

# TOWN OF SOUTHWEST RANCHES, FLORIDA



## COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDED  
SEPTEMBER 30, 2011



**TOWN OF  
SOUTHWEST RANCHES, FLORIDA  
Comprehensive Annual Financial Report  
Fiscal Year Ended September 30, 2011**



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**  
**Doug McKay, Vice Mayor**  
**Steve Breitzkreuz, Council Member**  
**Freddy Fisikelli, Council Member**  
**Gary Jablonski, 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**

July 31, 2012

### ***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, 2011. 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. The report presents 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, 2011. 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 152,090) and Weston (population 62,233). 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 boards, agencies, and authorities within the Town, and engages an independent auditor.

### ***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 continued economic downturn, 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 is primarily a single family estate residential community.

In 2010, the Town experienced a 10.8% decline in taxable assessed valuation and a 9.7% decline in 2011. The 2011 taxable assessed values are below the 2007 taxable assessed valuation. These reductions are 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 to 29.9% of the 2011 General Fund operating budget.

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 in 2010 from a line of credit to fund drainage improvements. This loan is still outstanding at September 30, 2011.

## **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 and 2010. 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.

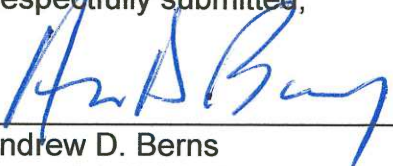
A Certificate of Achievement is valid for a period of one year only. We believe that our current 2011 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

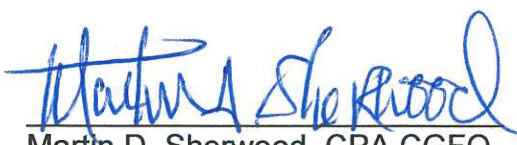
## **ACKNOWLEDGEMENTS**

The preparation of this CAFR would not have been possible without the efficient and dedicated service of the Finance Department. Peter C. Brill, Assistant Town Financial Administrator is to be especially thanked. Thank you to staff 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 professionalism 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 unfailing support for maintaining the highest standards of professionalism in the management of the Town's finances.

Respectfully submitted,

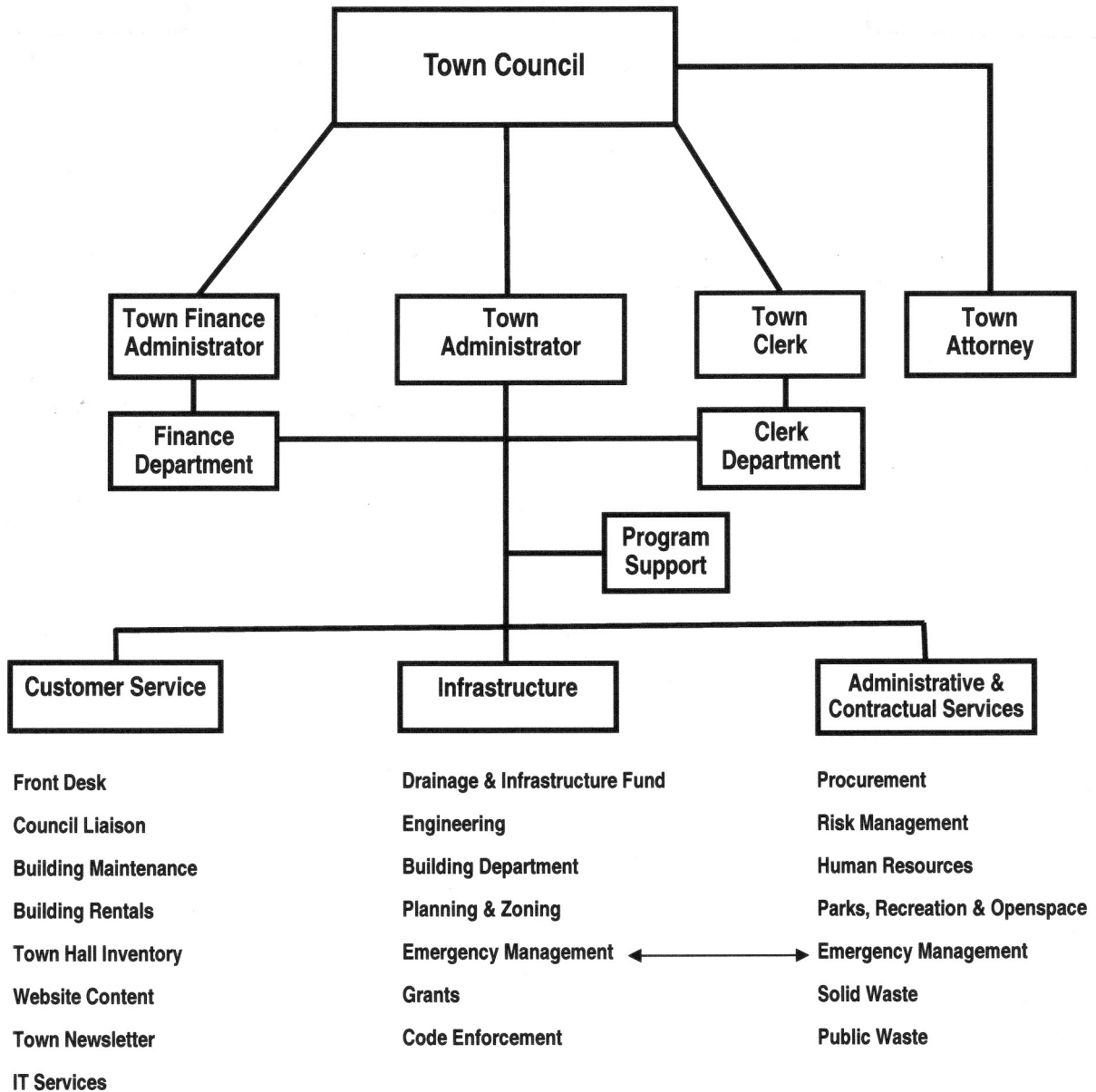
  
\_\_\_\_\_  
Andrew D. Berns  
Town Administrator

  
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Martin D. Sherwood, CPA CGFO  
Town Financial Administrator



Town of Southwest Ranches , Florida  
 Organizational Chart  
 Fiscal Year Ended September 30, 2011

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Town of Southwest Ranches, Florida  
Council Administrator Form of Government  
List of Principal Officials

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  
Charles H. Lynn, AICP May 2010 to July 2011

**TOWN ATTORNEY**

Keith Poliakoff

**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, 2010

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.



*Linda C. Danison*

President

*Jeffrey R. Emer*

Executive Director



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# FINANCIAL SECTION



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# **INDEPENDENT AUDITORS' REPORT**

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**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, 2011, and for the 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, 2011, 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.

As more fully described in Note 1 to the financial statements, the Town implemented the requirements of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which significantly changed the classifications of fund balance of governmental funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2012, 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 41 through 43, 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 financial statements as a whole. The introductory section, combining and individual fund financial statements and schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied 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 as a whole. The information included in the introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide an assurance on it.

*Marcum LLP*

Fort Lauderdale, FL  
July 31, 2012

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**MANAGEMENT'S DISCUSSION  
AND ANALYSIS**

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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, 2011. The Town's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

## **2011 FINANCIAL HIGHLIGHTS**

- The Town's assets exceeded its liabilities by \$48,959,261 (total net assets) as of September 30, 2011.
- Total net assets increased \$562,785 and are comprised of the following:
  - (1) Capital assets, net of related debt, of \$44,892,153 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt, which includes unamortized premiums and discounts.
  - (2) Net assets of \$736,555 are restricted by constraints imposed from the Town in the amount of \$696,179 for transportation and \$40,376 for the volunteer fire department from outside the Town such as grantors, laws, or regulations.
  - (3) Unrestricted net assets consist of \$3,330,553 that may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's governmental funds reported total ending fund balance of \$3,833,665 at September 30, 2011. This compares to the prior year total ending fund balance of \$3,602,379 showing an increase of \$231,286 during the current year.
- At the end of the current fiscal year, the unassigned fund balance for the General Fund was \$2,360,778, or 29.9% of total General Fund expenditures. The unrestricted fund balance for the General fund was \$2,597,399 or 32.9% of total General Fund expenditures.
- The failing economy has played havoc with many of the Town's 2011 revenue streams.
- 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, and (3) notes to the basic financial statements. 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.



