
Notes:

¹ Includes all governmental fund types.

Data Source:

Applicable years' comprehensive annual financial report.

Town of Southwest Ranches, Florida
Chart-Total General Governmental Current Expenditures (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

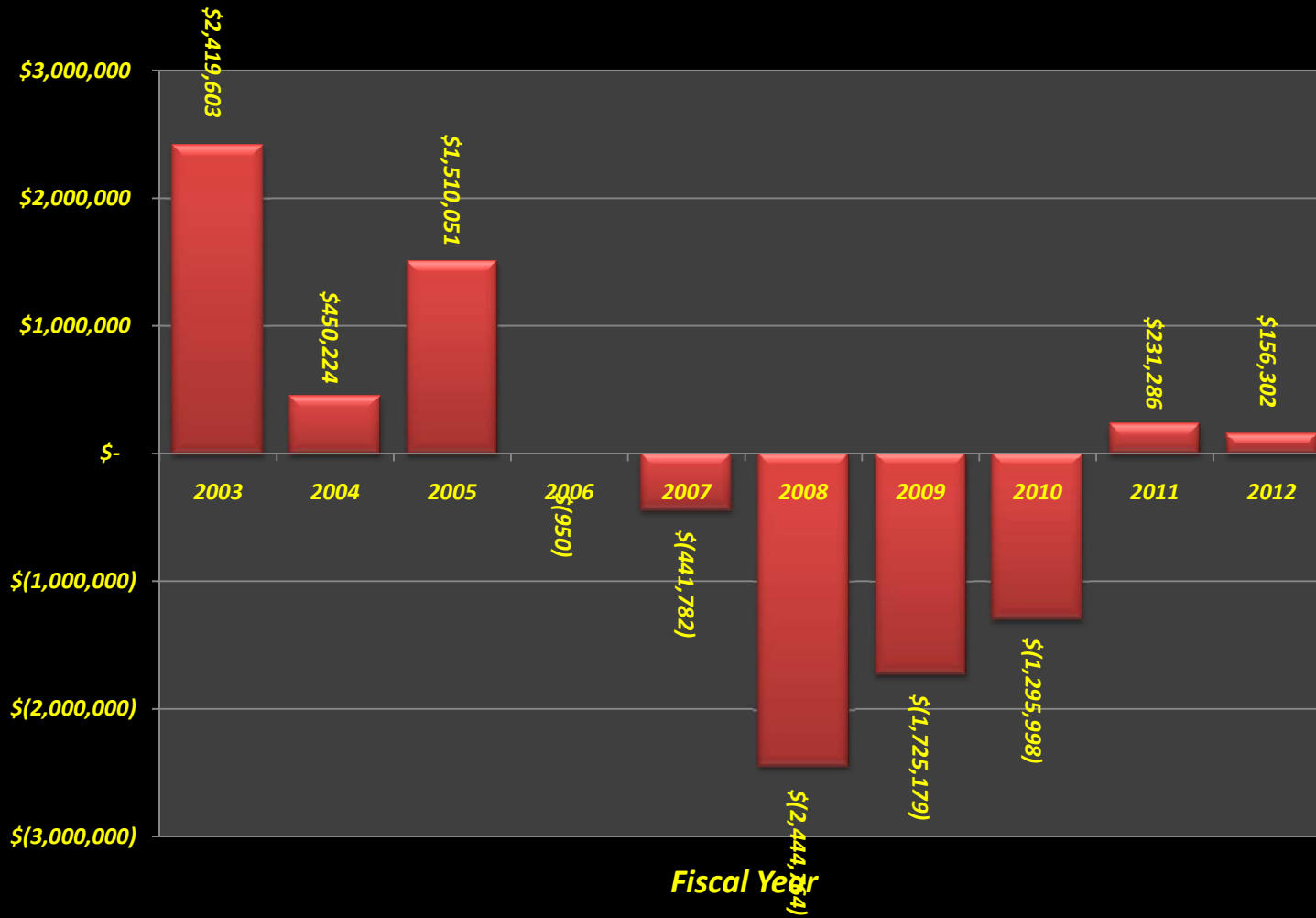


Town of Southwest Ranches, Florida
Summary of Changes in Fund Balances - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)

	For the Fiscal Year Ended September 30,									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Revenues	\$ 8,402,227	\$ 13,544,228	\$ 16,261,680	\$ 18,701,242	\$ 8,746,214	\$ 10,445,822	\$ 9,408,585	\$ 9,979,617	\$ 9,650,597	\$ 9,431,817
Total Expenditures	5,982,624	21,924,957	23,811,629	34,108,856	9,311,996	12,890,586	11,194,129	11,714,754	9,420,517	9,765,076
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,419,603</u>	<u>(8,380,729)</u>	<u>(7,549,949)</u>	<u>(15,407,614)</u>	<u>(565,782)</u>	<u>(2,444,764)</u>	<u>(1,785,544)</u>	<u>(1,735,137)</u>	<u>230,080</u>	<u>(333,259)</u>
Other Financing Sources (Uses)										
Other items	-	7,735,000	9,060,000	15,406,664	124,000	-	60,365	439,139	1,206	360,860
Transfers in	-	8,736,201	6,887,473	1,853,858	1,163,929	1,285,562	713,259	2,946,139	1,175,176	1,394,191
Transfers out	<u>-</u>	<u>(7,640,248)</u>	<u>(6,887,473)</u>	<u>(1,853,858)</u>	<u>(1,163,929)</u>	<u>(1,285,562)</u>	<u>(713,259)</u>	<u>(2,946,139)</u>	<u>(1,175,176)</u>	<u>(1,265,490)</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>8,830,953</u>	<u>9,060,000</u>	<u>15,406,664</u>	<u>124,000</u>	<u>-</u>	<u>60,365</u>	<u>439,139</u>	<u>1,206</u>	<u>489,561</u>
Net Change in Fund Balances	<u>\$ 2,419,603</u>	<u>\$ 450,224</u>	<u>\$ 1,510,051</u>	<u>\$ (950)</u>	<u>\$ (441,782)</u>	<u>\$ (2,444,764)</u>	<u>\$ (1,725,179)</u>	<u>\$ (1,295,998)</u>	<u>\$ 231,286</u>	<u>\$ 156,302</u>

Data Source:
Applicable years' comprehensive annual financial report.

Town of Southwest Ranches, Florida
Chart-Changes in Fund Balances - Governmental Funds (Unaudited)
Last Ten Fiscal Years
(modified accrual basis of accounting)



Town of Southwest Ranches, Florida
Fund Balances - Governmental Funds (Unaudited)
Fiscal Years 2003 - 2010
(modified accrual basis of accounting)

	2003	2004	2005	September 30,		2008	2009	2010
	2003	2004	2005	2006	2007	2008	2009	2010
General Fund								
Reserved	\$ 492,944	\$ 1,115,853	\$ 592,440	\$ 286,878	\$ 226,480	\$ 249,718	\$ 186,184	\$ 182,955
Unreserved	2,349,106	3,216,108	4,354,075	2,136,993	2,394,680	2,175,366	1,817,328	1,910,184
Total General Fund	<u>2,842,050</u>	<u>4,331,961</u>	<u>4,946,515</u>	<u>2,423,871</u>	<u>2,621,160</u>	<u>2,425,084</u>	<u>2,003,512</u>	<u>2,093,139</u>
General Fund % Change From Prior Year	<u>26.2%</u>	<u>52.4%</u>	<u>14.2%</u>	<u>-51.0%</u>	<u>8.1%</u>	<u>-7.5%</u>	<u>-17.4%</u>	<u>4.5%</u>
All Other Governmental Funds								
Reserved	2,070,151	946,754	1,899,795	-	-	-	-	30,281
Unreserved:								
Special Revenue Funds	-	83,710	26,166	140,535	99,855	215,354	298,154	680,602
Capital Projects Funds	-	-	-	307,120	171,502	376,340	276,862	270,115
Debt Service Funds	-	-	-	4,000,000	3,537,227	2,265,093	2,281,595	528,242
Total All Other Governmental Funds	<u>2,070,151</u>	<u>1,030,464</u>	<u>1,925,961</u>	<u>4,447,655</u>	<u>3,808,584</u>	<u>2,856,787</u>	<u>2,856,611</u>	<u>1,509,240</u>
All Other Governmental Funds % Change From Prior Year	<u>761.3%</u>	<u>-50.2%</u>	<u>86.9%</u>	<u>130.9%</u>	<u>-14.4%</u>	<u>-25.0%</u>	<u>0.0%</u>	<u>-47.2%</u>
Total Governmental Funds								
Reserved	2,563,095	2,062,607	2,492,235	286,878	226,480	249,718	186,184	213,236
Unreserved	2,349,106	3,299,818	4,380,241	6,277,528	6,031,762	4,655,813	4,397,077	3,119,028
Total Governmental Funds	<u>\$ 4,912,201</u>	<u>\$ 5,362,425</u>	<u>\$ 6,872,476</u>	<u>\$ 6,564,406</u>	<u>\$ 6,258,242</u>	<u>\$ 4,905,531</u>	<u>\$ 4,583,261</u>	<u>\$ 3,332,264</u>
All Governmental Funds % Change From Prior Year	<u>97.1%</u>	<u>9.2%</u>	<u>28.2%</u>	<u>-4.5%</u>	<u>-4.7%</u>	<u>-21.6%</u>	<u>-6.6%</u>	<u>-27.3%</u>

Notes:

The Town implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*, in Fiscal Year 2011 (See Exhibit XII). The Town did not restate the prior eight years.

Data Source:

Applicable years' comprehensive annual financial report.

Town of Southwest Ranches, Florida
Fund Balances - Governmental Funds (Unaudited)
Fiscal Year 2012 and One Year Prior
(modified accrual basis of accounting)

	September 30,	
	2011	2012
General Fund		
Nonspendable:		
Prepaid items	\$ 31,432	\$ 207,568
Inventory	138,848	138,848
Deposits	25,001	-
Total nonspendable	195,281	346,416
Committed to:		
Public safety	3,663	6,445
Town hall brick program	16,800	18,200
Tree preservation	20,877	20,877
Total committed	41,340	45,522
Unassigned	2,360,778	2,494,249
Total General Fund	\$ 2,597,399	\$ 2,886,187
General Fund % Change From Prior Year	24.1%	11.1%
All Other Governmental Funds		
Nonspendable:		
Prepaid items	\$ 810	\$ 3,349
Deposits	15,000	-
Total nonspendable	15,810	3,349
Restricted for:		
Transportation surtax	696,179	517,455
Volunteer fire services	40,376	40,807
Total restricted	736,555	558,262
Committed to:		
Capital projects	-	150,000
Assigned to:		
Debt service	164,278	37,548
Public safety	129,750	-
Fire wells	80,000	-
Capital projects	109,873	354,621
Total assigned	483,901	392,169
Total All Other Governmental Funds	\$ 1,236,266	\$ 1,103,780
All Other Governmental Funds % Change From Prior Year	-25.4%	-10.7%
Total Governmental Funds	\$ 3,833,665	\$ 3,989,967
All Governmental Funds % Change From Prior Year	11.7%	4.1%

Notes:

The Town implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*, in Fiscal Year 2011. The Town did not restate the prior Eight years.