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***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***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary. 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 44.

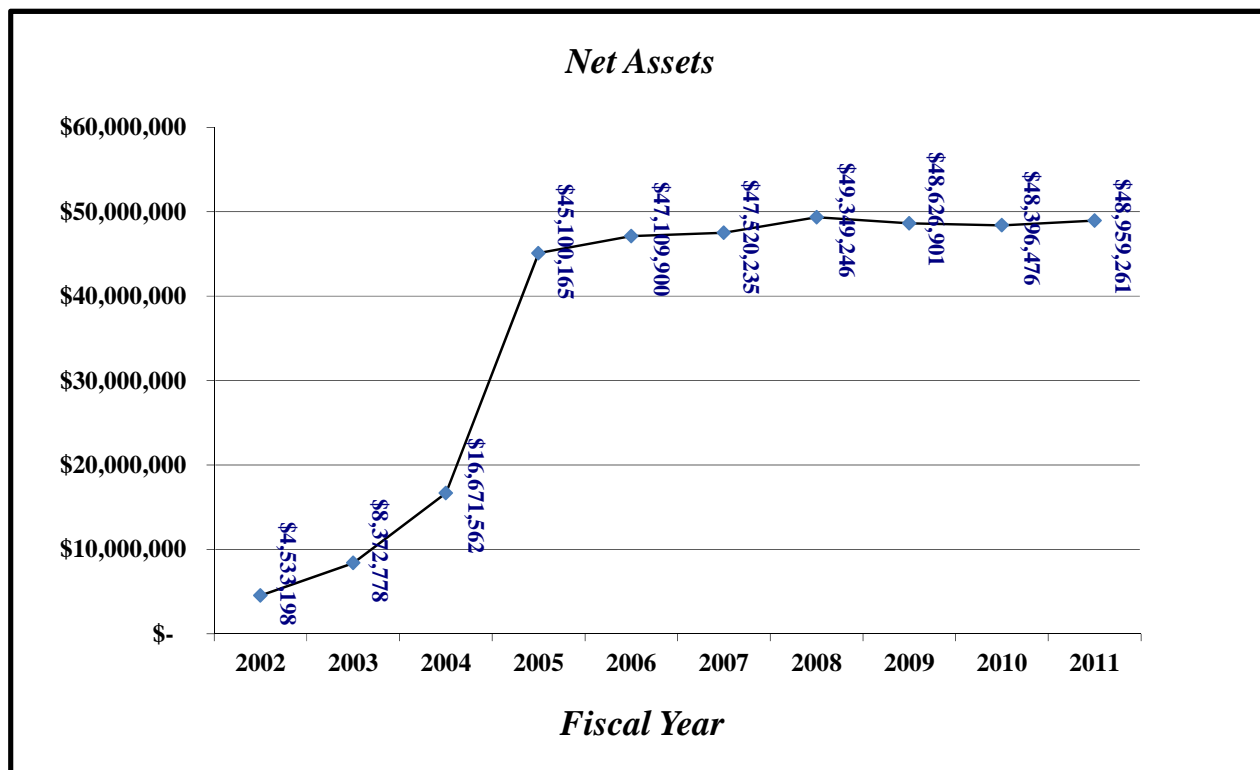
**FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

The Town's net assets at fiscal year-end are \$48,959,261. The following table provides a summary of the Town's net assets:

Summary of Net Assets

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets:						
Current assets	\$ 4,136,596	\$ 4,076,614	\$ 420,030	\$ 360,452	\$ 4,556,626	\$ 4,437,066
Non-current assets:						
Other	68,694	70,873	-	-	68,694	70,873
Capital assets	52,092,047	51,941,809	-	-	52,092,047	51,941,809
Total assets	56,297,337	56,089,296	420,030	360,452	56,717,367	56,449,748
Liabilities:						
Current liabilities	3,106,296	603,226	128,582	115,897	3,234,878	719,123
Long-term liabilities	4,523,228	7,334,149	-	-	4,523,228	7,334,149
Total liabilities	7,629,524	7,937,375	128,582	115,897	7,758,106	8,053,272
Net assets:						
Investment in capital assets, net of related debt	44,892,153	44,607,660	-	-	44,892,153	44,607,660
Restricted	736,555	728,064	-	-	736,555	728,064
Unrestricted	3,039,105	2,816,197	291,448	244,555	3,330,553	3,060,752
Total net assets	\$ 48,667,813	\$ 48,151,921	\$ 291,448	\$ 244,555	\$ 48,959,261	\$ 48,396,476

The following chart reports the Town's total net asset balances from fiscal year 2002 - 2011.



Note over the last ten years, the total net assets have increased \$44,426,063. The major increase in fiscal year 2005 relates to the reporting of infrastructure retroactively.

Current assets in both governmental activities and business-type activities increased in fiscal year September 30, 2011. Cash for governmental activities increased \$113,560. For business-type activities, cash increased \$69,995.

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 1.4 to 1 as compared to 6.8 to 1 at September 30, 2010. The current ratio for business-type activities is 3.3 to 1 as compared to 3.1 to 1 at September 30, 2010. Overall, the total current ratio at September 30, 2011 decreased to 1.4 to 1 as compared to 6.8 to 1 at September 30, 2010. The decrease was due to a \$2.5 million commercial paper loan with the Florida Local Government Finance Commission (FLGFC) that became a current liability during fiscal year end 2011. The loan reached its maturity date on December 2011, at which point, the town paid it off by refinancing with another financial institution for an additional 15 years.

The Town reported positive balances in net assets for both governmental and business-type activities. During 2011, net assets increased \$515,892 for governmental activities and increased \$46,893 for business-type activities. The Town's overall financial position improved during fiscal year 2011. The Town remains in a strong financial position, in spite of a depressed economy.

Note that approximately 92.5% 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 91.8% 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:

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program:						
Charges for services	\$ 2,536,181	\$ 2,483,865	\$ 1,620,856	\$ 1,651,805	\$ 4,157,037	\$ 4,135,670
Operating grants and contributions	96,606	269,781	-	-	96,606	269,781
Capital grants and contributions	59,162	280,521	-	-	59,162	280,521
General:						
Ad valorem taxes	4,303,700	4,574,566	-	-	4,303,700	4,574,566
Other taxes	1,699,626	1,665,513	-	-	1,699,626	1,665,513
Intergovernmental	790,831	547,048	-	-	790,831	547,048
Investment earnings	25,786	90,149	8,500	10,118	34,286	100,267
Miscellaneous	139,911	68,173	-	-	139,911	68,173
Total revenues	9,651,803	9,979,616	1,629,356	1,661,923	11,281,159	11,641,539
Program Expenses:						
General government	1,750,991	1,624,918	-	-	1,750,991	1,624,918
Public safety	5,293,993	6,207,667	-	-	5,293,993	6,207,667
Parks and recreation	310,369	387,510	-	-	310,369	387,510
Roadways	725,093	751,754	-	-	725,093	751,754
Community services	796,857	1,313,271	-	-	796,857	1,313,271
Interest and other debt service costs	258,608	286,467	-	-	258,608	286,467
Solid waste	-	-	1,582,463	1,417,368	1,582,463	1,417,368
Total expenses	9,135,911	10,571,587	1,582,463	1,417,368	10,718,374	11,988,955
Changes in net assets	515,892	(591,971)	46,893	244,555	562,785	(347,416)
Beginning net assets	48,151,921	48,743,892	244,555	-	48,396,476	48,743,892
Ending net assets	\$ 48,667,813	\$ 48,151,921	\$ 291,448	\$ 244,555	\$ 48,959,261	\$ 48,396,476

**Governmental Activity Revenues**

The Town is heavily reliant on property taxes to support governmental operations. Property taxes provided 44.6% of the Town's total revenues as compared to 45.8% in fiscal year 2010. Other taxes, which includes franchise and utility taxes

provided 17.6% of the Town's total revenues as compared to 16.7% in fiscal year 2010. Because of the Town's healthy financial position, we have been able to earn \$25,786 in investment earnings to support governmental activities.