Data Source:

Applicable years' comprehensive annual financial report.

Town of Southwest Ranches, Florida
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year	Real Property				Less: Tax Exemptions	Total Taxable Assessed Value	City Direct Tax Rate	Estimated Actual Taxable Value	Total Assessed Value as a Percentage of Taxable Value
	Residential Property	Commercial Property	Agricultural Property	Other ¹					
2003	\$ 585,048,740	\$ 36,834,000	\$ 34,310,920	\$ 75,192,820	\$ 95,548,810	\$ 635,837,670	3.0000	\$ 918,699,250	69.21%
2004	662,758,600	36,289,080	41,327,320	81,646,430	104,762,670	717,258,760	3.0000	1,110,938,100	64.56%
2005	756,171,580	42,443,670	52,954,300	95,855,510	114,463,270	832,961,790	3.0000	1,409,526,290	59.10%
2006	870,957,250	43,611,080	77,048,140	120,602,350	132,610,750	979,608,070	3.0000	1,744,136,030	56.17%
2007	1,035,199,580	42,806,840	92,866,510	165,784,980	160,240,810	1,176,417,100	3.0000	2,193,486,030	53.63%
2008	1,133,026,110	48,149,810	113,362,770	174,232,920	171,546,310	1,297,225,300	3.0000	2,503,738,910	51.81%
2009	1,200,693,110	49,966,330	129,990,160	158,761,040	240,605,870	1,298,804,770	3.5000	2,451,643,250	52.98%
2010	1,067,522,270	59,293,720	124,650,020	165,161,070	257,717,700	1,158,909,380	3.9404	2,082,541,240	55.65%
2011	967,580,110	44,081,160	130,689,460	160,579,690	256,373,430	1,046,556,990	3.9404	1,733,163,840	60.38%
2012	973,702,090	47,545,710	127,729,960	159,741,230	254,960,010	1,053,758,980	3.9042	1,677,628,790	62.81%

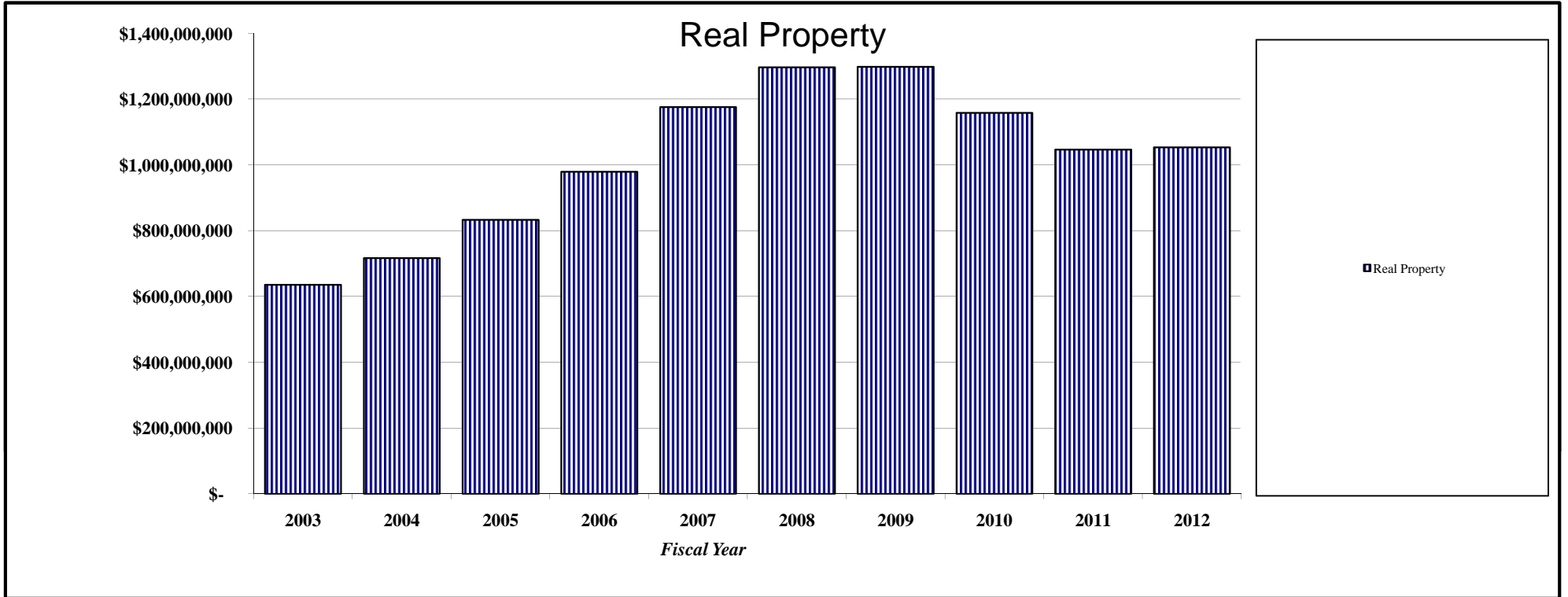
Notes:

¹ Other includes: industrial, institutional, government, miscellaneous and non-agricultural acreage.