Note that program revenues covered 29.5% of governmental operating expenditures as compared to 28.7% in fiscal year 2010. This means that the government's taxpayers and the Town's other general revenues normally fund 70.5% 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.

<b>Governmental Activities</b>				
	<b>Total Cost of Services</b>	<b>Percentage of Total</b>	<b>Net Cost of Services</b>	<b>Percentage of Total</b>
General government	\$ 1,750,991	19.2%	\$ 1,616,274	25.1%
Public safety	5,293,993	57.9%	3,625,376	56.3%
Parks and recreation	310,369	3.4%	8,510	0.1%
Roadways	725,093	7.9%	306,707	4.8%
Community services	796,857	8.7%	628,487	9.8%
Interest and other debt service costs	258,608	2.8%	258,608	4.0%
<b>Total</b>	<b>\$ 9,135,911</b>	<b>100.0%</b>	<b>\$ 6,443,962</b>	<b>100.0%</b>

The public safety expenditures, both gross and net of program revenues total over 56% of total costs. As noted, total cost and net costs do not differ substantially by percentage for each service, other than public safety costs. The public safety function generated \$1,613,117 in user charges, which offsets program costs.

**Business-Type Activities**

The Town reports one major enterprise fund, solid waste.

Total operating revenues decreased \$30,949 or 1.9%. Operating expenses increased \$165,095 or 11.6%. Personal services increased from \$27,770 in fiscal year 2010 to \$75,539 in fiscal year 2011. In fiscal year 2010, an Administrative & Contractual Services Administrator was hired late in the year, reflecting only about 25% of the annual salary as compared to a full years' salary in 2011.

Other and contractual expenses exceeded the related 2010 amount by \$117,325. Much of this increase relates to an administrative charge of \$90,000 in this fiscal year, which was not charged in fiscal year 2010. There were also charges for legal fees and studies that were charged in fiscal year 2011.

In total, the operating income decreased \$196,044. The total increase in net assets was \$46,893.

**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 \$3,833,665 compared to \$3,602,379 at September 30, 2010.

The total governmental revenues exceeded expenditures by \$231,286.



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The General Fund revenues exceeded its expenditures by \$1,279,436. Transfers to other funds totaling \$775,176 offset this excess. The details of the general fund's financial operations are discussed below.

Governmental funds report total fund balance of \$3,833,665. Of this year-end total, \$736,555 is legally restricted for transportation and volunteer fire operations. \$41,340 is committed to various projects. \$374,028 is assigned to the following purposes, debt service \$164,278, public safety \$129,750 and for fire wells \$80,000. \$211,091 is considered non-spendable and \$2,360,778 is unassigned and available for future appropriation within the General Fund.

The total ending fund balances of governmental funds show an increase of \$231,286 or 6.4% over the prior year.

### **Major Governmental Funds**

The Town reports two 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 \$504,260 or 24.1% as compared to a 4.5% increase in 2010. The ending assigned and unassigned fund balance is considered adequate, representing the equivalent of 29.9% of annual expenditures. This percentage compares to 22.5% at September 30, 2010.

Property taxes decreased \$270,866 or 5.9%. 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 \$285,842, or 5% below those of 2010. Fines and forfeitures were \$75,707 or 2.9% over the 2010 amount. In fiscal year 2011, a formal cost allocation for personal services was put in place, resulting in larger charges for services.

Total General Fund expenditures decreased \$509,444 or 6.1% below the fiscal year 2010 level.

The most significant changes, by department, from fiscal year 2010 are described below.

General government costs were up \$126,968 or 7.9%. The town administrator 2011 amount of \$273,575 was \$39,064 or 12.5% below the 2010 amount. This reduction was caused by a personnel change. The 2011 finance department amount was \$46,178 below the 2010 amount. This reduction relates to a change in the financial administrator position from full-time to part-time.

The Town's attorney's expenditures increased by \$54,258 over 2011. This increase relates to code compliance increased costs \$27,000, lobbyist increased costs \$5,000 and the balance of the increase in general government legal costs. The Town Clerk increased \$50,650 or 38% over the 2010 amount. This change is due to an increase of approximately \$29,000 related to personnel services, and an increase of approximately \$22,000 related to operating costs.

The administrative services costs increased \$109,715 or 31.2%, as follows:

- Property and liability insurance for New Town Hall \$41,000
- Contract labor \$19,000
- Utilities \$7,000
- Town newsletter \$10,000
- Rent \$5,000
- Information technology support \$36,000

These increased costs were offset by salary decreases and a variety of small savings across the budget of approximately \$8,000.

In total, public safety costs were down \$437,509 or 7.8%. Fire and rescue services were \$475,158 or 13.6% below the 2010 amount. Commencing January 2011, contract fire services were reduced by approximately \$55,000 a month for the remainder of fiscal year 2011. This was mainly due to the fact that the town had successful contract renegotiations between the town and the entity providing the service.

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The 2011 community services expenditures were \$105,888 or 11.7% below 2010. This decline relates to permits and application fees for building, planning and zoning. The 2011 parks and recreation amounts were \$143,468 below the 2010 amount of \$285,500. The major portion of this reduction relates to personal service costs \$15,000, capital items \$60,000 and right-of-way landscape maintenance \$45,000.

In this fiscal year, the General Fund transferred \$775,176 to other funds, which included \$181,200 to the transportation Fund, \$517,576 to the Capital Projects Fund and \$76,400 to the Volunteer Fire Department Fund. Debt Service Fund transferred \$400,000 to 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 2011, revenue of \$299,522 of intergovernmental revenue as compared to \$377,806 in fiscal year 2010. \$301,951 was expended on roadways in 2011 and \$230,828 on capital outlay for roadway and drainage improvements. Legally restricted fund balance at year totaled \$696,179.

**Capital Projects Fund** - This fund is financed primarily from transfers from the General Fund and Debt Service Fund, as indicated above. During fiscal year 2011, this fund spent \$538,068 on capital outlay, which includes:

- Roadway and drainage improvements \$230,000
- Repairs \$53,000
- Personal services \$124,000
- Landscaping \$107,000

The fund balance at year-end totaled \$334,623.

### **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 funds.

### **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 recognized exceeded the final budget by \$78,516 or 1.9%. This increase relates to fewer taxpayers taking advantage of pre-payment discounts and settlements received from the Value Adjustment Board. Physical and economic charges were \$63,127 or 25.6% above the final budget. This increase relates to a net lien recovery in excess of the estimated amount.

All other revenue sources were consistent with the adopted budget. Overall, the Town recognized 101.5% of the revenue budget.

On the expenditure side, the Town's actual expenditures for Administrative Services exceeded budgeted amounts by \$37,950. This was due to the fact that the Town incurred unexpected rental expenditures which were not budgeted for. However, due to conservative budgeting, fire and rescue services were \$125,575 or 4% below the budget, community service were \$65,960 or 7.6% below the budget and parks and recreation were \$41,628 or 22.7 below the budget.