Data Source:

Broward County Property Appraiser's Office

Town of Southwest Ranches, Florida
Chart-Total Assessed Value (Unaudited)
Last Ten Calendar Years
(modified accrual basis of accounting)



Town of Southwest Ranches, Florida
Direct and Overlapping Property Tax Rates (Unaudited)
Last Ten Fiscal Years
(rate per \$1,000 of assessed taxable value)

Fiscal Year	Overlapping Rates ¹							Total Direct and Overlapping Millage
	Direct Town Operating Millage	Broward County Operating Millage	Broward County School Board Operating Millage	South Florida Water Management District	FIN District ²	Children's Services Council	South Broward Hospital District	
2003	3.0000	7.3650	8.8825	0.6970	0.0385	0.3316	1.7336	22.0482
2004	3.0000	7.1880	8.4176	0.6970	0.0385	0.3920	1.7336	21.4667
2005	3.0000	7.0230	8.2695	0.6970	0.0385	0.4231	1.5761	21.0272
2006	3.0000	6.7830	8.0623	0.6970	0.0385	0.4231	1.4500	20.4539
2007	3.0000	6.0661	7.8687	0.6970	0.0385	0.4073	1.3300	19.4076
2008	3.0000	5.2868	7.6484	0.6240	0.0345	0.3572	1.1643	18.1152
2009	3.5000	5.3145	7.4170	0.6240	0.0345	0.3754	1.1913	18.4567
2010	3.9400	5.3889	7.4310	0.6240	0.0345	0.4243	1.2732	19.1159
2011	3.9404	5.5530	7.4180	0.4363	0.0345	0.4789	0.7500	18.6111
2012	3.9404	5.1860	7.4180	0.4363	0.0345	0.4789	0.7500	18.2441

Notes:

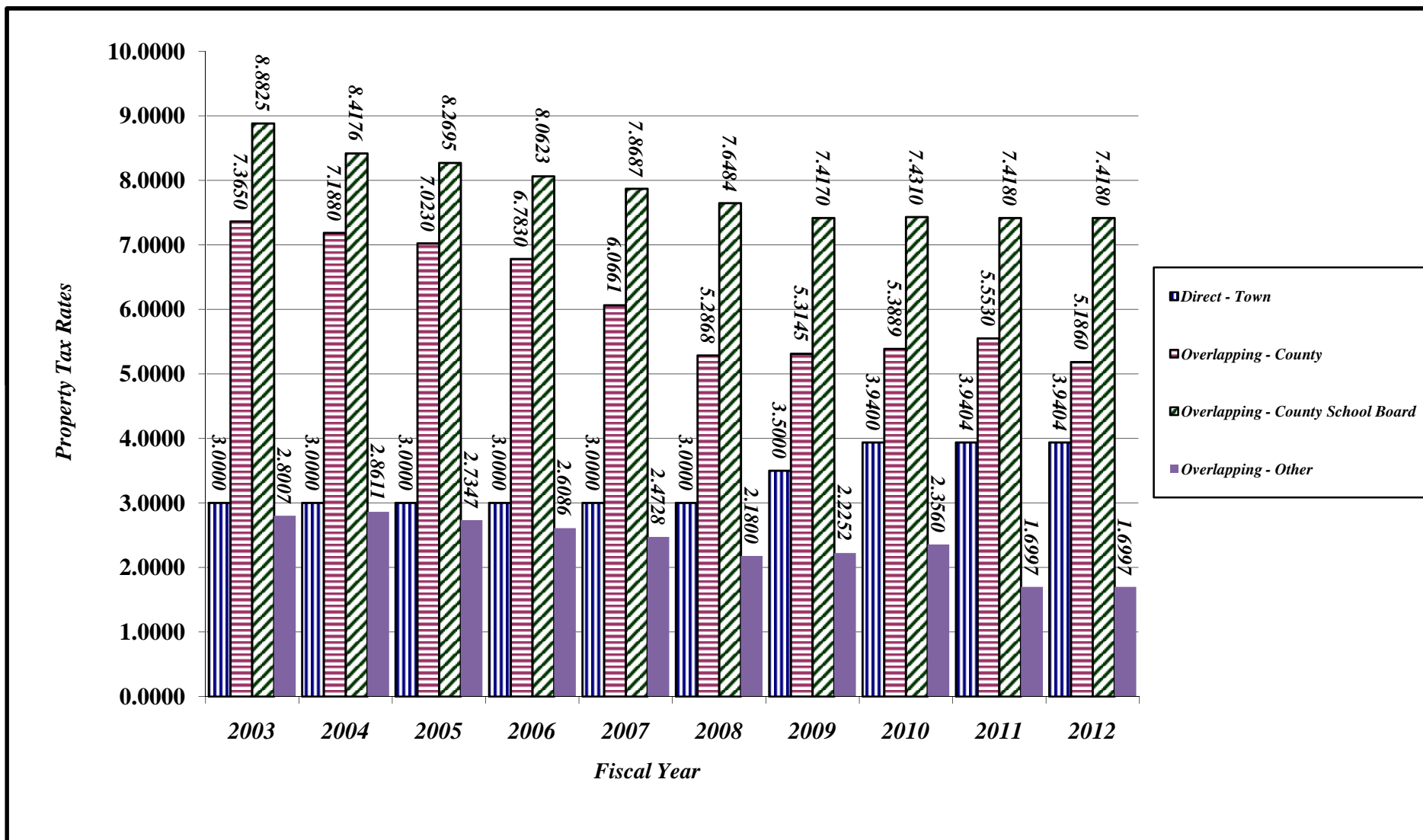
¹ Overlapping rates are those of governments that overlap the Town's geographic boundaries.

² Florida Inland Navigational District.

Data Source:

Broward County Property Appraiser Office.

Town of Southwest Ranches, Florida
Chart-Direct and Overlapping Property Tax Rates (Unaudited)
Last Ten Fiscal Years
(rate per \$1,000 of assessed taxable value)



Town of Southwest Ranches, Florida
Total Property Tax Levies and Collections (Unaudited) ¹
Last Ten Fiscal Years

Fiscal Year	Taxes Levied for the Fiscal Year	Total Taxes Collected		Total Uncollected Taxes	
		Amount	Percentage of Levy	Amount	Percentage of Levy
2003	\$ 1,989,269	\$ 1,989,269	100.00%	\$ -	0.00%
2004	2,257,314	2,257,314	100.00%	-	0.00%
2005	2,616,800	2,592,473	99.07%	24,327	0.93%
2006	3,056,742	3,056,846	100.00%	(104)	0.00%
2007	3,651,838	3,634,344	99.52%	17,494	0.48%
2008	4,033,970	4,031,568	99.94%	2,402	0.06%
2009	4,656,926	4,656,926	100.00%	-	0.00%
2010	4,777,532	4,547,332	95.18%	230,200	4.82%
2011	4,479,936	4,275,648	95.44%	204,289	4.56%
2012	4,318,983	4,131,352	95.66%	187,630	4.34%

Notes:

¹ Currently the tax collections are not available for the year to which they apply. We will begin accumulating this data in fiscal 2013.

Data Source:

Broward County Property Appraisal Office

Town of Southwest Ranches, Florida
Principal Real Property Taxpayers (Unaudited)
Fiscal Years Ended September 30, 2012 and 2004 ¹

2012				2004			
Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Principal Taxpayer	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
Florida Power and Light Co.	\$ 32,835,548	1	3.14%	Florida Power and Light Co.	\$ 28,599,855	1	3.99%
Lowes Home Centers, Inc.	14,696,110	2	1.40%	Lowes Home Centers, Inc.	15,579,200	2	2.17%
U.S. Retail Income Fund VLP	10,988,400	3	1.05%	Landmark Custom Ranches Inc	13,177,420	3	1.84%
Moses, Raymond & Baidwatte	4,869,840	4	0.47%	SCI Funeral Services of Florida, Inc.	8,544,320	4	1.19%
YSI XXXIX LLC	4,809,640	5	0.46%	U.S. Retail Income Fund VLP	7,332,730	5	1.02%
Wayne, Peta Gay & Reginald D	4,665,220	6	0.45%	Republica Musicana, Inc.	4,287,250	6	0.60%
Marshall, Brandon	4,130,070	7	0.39%	Nathan and Jacqueline Finkel	3,274,250	7	0.46%
Florida Power and Light Co.	3,832,260	8	0.37%	Tom and Denise Foley	3,267,080	8	0.46%
MGT Southwest Ranches LLC	3,681,030	9	0.35%	Stone Creek at Sunshine Ranches, LLC	3,189,290	9	0.44%
Nathan and Jacqueline Finkel	3,460,020	10	0.33%	Edward and Mary Lieberman	3,183,910	10	0.44%
Total Principal Taxpayers	87,968,138		8.41%	Total Principal Taxpayers	90,435,305		12.61%
All Other Taxpayers	958,588,852		91.59%	All Other Taxpayers	626,823,455		87.39%
Total Taxable Assessed Value	<u>\$ 1,046,556,990</u>		<u>100.00%</u>	Total Taxable Assessed Value	<u>\$ 717,258,760</u>		<u>100.00%</u>

Notes:

¹ 2004 is the oldest data readily available.

Data Source:

Broward County Revenue Collectors' Office

Town of Southwest Ranches, Florida
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

September 30,	Governmental Activities						Percentage of Personal Income (1)	Total Debt Per Capita
	Florida Municipal Loan Council Loan	Florida Local Government Finance Commission Loans	Note Payable	Loan Payable	Capital Leases	Total		
2003	\$ 5,090,605	\$ -	\$ -	\$ 2,000,000	\$ -	\$ 7,090,605	0.0122%	\$ 956
2004	4,915,616	2,602,000	-	-	-	7,517,616	0.0121%	1,010
2005	4,825,627	5,036,000	-	600,000	-	10,461,627	0.0154%	1,405
2006	4,735,638	5,500,000	-	600,000	-	10,835,638	0.0151%	1,461
2007	4,640,649	5,500,000	-	-	111,432	10,252,081	0.0138%	1,212
2008	4,540,660	2,500,000	-	-	100,274	7,140,934	0.0094%	841
2009	4,435,671	2,500,000	-	-	88,419	7,024,090	0.0097%	820
2010	4,306,257	2,500,000	-	452,069	75,823	7,334,149	0.0105%	851
2011	4,194,416	2,500,000	-	443,039	62,439	7,199,894	0.0108%	980
2012	4,077,574	-	2,335,175	766,019	47,638	7,226,406	0.0113%	984

Notes:

¹ The percentage of personal income is based on personal income for Broward County since personal income for the Town is not available.