Overall, the total General Fund budget was under spent due to tight Departmental Director expenditure controls 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, 2011, was \$52,092,047. The change in this net investment was an approximate 3/12<sup>th</sup> of 1% increase 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:

	<b>Governmental Activities</b>	
	<b>2011</b>	<b>2010</b>
Non-depreciable assets:		
Land	\$ 33,883,843	\$ 33,866,540
Construction in progress	6,289,819	5,585,776
Total non-depreciable	<u>40,173,662</u>	<u>39,452,316</u>
Depreciable assets:		
Infrastructure	18,376,559	18,376,559
Improvements other than buildings	2,963,412	2,963,412
Buildings	994,808	994,808
Furniture and equipment	894,900	828,976
Building improvements	<u>140,390</u>	<u>119,677</u>
Total depreciable assets	23,370,069	23,283,432
Less accumulated depreciation	<u>11,451,684</u>	<u>10,793,939</u>
Net book value - depreciable assets	<u>11,918,385</u>	<u>12,489,493</u>
Percentage depreciated	<u>49%</u>	<u>46%</u>
Total Capital Asset Net Book Value	<u>\$ 52,092,047</u>	<u>\$ 51,941,809</u>

At September 30, 2011, the depreciable capital assets for governmental activities were 49% depreciated. This compares to the 46% at September 30, 2010.

For governmental activities, the majority of the increase of the balance of construction-in-progress relates to the following projects:

- Town Hall renovations \$363,340
- Rolling Oaks barns \$86,025
- Department of Justice grants \$58,800

**Debt**

The Town reports the 2001 revenue bonds issued through the Florida Municipal Loan Council, a loan with the Florida Local Government Finance Council, a bank promissory note, a line of credit with a bank and a capital lease.

The following table reports long-term debt balances at September 30, 2011 and 2010:

	<b>Outstanding Long-term Debt</b>			
	<b>Governmental Activities</b>			
	<b>2011</b>		<b>2010</b>	
Revenue bonds	\$ 4,194,416	**	\$ 4,306,258	**
Loan	2,500,000		2,500,000	
Promissory note	3,900		12,929	
Line of credit	439,139		439,139	
Capital lease	62,439		75,823	
	<u>\$ 7,199,894</u>		<u>\$ 7,334,149</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 2011, the unemployment rate for Broward County residents was 9.4%, comparing favorably to the State's unemployment rate of 10.6%. 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 (2006-2010), the Town's median household income of \$108,245 compares favorably to the State's median household income of \$47,661.

In the 2011–2012 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.

Some of the key elements affecting the fiscal year 2011-2012 budget include:

- A decline 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
- Little new growth in the State of Florida shared revenues

All of these factors result in many budget challenges in fiscal year 2011-2012 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 2012 was left unchanged at 3.9404, which is below the rollback rate of 4.0912. This slight decrease was possible through increased fire assessment as well as a 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 the Financial Statements  
and Required Supplementary Information**

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# TOWN OF SOUTHWEST RANCHES, FLORIDA

## STATEMENT OF NET ASSETS

SEPTEMBER 30, 2011

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 3,425,464	\$ 417,044	\$ 3,842,508
Investments	69,757	--	69,757
Receivables	470,285	2,986	473,271
Prepaid items	32,242	--	32,242
Tree inventory	138,848	--	138,848
Debt issuance costs, net	28,693	--	28,693
Deposits	40,001	--	40,001
Capital assets not being depreciated	40,173,662	--	40,173,662
Capital assets being depreciated, net	11,918,385	--	11,918,385
<b>Total Assets</b>	<u>56,297,337</u>	<u>420,030</u>	<u>56,717,367</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	298,022	128,582	426,604
Accrued interest payable	86,698	--	86,698
Unearned revenue	44,910	--	44,910
Noncurrent liabilities:			
Due within one year	2,676,666	--	2,676,666
Due in more than one year	4,523,228	--	4,523,228
<b>Total Liabilities</b>	<u>7,629,524</u>	<u>128,582</u>	<u>7,758,106</u>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	44,892,153	--	44,892,153
Restricted for:			
Transportation	696,179	--	696,179
Volunteer fire services	40,376	--	40,376
Unrestricted	3,039,105	291,448	3,330,553
<b>Total Net Assets</b>	<u>\$ 48,667,813</u>	<u>\$ 291,448</u>	<u>\$ 48,959,261</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, 2011**

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
<b>Governmental Activities</b>							
General government	\$ 1,750,991	\$ 134,717	\$ --	\$ --	\$ (1,616,274)	\$ --	\$ (1,616,274)
Public safety	5,293,993	1,613,117	--	55,500	(3,625,376)	--	(3,625,376)
Community services	796,857	788,347	--	--	(8,510)	--	(8,510)
Parks and recreation	310,369	--	--	3,662	(306,707)	--	(306,707)
Roadways	725,093	--	96,606	--	(628,487)	--	(628,487)
Interest on long-term debt	258,608	--	--	--	(258,608)	--	(258,608)
<b>Total Governmental Activities</b>	<b>9,135,911</b>	<b>2,536,181</b>	<b>96,606</b>	<b>59,162</b>	<b>(6,443,962)</b>	<b>--</b>	<b>(6,443,962)</b>
<b>Business-type Activities</b>							
Solid waste	1,582,463	1,620,856	--	--	--	38,393	38,393
<b>Total Primary Government</b>	<b>\$ 10,718,374</b>	<b>\$ 4,157,037</b>	<b>\$ 96,606</b>	<b>\$ 59,162</b>	<b>(6,443,962)</b>	<b>38,393</b>	<b>(6,405,569)</b>
<b>General Revenues</b>							
Ad-valorem taxes					4,303,700	--	4,303,700
Franchise fees based on gross receipts					620,532	--	620,532
Unrestricted intergovernmental revenue					790,831	--	790,831
Utility taxes					1,079,094	--	1,079,094
Unrestricted investment income					25,786	8,500	34,286
Miscellaneous					139,911	--	139,911
<b>Total General Revenues</b>					<b>6,959,854</b>	<b>8,500</b>	<b>6,968,354</b>
<b>Change in Net Assets</b>					<b>515,892</b>	<b>46,893</b>	<b>562,785</b>
<b>Net Assets - Beginning of Year</b>					<b>48,151,921</b>	<b>244,555</b>	<b>48,396,476</b>
<b>Net Assets - End of Year</b>					<b>\$ 48,667,813</b>	<b>\$ 291,448</b>	<b>\$ 48,959,261</b>

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



**TOWN OF SOUTHWEST RANCHES, FLORIDA**

**BALANCE SHEET - GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2011**

	General Fund	Transportation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$2,078,696	\$ 747,087	\$393,559	\$ 206,122	\$ 3,425,464
Investments	69,757	--	--	--	69,757
Receivables	424,585	45,700	--	--	470,285
Prepaid items	31,432	--	--	810	32,242
Tree inventory	138,848	--	--	--	138,848
Deposits	25,001	--	15,000	--	40,001
<b>Total Assets</b>	<u>\$2,768,319</u>	<u>\$ 792,787</u>	<u>\$408,559</u>	<u>\$ 206,932</u>	<u>\$ 4,176,597</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable and accrued liabilities	\$ 169,420	\$ 53,198	\$ 73,936	\$ 1,468	\$ 298,022
Unearned revenue	1,500	43,410	--	--	44,910
<b>Total Liabilities</b>	<u>170,920</u>	<u>96,608</u>	<u>73,936</u>	<u>1,468</u>	<u>342,932</u>
<b>Fund Balances</b>					
Non-spendable:					
Prepaid items	31,432	--	--	810	32,242
Tree inventory	138,848	--	--	--	138,848
Deposits	25,001	--	15,000	--	40,001
Restricted for:					
Transportation	--	696,179	--	--	696,179
Volunteer fire services	--	--	--	40,376	40,376
Committed for:					
Public safety	3,663	--	--	--	3,663
Town Hall brick program	16,800	--	--	--	16,800
Tree preservation	20,877	--	--	--	20,877
Assigned for:					
Debt service	--	--	--	164,278	164,278
Public safety	--	--	129,750	--	129,750
Fire wells	--	--	80,000	--	80,000
Capital projects	--	--	109,873	--	109,873
Unassigned	2,360,778	--	--	--	2,360,778
<b>Total Fund Balances</b>	<u>2,597,399</u>	<u>696,179</u>	<u>334,623</u>	<u>205,464</u>	<u>3,833,665</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$2,768,319</u>	<u>\$ 792,787</u>	<u>\$408,559</u>	<u>\$ 206,932</u>	<u>\$ 4,176,597</u>

*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, 2011

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

Fund Balances - Total Governmental Funds  
(Page 14) \$ 3,833,665

Capital assets used in governmental activities are not  
financial resources and, therefore, are not reported  
in the funds.