Data Source:

Applicable years Comprehensive Annual Financial Reports

{i} Information not available from County

Town of Southwest Ranches, Florida
Overlapping Governmental Activities Debt (Unaudited)
September 30, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ¹	Estimated Share of Underlying Debt
Overlapping Debt^{1,2}			
Broward County	\$ 322,785,000	0.007921%	\$ 25,568
Broward County School Board	1,890,315,000	0.008056%	152,276
Sub-Total Overlapping Debt			\$ 177,843
Town Direct Debt			\$ 7,226,406
Total Direct and Overlapping Debt			\$ 7,404,249

Notes:

¹ Applicable percentage was estimated by determining the portion of the Town's assessed value that is within the County's geographic boundaries.

Data Source:

² Each specific government

Town of Southwest Ranches, Florida
Demographic and Economic Statistics (Unaudited)
Last Ten Calendar Years

Calendar Year	Population ¹	(in \$1,000)	Per	Unemployment Rate		
		Total Personal Income ^{2,3}	Capita Personal Income ⁴	County ³	State of Florida ⁵	United States ⁶
2003	7,415	\$ 58,164,225	\$ 34,240	5.3%	5.3%	6.3%
2004	7,443	62,189,850	36,086	4.3%	4.7%	5.6%
2005	7,447	67,945,619	39,062	3.5%	3.8%	5.1%
2006	7,415	71,941,404	41,153	3.1%	3.3%	4.6%
2007	8,461	74,547,657	42,519	3.8%	4.0%	4.6%
2008	8,489	75,970,354	43,261	6.0%	6.2%	5.6%
2009	8,570	72,752,112	41,283	9.6%	10.2%	9.5%
2010	8,619	69,752,093	39,902	10.6%	11.8%	9.5%
2011	7,345	66,797,269	38,101	9.3%	10.6%	9.1%
2012	7,347	63,967,616	8,707	7.6%	8.1%	7.8%

Notes:

There are no public schools located within the Town.

Data Sources:

¹ Florida Legislative Committee in Intergovernmental Relations
2009, 2010, 2012 estimated by management.

² 2010 and 2011 estimated by management

³ Broward County comprehensive annual financial reports
2012 estimated by management.

⁴ Broward County total personal income divided by the Broward County population.

⁵ Real Estate Center, <http://recenter.tamu.edu/data/emp/emps/st12.asp>

⁶ U.S. Department of Labor, Bureau of Labor Statistics, <http://data.bls.gov/cgi-bin/surveymost>
{i} Information not available from County

Town of Southwest Ranches, Florida
Principal Employers (Unaudited)
 For the Fiscal Year Ended September 30, 2012 and 2010 ¹

Employer	Type of Business	2012	
		Number of Employees	Rank
Lowe's Home Centers, Inc.	Retail	122	1
Publix Supermarkets	Retail	105	2
Archbishop McCarthy High School	School District	74	3
McDonald's	Restaurant	70	4
Apple Montessori School	School District	44	5
Applebee's Neighborhood Grill	Restaurant	42	6
Romeus Cuban Restaurant	Restaurant	32	7
Original Pancake House	Restaurant	27	8
Starbucks Coffee Company	Restaurant	25	9
Walgreens	Retail.	17	10
Total Principal Employers		558	

Employer	Type of Business	2010	
		Number of Employees	Rank
Lowe's Home Centers, Inc.	Retail	130	1
Publix Supermarkets	Retail	110	2
Archbishop McCarthy High School	School District	78	3
Applebee's Neighborhood Grill	Restaurant	50	4
McDonald's	Restaurant	46	5
Apple Montessori School	School District	40	6
Romeus Cuban Restaurant	Restaurant	36	7
Original Pancake House	Restaurant	30	8
Starbucks Coffee Company	Restaurant	22	9
Walgreens	Retail.	17	10
Total Principal Employers		559	

Notes:

¹ Information prior to 2010 not available

Data Source:

Town records.

Town of Southwest Ranches, Florida
Town Full-time Funded Positions by Function/Program (Unaudited)
Last Ten Fiscal Years

Function/program	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Town Council	5	5	5	5	5	5	5	5	5	5
General Government										
City management	-	-	-	-	3	3	3	6	5	5
Community services ¹	4	4	6	5	4	3	4	6	6	6
Total General Government	4	4	6	5	7	6	7	12	11	11
Contracted Employees:										
General government management services	3	4	5	5	4	4	5	4	4	4
Fire rescue	3	3	3	3	3	3	12	12	43	43
Emergency medical services	2	3	3	3	3	3	9	9	4	4
Police protection	11	11	11	11	13	15	15	15	15	15
Total Contracted Employees	19	21	22	22	23	25	41	40	66	66
Total	28	30	33	32	35	36	53	57	82	82
Percentage Change From Prior Year	N/A	7.1%	10.0%	-3.0%	9.4%	2.9%	47.2%	7.5%	5.3%	0.0%

Notes:

¹ Community services includes parks and recreation, community development, and public works.

Data Source:

Town of Southwest Ranches Community Services Department

Town of Southwest Ranches, Florida
Operating Statistics by Function/Program (Unaudited) ¹
Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
GENERAL GOVERNMENT:										
Building permits issued by:										
Broward County ³	-	-	1,032	2,203	762	-	N/A	N/A	N/A	N/A
CAP Government Services, Inc. ⁵	-	-	-	-	466	473	540	321	433	422
Total building permits	-	-	1,032	2,203	1,228	473	540	321	433	422
Building inspections conducted by:										
Broward County:										
Electrical ³	855	952	1,067	929	1,083	-	N/A	N/A	N/A	N/A
Mechanical ³	252	253	234	205	191	-	N/A	N/A	N/A	N/A
Plumbing ⁵	791	840	771	756	668	-	N/A	N/A	N/A	N/A
Structural ⁵	2,784	2,663	2,341	4,208	2,547	-	N/A	N/A	N/A	N/A
Other ³	172	139	103	89	150	-	N/A	N/A	N/A	N/A
CAP Government Services, Inc. ⁵	-	-	-	-	3,300	-	3,256	2,798	2,200	3,765
Total building inspections	4,854	4,847	4,516	6,187	7,939	-	3,256	2,798	2,200	3,765
Occupational licenses ³	-	-	-	-	-	335	-	-	-	-
Certificates of use registrations ⁹	6	26	31	35	23	33	20	28	35	23
FIRE:										
Emergency responses ⁶	785	425	362	354	265	228	739	779	403	437
Inspections	-	-	-	-	-	-	30	55	40	31
POLICE: ⁴										
Physical arrests	420	297	262	375	207	183	126	112	132	77
Parking violations	40	32	61	19	9	12	10	9	2	0
Traffic violations	2,852	2,962	2,561	2,618	2,564	2,839	2,779	2,192	3,025	1,225
REFUSE COLLECTION: ^{2,7}										
Refuse collected (tons per day)	-	30.00	51.00	63.60	7.70	14.72	36.40	11.60	10.89	26.45
Recyclables collected (tons per day)	1.46	1.49	1.37	1.02	0.67	2.84	2.35	5.44	7.63	8.51
Bulk collected (tons per day)	-	7.80	20.00	25.20	15.00	61.77	65.75	82.56	78.90	70.11
OTHER PUBLIC WORKS: ⁷										
Street resurfacing (in miles)	-	-	-	0.5	-	-	0.50	6.00	0.00	0.95
Potholes repaired	360	360	360	360	360	360	360	400	107	112
WATER: ⁸										
New connections	3	5	6	2	4	10	2	2	1	1
Average daily consumption (thousands of gallons)	0.3	1.2	3.6	4	5.5	8.75	9.85	10.8	13.5	12.02
Peak monthly consumption (thousands of gallons)	82	80	209	175	247	396	425	479	556	440

Notes:¹ Information not presented is not available.² In 2007, amounts cover the period from October 2006 - April 2007.³ Information provided by Broward County.⁴ Information provided by Broward County Sheriff's Office.⁵ Information provided by CAP Government Services, Inc.⁶ Information provided by Broward County Sheriff's Office for western portion of Town and information for the eastern portion of the Town not available from the Town of Davie. Information for 2012 provided by Pembroke Pines⁷ Information provided by Town Contractors⁸ Information provided by City of Sunrise Public Works. The Town's residents obtain their water supply from wells and septic tanks except for certain residents who have privately connected with the City of Sunrise.⁹ Information provided by Mellgren Planning Group

Town of Southwest Ranches, Florida
Capital Asset Statistics by Function/Program (Unaudited)
Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
FIRE STATION: ¹	-	-	-	-	-	-	-	1	1	1
POLICE:										
Stations ¹	-	-	-	-	-	-	-	-	-	-
Patrol units	11	11	11	12	15	15	15	15	15	15
REFUSE COLLECTION:										
Collection trucks ¹	-	-	-	-	-	-	-	-	-	-
OTHER PUBLIC WORKS:										
Streets (miles)	82	82	82	82	82	82	82	82	82	82
Streetlights ²	-	-	-	-	-	-	-	13	13	13
PARKS AND RECREATION:										
Acreage	95.40	117.40	149.01	149.01	149.01	149.01	149.01	149.01	149.01	149.01
Playgrounds	-	-	-	1	1	1	1	1	1	1
Equestrian rings	-	-	-	2	2	2	2	2	2	2
Picnic pavilion	-	-	-	1	1	1	1	1	1	1
Restroom facilities	-	-	-	1	1	1	1	1	1	1
Nature trails (miles)	-	-	-	1	1	1	1.5	1.5	1.5	1.5
Multi-use trails (miles)	-	-	4	4	12.7	17.35	17.35	17.35	17.35	17.35
WATER:										
Water mains (miles) ³	***	***	12	12	12	12	12	12	12	12
Firewells	330	330	330	330	330	330	330	330	332	332
Lakes (acres) ⁴	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Canals (miles) ⁵	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0	42.0

Data Sources:

Various Town departments unless otherwise noted.

Notes:

¹ Items not presented provided by a contractor.

² Only streetlights and traffic signals are on Griffin Road which is owned and maintained by Broward County.

³ Information provided by City of Sunrise Utilities Department. Unable to determine how many miles of water mains have been added since 2005.

⁴ Information provided by South Broward Drainage District. Unable to obtain information from Central Broward Water Control District.

⁵ Information provided by South Broward Drainage District and Central Broward Water Control District.

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REPORTING SECTION

**INDEPENDENT AUDITORS' 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***

To the Honorable Mayor, Town Council and Town Administrator
Town of Southwest Ranches, Florida

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Southwest Ranches, Florida (the Town), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated March 21, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined previously. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and responses as item 2012-1 that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests did not disclose any instances of noncompliance that is required to be reported under *Government Auditing Standards*.