Governmental capital assets	\$ 63,543,731	
Accumulated depreciation	<u>(11,451,684)</u>	52,092,047

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.

Deferred charge on debt issuance costs	28,693
--	--------

Long-term liabilities are not due and payable in the current  
period and, therefore, are not reported in the funds:

Accrued interest payable	(86,698)	
Notes and loans payable	(6,698,316)	
Line of credit	(439,139)	
Capital lease payable	<u>(62,439)</u>	<u>(7,286,592)</u>

Net Assets of Governmental Activities (Page 12)	<u>\$ 48,667,813</u>
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*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, 2011**

	General Fund	Transportation Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Ad valorem taxes	\$ 4,303,700	\$ --	\$ --	\$ --	\$ 4,303,700
Utility taxes	1,079,094	--	--	--	1,079,094
Franchise fees	620,532	--	--	--	620,532
Licenses and permits	482,382	--	--	--	482,382
Intergovernmental	579,272	299,522	55,500	8,643	942,937
Charges for services	1,613,117	--	--	--	1,613,117
Fines and forfeitures	75,076	--	--	--	75,076
Physical and economic charges	309,627	--	--	--	309,627
Investment income	17,695	2,000	4,500	1,591	25,786
Miscellaneous	93,015	98,978	--	6,353	198,346
<b>Total Revenues</b>	<u>9,173,510</u>	<u>400,500</u>	<u>60,000</u>	<u>16,587</u>	<u>9,650,597</u>
<b>Expenditures</b>					
Current:					
General government:					
Town council	75,518	--	--	--	75,518
Town administrator	273,575	--	--	--	273,575
Finance	229,267	--	--	--	229,267
Town attorney	512,565	--	--	--	512,565
Town clerk	183,871	--	--	--	183,871
Administrative services	461,617	--	--	--	461,617
Total general government	<u>1,736,413</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,736,413</u>
Public safety:					
Police	2,125,522	--	--	--	2,125,522
Fire and rescue services	3,024,675	--	--	80,405	3,105,080
Total public safety	<u>5,150,197</u>	<u>--</u>	<u>--</u>	<u>80,405</u>	<u>5,230,602</u>
Community services	796,857	--	--	--	796,857
Parks and recreation	142,032	--	--	--	142,032
Roadways	--	301,951	--	--	301,951
Capital outlay	50,453	230,828	538,068	--	819,349
Debt service:					
Principal	13,384	--	--	119,029	132,413
Interest and fiscal charges	4,738	--	--	256,162	260,900
<b>Total Expenditures</b>	<u>7,894,074</u>	<u>532,779</u>	<u>538,068</u>	<u>455,596</u>	<u>9,420,517</u>
Excess (deficiency) of revenues over expenditures	<u>1,279,436</u>	<u>(132,279)</u>	<u>(478,068)</u>	<u>(439,009)</u>	<u>230,080</u>
<b>Other Financing Sources (Uses)</b>					
Insurance proceeds	--	--	--	1,206	1,206
Transfers in	--	181,200	517,576	476,400	1,175,176
Transfers out	(775,176)	--	--	(400,000)	(1,175,176)
<b>Total Other Financing Sources (Uses)</b>	<u>(775,176)</u>	<u>181,200</u>	<u>517,576</u>	<u>77,606</u>	<u>1,206</u>
<b>Net Change in Fund Balances</b>	504,260	48,921	39,508	(361,403)	231,286
<b>Fund Balances - Beginning</b>	<u>2,093,139</u>	<u>647,258</u>	<u>295,115</u>	<u>566,867</u>	<u>3,602,379</u>
<b>Fund Balances - Ending</b>	<u>\$ 2,597,399</u>	<u>\$ 696,179</u>	<u>\$ 334,623</u>	<u>\$ 205,464</u>	<u>\$ 3,833,665</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, 2011

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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) \$ 231,286

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	\$ 819,234	
Less: current year provision for depreciation expense	<u>(668,996)</u>	150,238

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:

Repayment of principal	132,413	
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>	132,076

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>2,292</u>
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Change in Net Assets of Governmental Activities (Page 13)	<u>\$ 515,892</u>
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*The accompanying notes are an integral part of these financial statements.*

**TOWN OF SOUTHWEST RANCHES, FLORIDA**

**STATEMENT OF NET ASSETS - PROPRIETARY FUND**

**SEPTEMBER 30, 2011**

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	<u>Solid Waste Fund</u>
<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 417,044
Receivables	<u>2,986</u>
<b>Total Assets</b>	<u>\$ 420,030</u>
<b>Liabilities and Net Assets</b>	
Current liabilities:	
Accounts payable and accrued liabilities	<u>128,582</u>
<b>Total Liabilities</b>	128,582
<b>Net Assets</b>	
Unrestricted	<u>291,448</u>
<b>Total Net Assets</b>	<u>\$ 291,448</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, 2011**

---

	Solid Waste Fund
<b>Operating Revenues</b>	
Charges for services	<u>\$ 1,620,856</u>
<b>Operating Expenses</b>	
Personal services	75,539
Contractual services	1,367,929
Other operating expenses	<u>138,995</u>
<b>Total Operating Expenses</b>	<u>1,582,463</u>
<b>Operating Income</b>	38,393
<b>Nonoperating Revenues</b>	
Investment income	<u>8,500</u>
<b>Change in Net Assets</b>	46,893
<b>Net Assets - Beginning of Year</b>	<u>244,555</u>
<b>Net Assets - End of Year</b>	<u><u>\$ 291,448</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, 2011**

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	Solid Waste Fund
<b>Cash Flows from Operating Activities</b>	
Cash received from customers and users	\$ 1,631,273
Cash paid to suppliers	(1,494,239)
Cash paid to employees	<u>(75,539)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>61,495</u>
<b>Cash Flows from Investing Activities</b>	
Interest received	<u>8,500</u>
<b>Net Increase in Cash</b>	69,995
<b>Cash - Beginning</b>	<u>347,049</u>
<b>Cash - Ending</b>	<u><u>\$ 417,044</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>	
Operating income	\$ <u>38,393</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Decrease in receivables	10,417
Increase in accounts payable and accrued liabilities	<u>12,685</u>
Total adjustments	<u>23,102</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 61,495</u></u>

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

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**NOTES TO BASIC  
FINANCIAL STATEMENTS**

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# TOWN OF SOUTHWEST RANCHES, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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### 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 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, 2011

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### 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 are 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, 2011

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### 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 and disposal services.



# TOWN OF SOUTHWEST RANCHES, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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### 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 nonoperating 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 nonoperating 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, 2011

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### 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 disbursements with a separate checking account for payroll disbursements.

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 \$750 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, 2011

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#### 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:

<u>Assets</u>	<u>Years</u>
Infrastructure and intangibles	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 City 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, 2011

---

### 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. 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 management of the Town to which the Council has delegated the authority to assign, modify or rescind amounts to be used for specific purposes. 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, 2011

---

### 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, 2011

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### 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 another banking institution eligible collateral of the depository's. 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, 2011, the fair value factor for Fund B was \$.75684 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, 2011**

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

*INVESTMENTS (CONTINUED)*

The Town had the following investments as of September 30, 2011:

	<u>Fair Value</u>	<u>Weighted Average Maturity</u>
<b>Investments</b>		
Florida PRIME	\$ 506,265	38 days
Fund B	<u>69,757</u>	4.82 years
<b>Total Investments - Town</b>	<u>\$ 576,022</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, 2011, 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, 2011

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### 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, 2011.

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, 2011 was 3.9404 mills (\$3.9404 per \$1,000 of taxable assessed valuation).

### NOTE 4 - RECEIVABLES

Receivables as of September 30, 2011 for the Town's funds are as follows:

	Taxes and		
	Fees	Grants	Total
General Fund	\$ 424,585	\$ --	\$ 424,585
Transportation	39,695	6,005	45,700
Solid Waste Fund	2,986	--	2,986
<b>Total Receivables</b>	<u>\$ 467,266</u>	<u>\$ 6,005</u>	<u>\$ 473,271</u>

There were no allowances for uncollectible accounts at September 30, 2011.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 5 – INTERFUND TRANSFERS**

Interfund transfers during fiscal year ended September 30, 2011 is as follows:

	Transfers In	Transfers Out
General Fund	\$ --	\$ 775,176
Transportation Fund	181,200	--
Capital Projects Fund	517,576	--
Volunteer Fire Department Fund	76,400	--
Debt Service Fund	400,000	400,000
<b>Total Interfund Transfers</b>	<u>\$ 1,175,176</u>	<u>\$ 1,175,176</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the Debt Service Fund as debt service principal and interest payments become due, 2) move unrestricted General Fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations. In addition, the Town transferred approximately \$400,000 from the Debt Service Fund to the Capital Projects Fund in order to account for the renovations to the Town Hall building accounted for in the aforementioned fund.

# TOWN OF SOUTHWEST RANCHES, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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### NOTE 6 – CAPITAL ASSETS

Capital assets activity for the fiscal year ended September 30, 2011 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 33,866,540	\$ 17,303	\$ --	\$ 33,883,843
Construction in progress	5,585,776	704,043	--	6,289,819
Total capital assets, not being depreciated	<u>39,452,316</u>	<u>721,346</u>	<u>--</u>	<u>40,173,662</u>
Capital assets, being depreciated:				
Infrastructure	18,376,559	--	--	18,376,559
Improvements other than buildings	2,963,412	--	--	2,963,412
Buildings	994,808	--	--	994,808
Furniture and equipment	828,976	65,924	--	894,900
Building improvements	119,677	31,964	(11,251)	140,390
Total capital assets being depreciated	<u>23,283,432</u>	<u>97,888</u>	<u>(11,251)</u>	<u>23,370,069</u>
Total capital assets	<u>62,735,748</u>	<u>819,234</u>	<u>(11,251)</u>	<u>63,543,731</u>
Less: accumulated depreciation for:				
Infrastructure	9,078,212	481,713	--	9,559,925
Improvements other than buildings	1,030,157	96,847	--	1,127,004
Buildings	57,538	18,430	--	75,968
Furniture and equipment	508,355	72,006	(11,251)	569,110
Building improvements	119,677	--	--	119,677
Total accumulated depreciation	<u>10,793,939</u>	<u>668,996</u>	<u>(11,251)</u>	<u>11,451,684</u>
Total capital assets, being depreciated, net	<u>12,489,493</u>	<u>(571,108)</u>	<u>--</u>	<u>11,918,385</u>
<b>Governmental Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 51,941,809</u>	<u>\$ 150,238</u>	<u>\$ --</u>	<u>\$ 52,092,047</u>

# TOWN OF SOUTHWEST RANCHES, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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### NOTE 6 – CAPITAL ASSETS (CONTINUED)

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

General government	\$ 14,126
Public safety	63,391
Roadways	423,142
Parks and recreation	<u>168,337</u>
 <b>Total Depreciation - Governmental Activities</b>	 <b><u><u>\$ 591,479</u></u></b>

### 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, 2011.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
FMLC Loan Payable	\$ 4,255,000	\$ --	\$ (110,000)	\$ 4,145,000	\$ 115,000
Add: Unamortized					
Reoffering Premium	70,683	--	(3,213)	67,470	--
Less: Unamortized					
Underwriters Discount	(19,425)	--	1,371	(18,054)	--
Loan Payable	2,500,000	--	--	2,500,000	2,500,000
Promissory Note	12,929	--	(9,029)	3,900	3,900
Line of Credit	439,139	--	--	439,139	43,546
Capital Lease Payable	<u>75,823</u>	<u>--</u>	<u>(13,384)</u>	<u>62,439</u>	<u>14,220</u>
 <b>Total</b>	 <b><u><u>\$ 7,334,149</u></u></b>	 <b><u><u>\$ --</u></u></b>	 <b><u><u>\$ (134,255)</u></u></b>	 <b><u><u>\$ 7,199,894</u></u></b>	 <b><u><u>\$ 2,676,666</u></u></b>

### *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

# TOWN OF SOUTHWEST RANCHES, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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### NOTE 7 – LONG-TERM DEBT (CONTINUED)

#### *FLORIDA MUNICIPAL LOAN COUNCIL (CONTINUED)*

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 2011, the Town was in compliance with this covenant.

The annual requirements to pay principal and interest on this obligation as of September 30, 2011 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2012	\$ 115,000	\$ 205,200	\$ 320,200
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
2017-2021	820,000	774,664	1,594,664
2022-2026	1,050,000	546,013	1,596,013
2027-2031	1,335,000	249,875	1,584,875
2032	305,000	7,625	312,625
<b>Total</b>	<b>\$ 4,145,000</b>	<b>\$ 2,540,965</b>	<b>\$ 6,685,965</b>

#### *FLORIDA LOCAL GOVERNMENT FINANCE COMMISSION*

In 2001, the Town entered into 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 is collateralized by the Town's non-ad valorem revenues. Interest rates fluctuated during the year from 0.28% to 0.40% and were applied and paid monthly on the outstanding note balance. Other loan costs include various administrative fees and draw down costs of \$2,000 for each \$1,000,000 of draw down. During the year, there were no draw downs.

The outstanding balance under this agreement at September 30, 2011 was \$2,500,000 which was refinanced subsequent to year end on December 1, 2011 with a financial institution.

# TOWN OF SOUTHWEST RANCHES, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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### NOTE 7 – LONG-TERM DEBT (CONTINUED)

#### *PROMISSORY NOTE*

In 2007, the Volunteer Fire-Rescue Department entered into a loan agreement with a bank for \$40,000 to finance the acquisition of a fire truck. Principal and interest payments are due in monthly payments of \$811 through February 2012 and was paid off on that date. The promissory note bears interest at a fixed rate of 7.875%.