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

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

Marcum LLP

Fort Lauderdale, FL
March 21, 2013

TOWN OF SOUTHWEST RANCHES, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

SIGNIFICANT DEFICIENCY

2012-1 - INTERNAL CONTROL OVER FINANCIAL REPORTING - CAPITAL ASSETS

CRITERIA

Prudent policies include a formal asset tracking process with supervisory Finance Department personnel being responsible for the review of transactions and balances recorded. Timeliness and accuracy of proper procedures for keeping track of capital assets (including proper tracking of construction in progress) are crucial to providing accurate accounting data and financial information including interim and year-end financial statements. In addition, supervisory review of capital assets records and schedules is critical in obtaining accurate and timely data. The Town should have these policies and procedures in place to properly safeguard assets from loss or misuse and to provide for accurate financial reporting.

CONDITION

The Town maintains its inventory of capital assets and depreciation schedules in excel spreadsheets. These excel spreadsheets along with a capital asset rollforward schedule with supporting detail was provided to the auditors. It was evident based on the auditors' review that schedules and supporting detail were not properly reviewed prior to being provided to the auditors. This caused the auditors to return the schedule to the Town several times to be corrected and updated. This increased the time and effort that the Town and auditors had to spend correcting the errors. In addition, when capital asset records are maintained in excel they are more prone to error. Some examples of errors that had to be researched, discussed, and corrected were as follows:

- The prior period adjustment was combined with the current year activity and it had to be identified and broken out.
- The opening balance did not agree to the prior year ending balance due to an amount related to current year activity that had been added to the prior year balance. This amount was also included in the current year activity and therefore was double counted in the schedule.
- There were hard coded amounts in cells that were formula totals.
- There were formulas that were incorrect and not flowed through the entire spreadsheet.

CAUSE

Lack of an adequate preparation and review process relative to the tracking of capital assets in excel spreadsheets and the preparation capital assets roll forward schedule.

TOWN OF SOUTHWEST RANCHES, FLORIDA

SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

2012-1 - INTERNAL CONTROL OVER FINANCIAL REPORTING - CAPITAL ASSETS (CONTINUED)

EFFECT

Capital assets are inventoried, tracked, and depreciated in excel spreadsheets which by design is more prone to errors. In addition, with a lack of adequate review, one cannot ensure they are properly being properly tracked and depreciated and that errors are identified and corrected in a timely basis. In addition, these procedures are needed to prepare accurate financial statements. Therefore, the Town is not safeguarding assets from loss or misuse.

RECOMMENDATION

We recommend that the Town develop and adopt written policies and procedures to ensure capital assets are properly monitored and accounted for. Also, we recommend that the Town invest in capital asset tracking software that will allow them to be able to properly depreciate capital assets, and will also allow them to better track additions and disposals with less errors.

Finally, we recommend that supervisory personnel thoroughly review the capital assets schedule prior to being provided to the auditors as this will save significant time and possible delays during the audit. In addition to the significant time savings from an audit perspective, errors will be identified and corrected on a timelier basis.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS

During FY 2012, a newly hired Town Financial Administrator initiated a thorough review of capital improvement projects (CIP's) and capital assets in conjunction with a move into a new Town Hall complex and implementation of a new 5-year CIP program. Accordingly, it was determined and agreed that a one-time prior period adjustment was necessary pertaining to outstanding construction in progress. Additionally, although it is not cost beneficial for the Town to invest in specialized capital asset tracking software at this time, internal controls have been implemented including the establishment of capital asset addition/disposal/transfer tracking forms. In the future, Management will insure that capital asset data is thoroughly reviewed prior to auditor submission.

TOWN OF SOUTHWEST RANCHES, FLORIDA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND STATUS

The following addresses the status of financial statement findings reported in the fiscal year ended September 30, 2011 Schedule of Findings.

MATTERS THAT ARE REPEATED IN THE ACCOMPANYING SCHEDULE OF FINDINGS AND RESPONSES

- 2011-2 – Internal Control over Financial Reporting – Capital Assets (Revised and included as current year recommendation 2012-1)

MATTERS THAT ARE NOT REPEATED IN THE ACCOMPANYING SCHEDULE OF FINDINGS AND RESPONSES

- 2010-1 – Component Unit
- 2011-1 – Internal Control over Financial Reporting – Closing Process
- 2011-3 – Internal Control over Financial Reporting – Bank Reconciliations
- 2011-4 – Reporting

**MANAGEMENT LETTER IN ACCORDANCE WITH THE RULES OF THE
AUDITOR GENERAL OF THE STATE OF FLORIDA**

Honorable Mayor, Town Council and Town Administrator
Town of Southwest Ranches, Florida

We have audited the accompanying basic financial statements of Town of Southwest Ranches, Florida (the Town), as of and for the fiscal year ended September 30, 2012, and have issued our report thereon dated March 21, 2013.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and Compliance and Other Matters and Schedule of Findings and Responses. Disclosures in that report and schedule, which are dated March 21, 2013, should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida. This letter includes the following information, which is not included in the aforementioned auditors' report or schedule:

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. Corrective actions have been taken to address finding and recommendations made in the preceding annual financial report, except as noted in the accompanying summary schedule of prior audit findings.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town of Southwest Ranches, Florida complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. In connection with our audit, we did not have any such recommendations.

- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) deficiencies in internal control that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The information is disclosed in Note 1 to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Town for the fiscal year ended September 30, 2012 filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town's 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. This assessment was done as of the fiscal year end.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Mayor, Town Council, management, and the Florida Auditor General, and is not intended to be and should not be used by anyone other than these specified parties.

Marcum LLP

Fort Lauderdale, FL
March 21, 2013



TOWN OF SOUTHWEST RANCHES, FLORIDA
13400 GRIFFIN ROAD
SOUTHWEST RANCHES, FL 33330
(954) 434-0008
www.swranches.org