#### *LINE OF CREDIT*

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 note. The balance outstanding on the note at September 30, 2011 was \$439,139. Subsequent to year end, the Town drew \$360,861 on March 9, 2012. The amortization schedule herein represents 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, 2011 are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2012	\$ 43,546	\$ 15,289	\$ 58,835
2013	68,386	28,582	96,968
2014	71,136	25,831	96,967
2015	73,998	22,970	96,968
2016	76,974	19,993	96,967
2017-2021	433,879	50,958	484,837
2022	32,081	241	32,322
<b>Total</b>	<b>\$ 800,000</b>	<b>\$ 163,864</b>	<b>\$ 963,864</b>



**TOWN OF SOUTHWEST RANCHES, FLORIDA**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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**NOTE 7 – LONG-TERM DEBT (CONTINUED)**

***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, 2011.

**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.

**Asset Acquired Under the Capital Lease**

Machinery and equipment	\$ 124,000
Accumulated depreciation	<u>(59,933)</u>
	<u>\$ 64,067</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2011 were as follows:

For the Year Ending September 30,	
2012	\$ 18,122
2013	18,122
2014	18,122
2015	<u>18,122</u>
Total minimum lease payments	72,488
Less: interest portion	<u>10,049</u>
<b>Present Value of Future Minimum Lease Payments</b>	<u><u>\$ 62,439</u></u>

# TOWN OF SOUTHWEST RANCHES, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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### NOTE 8 – LEASES (CONTINUED)

#### *OPERATING LEASE*

During the fiscal year ended September 30, 2011, the Town renegotiated its Town Hall land lease agreement with South Broward Drainage District to a month-to-month basis. For the fiscal year ended September 30, 2011, the Town paid \$33,333 in lease payments. Subsequent to fiscal year end, the Town vacated the Town Hall for which the land lease agreement was made and moved into its new Town Hall complex for which it purchased and renovated.

### 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 coverages in the prior year. Settled claims did not exceed coverages for each of the past three years.

### 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 September 30, 2012. The Town incurred expenditures of \$2,125,522 for police services under this contract for the fiscal year ended September 30, 2011. 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 BROWARD COUNTY FOR DELIVERY OF EMERGENCY MEDICAL AND FIRE PROTECTION SERVICES*

In 2007, the Town entered into an agreement with the Sheriff of Broward County (Sheriff) to provide emergency medical and fire protection services to the Town through September 30, 2013. On July 1, 2010, the Town and the Sheriff cancelled the agreement in effect and entered into a new agreement through September 30, 2015. The new agreement may be renewed for successive five-year periods upon mutual agreement of both parties. The Town paid \$2,908,344 under this agreement for the fiscal year ended September 30, 2011. If the following years increase more than 5% over the prior year costs for the same items, the agreement may be terminated.

# TOWN OF SOUTHWEST RANCHES, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

### FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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#### NOTE 10 – COMMITMENTS AND CONTINGENCIES (CONTINUED)

##### *AGREEMENT FOR PLANS REVIEW AND BUILDING INSPECTION SERVICES*

The Town extended a service agreement with a provider through September 30, 2011 for plan review and inspection services. The amount of compensation is based on rates and schedules set forth in the agreement with yearly increases equal to the consumer price index with a maximum annual increase of 3%. For the fiscal year ended September 30, 2011, the Town paid \$292,002 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, 2011, the Town paid approximately \$157,300 for these services.

##### *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 will expire in January 2012. In April 2012, the agreement was extended an additional three years. For the year ended September 30, 2011, 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 effect on the financial position of the Town.

# TOWN OF SOUTHWEST RANCHES, FLORIDA

## NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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### 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.

#### *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.

### NOTE 12 – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the fiscal year ended September 30, 2011, expenditures exceeded appropriations in the General Fund in the administration services department by \$37,950. This was primarily due to an unanticipated delay in moving to the new town hall complex which caused an overage in rent expense. In addition, transfers out exceeded appropriations by \$36,000. This was due to a reclassification of the volunteer fire department expenditure to transfers. This excess expenditure over appropriations in the administration department was funded by prior years' fund balance.

Expenditures exceeded appropriations in the transportation fund in roadways by \$26,571. This was due to additional landscaping and emergency road repairs which were not budgeted for. This was funded by prior years' fund balance.



# REQUIRED SUPPLEMENTARY INFORMATION



**TOWN OF SOUTHWEST RANCHES, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Ad valorem taxes	\$ 4,225,184	\$ 4,225,184	\$ 4,303,700	\$ 78,516
Utility taxes	1,045,600	1,045,600	1,079,094	33,494
Franchise fees	613,000	613,000	620,532	7,532
Licenses and permits	514,600	514,600	482,382	(32,218)
Intergovernmental	613,000	613,000	579,272	(33,728)
Charges for services	1,596,000	1,596,000	1,613,117	17,117
Fines and forfeitures	80,000	80,000	75,076	(4,924)
Physical and economic charges	246,500	246,500	309,627	63,127
Investment income	25,000	25,000	17,695	(7,305)
Miscellaneous	77,000	77,000	93,015	16,015
<b>Total Revenues</b>	<u>9,035,884</u>	<u>9,035,884</u>	<u>9,173,510</u>	<u>137,626</u>
<b>Expenditures</b>				
Current:				
General government:				
Town council	79,328	79,328	75,518	3,810
Town administrator	305,550	289,550	273,575	15,975
Finance	213,270	229,270	229,267	3
Town attorney	355,000	513,000	512,565	435
Town clerk	189,545	189,545	183,871	5,674
Administrative services	424,620	474,120	512,070	(37,950)
Total general government	<u>1,567,313</u>	<u>1,774,813</u>	<u>1,786,866</u>	<u>(12,053)</u>
Public safety:				
Police	2,192,568	2,125,568	2,125,522	46
Fire and rescue services	3,190,250	3,150,250	3,024,675	125,575
Total public safety	<u>5,382,818</u>	<u>5,275,818</u>	<u>5,150,197</u>	<u>125,621</u>
Community services				
Parks and recreation	945,745	862,817	796,857	65,960
	<u>183,660</u>	<u>183,660</u>	<u>142,032</u>	<u>41,628</u>
<b>Total Expenditures</b>	<u>8,079,536</u>	<u>8,097,108</u>	<u>7,875,952</u>	<u>221,156</u>
<b>Excess of Revenues over Expenditures</b>	<u>956,348</u>	<u>938,776</u>	<u>1,297,558</u>	<u>358,782</u>
<b>Other Financing Uses</b>				
Transfers out	<u>(738,776)</u>	<u>(738,776)</u>	<u>(775,176)</u>	<u>(36,400)</u>
<b>Total Other Financing Uses</b>	<u>(738,776)</u>	<u>(738,776)</u>	<u>(775,176)</u>	<u>(36,400)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 217,572</u>	<u>\$ 200,000</u>	<u>\$ 522,382</u>	<u>\$ 322,382</u>

**TOWN OF SOUTHWEST RANCHES, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**BUDGETARY COMPARISON SCHEDULE - TRANSPORTATION FUND**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental:				
Local option gas tax	\$ 195,000	\$ 195,000	\$ 202,916	\$ 7,916
Grants	--	--	96,606	96,606
Total intergovernmental	195,000	195,000	299,522	104,522
Investment income	--	--	2,000	2,000
Miscellaneous income	--	--	98,978	98,978
<b>Total Revenues</b>	<u>195,000</u>	<u>195,000</u>	<u>400,500</u>	<u>205,500</u>
<b>Expenditures</b>				
Current:				
Roadways	275,200	275,200	301,951	(26,751)
Capital outlay	501,000	501,000	230,828	270,172
<b>Total Expenditures</b>	<u>776,200</u>	<u>776,200</u>	<u>532,779</u>	<u>243,421</u>
<b>Deficiency of Revenues over Expenditures</b>	<u>(581,200)</u>	<u>(581,200)</u>	<u>(132,279)</u>	<u>448,921</u>
<b>Other Financing Sources</b>				
Loan proceeds	400,000	400,000	--	400,000
Transfers in	181,200	181,200	181,200	--
<b>Total Other Financing Sources</b>	<u>581,200</u>	<u>581,200</u>	<u>181,200</u>	<u>400,000</u>
<b>Net Change in Fund Balance</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 48,921</u>	<u>\$ 848,921</u>



**TOWN OF SOUTHWEST RANCHES, FLORIDA**

**REQUIRED SUPPLEMENTARY INFORMATION**

**NOTES TO BUDGETARY COMPARISON SCHEDULES**

**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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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, 2011.
- f. The reported budgetary data represents the final approved budget after amendments adopted by the Town Council. There was \$17,572 of supplemental appropriations in the general fund during the fiscal year ended September 30, 2011.

**NOTE 2 – RECONCILIATION OF BUDGETED AND ACTUAL RESULTS**

Results of general fund budgetary changes in fund balance actual amounts to the statement of revenues, expenditures and changes in fund balance of governmental funds on page 16:

**General Fund**

Net change in fund balance - budgetary basis	\$ 522,382
Debt service (not budgeted)	<u>(18,122)</u>
<b>Net Change in Fund Balance - GAAP Basis (Page 16)</b>	<b><u>\$ 504,260</u></b>

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**COMBINING AND INDIVIDUAL FUND STATEMENTS  
AND SCHEDULES**

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**TOWN OF SOUTHWEST RANCHES, FLORIDA**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**SEPTEMBER 30, 2011**

	Volunteer Fire Department	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 41,844	\$ 164,278	\$ 206,122
Prepaid items	<u>810</u>	<u>--</u>	<u>810</u>
<b>Total Assets</b>	<u><u>\$ 42,654</u></u>	<u><u>\$ 164,278</u></u>	<u><u>\$ 206,932</u></u>
<b>Liabilities and Fund Balances</b>			
<b>Liabilities</b>			
Accounts payable	<u>1,468</u>	<u>--</u>	<u>1,468</u>
<b>Total Liabilities</b>	<u>1,468</u>	<u>--</u>	<u>1,468</u>
<b>Fund Balances</b>			
Non-spendable:			
Prepaid items	810	--	810
Restricted for:			
Volunteer fire department	40,376	--	40,376
Assigned for:			
Debt service	<u>--</u>	<u>164,278</u>	<u>164,278</u>
<b>Total Fund Balances</b>	<u>41,186</u>	<u>164,278</u>	<u>205,464</u>
<b>Total Liabilities and Fund Balances</b>	<u><u>\$ 42,654</u></u>	<u><u>\$ 164,278</u></u>	<u><u>\$ 206,932</u></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, 2011**

	Volunteer Fire Department	Debt Service Fund	Total Nonmajor Governmental Funds
<b>Revenues</b>			
Investment income	\$ 91	\$ 1,500	\$ 1,591
Intergovernmental	8,643	--	8,643
Miscellaneous	<u>6,353</u>	<u>--</u>	<u>6,353</u>
<b>Total Revenues</b>	<u>15,087</u>	<u>1,500</u>	<u>16,587</u>
<b>Expenditures</b>			
Fire and rescue services	80,405	--	80,405
Debt service:			
Principal	9,029	110,000	119,029
Interest and fiscal charges	<u>698</u>	<u>255,464</u>	<u>256,162</u>
<b>Total Expenditures</b>	<u>90,132</u>	<u>365,464</u>	<u>455,596</u>
<b>Deficiency of Revenues Over Expenditures</b>	<u>(75,045)</u>	<u>(363,964)</u>	<u>(439,009)</u>
<b>Other Financing Uses</b>			
Insurance proceeds	1,206	--	1,206
Transfers in	76,400	400,000	476,400
Transfers out	<u>--</u>	<u>(400,000)</u>	<u>(400,000)</u>
<b>Net Change in Fund Balances</b>	2,561	(363,964)	(361,403)
<b>Fund Balances - Beginning</b>	<u>38,625</u>	<u>528,242</u>	<u>566,867</u>
<b>Fund Balances - Ending</b>	<u>\$ 41,186</u>	<u>\$ 164,278</u>	<u>\$ 205,464</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Investment income	\$ --	\$ --	\$ 1,500	\$ 1,500
<b>Expenditures</b>				
Debt service:				
Principal	110,000	110,000	110,000	--
Interest and fiscal charges	290,000	290,000	255,464	34,536
<b>Total Expenditures</b>	<u>400,000</u>	<u>400,000</u>	<u>365,464</u>	<u>34,536</u>
<b>Deficiency of Revenues over Expenditures</b>	<u>(400,000)</u>	<u>(400,000)</u>	<u>(363,964)</u>	<u>36,036</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	400,000	400,000	400,000	--
Transfers out	--	(400,000)	(400,000)	--
<b>Total Other Financing Sources (Uses)</b>	<u>400,000</u>	<u>--</u>	<u>--</u>	<u>--</u>
<b>Net Change in Fund Balance</b>	<u>\$ --</u>	<u>\$ (400,000)</u>	<u>\$ (363,964)</u>	<u>\$ 36,036</u>
<b>Appropriated Beginning Fund Balance</b>	<u>\$ 400,000</u>	<u>\$ 400,000</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, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Miscellaneous revenue	\$ 18,000	\$ 18,000	\$ --	\$ (18,000)
Intergovernmental revenue	--	--	55,500	55,500
Investment income	--	--	4,500	4,500
<b>Total Revenues</b>	<u>18,000</u>	<u>18,000</u>	<u>60,000</u>	<u>42,000</u>
<b>Expenditures</b>				
Capital outlay	<u>135,576</u>	<u>135,576</u>	<u>538,068</u>	<u>(402,492)</u>
<b>Total Expenditures</b>	<u>135,576</u>	<u>135,576</u>	<u>538,068</u>	<u>(402,492)</u>
<b>Deficiency of Revenues over Expenditures</b>	<u>(117,576)</u>	<u>(117,576)</u>	<u>(478,068)</u>	<u>(360,492)</u>
<b>Other Financing Sources</b>				
Transfers in	<u>117,576</u>	<u>117,576</u>	<u>517,576</u>	<u>(400,000)</u>
<b>Net Change in Fund Balance</b>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 39,508</u>	<u>\$ (760,492)</u>

# STATISTICAL SECTION





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

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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.

<b>Contents</b>	<b><u>Page</u></b>
<b>Financial Trends</b> These tables contain trend information that may assist the reader in assessing the Town's current financial performance by placing it in historical perspective.	48-64
<b>Revenue Capacity</b> These tables contain information that may assist the reader in assessing the Town's most significant local revenue source, the property taxes.	65-70
<b>Debt Capacity</b> 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.	71-72
<b>Demographic and Economic Information</b> 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.	73-74
<b>Operating Information</b> 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.	75-77

***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,									
	2002	2003	2004	2005	2006 <sup>1</sup>	2007	2008	2009	2010	2011
<b>Expenses:</b>										
General government	\$ 877,242	\$ 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
Public safety	1,947,075	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
Community services	687,405	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
Public works	135,620	656,611	938,493	1,992,753	1,269,187	1,089,096	1,640,272	1,900,861	-	-
Parks and recreation	2,959	-	132,391	240,120	484,684	430,541	507,966	502,143	387,510	310,369
Roadways	-	-	-	-	12,107,067	326,384	261,532	253,394	751,754	725,093
Nondepartmental	28,131	54,929	140,085	262,431	29,897	33,204	-	-	-	-
Interest and other debt service costs	258,654	329,346	394,403	431,092	632,381	498,034	340,250	280,961	286,467	258,608
<b>Total Expenses</b>	<b>3,937,086</b>	<b>4,583,367</b>	<b>5,575,984</b>	<b>7,999,736</b>	<b>19,598,171</b>	<b>8,325,536</b>	<b>9,913,699</b>	<b>11,373,643</b>	<b>10,571,587</b>	<b>9,135,911</b>
<b>Program Revenues:</b>										
Charges for services:										
General government	270,239	-	-	-	239,541	288,755	116,332	142,592	155,437	134,717
Public safety	525,240	499,817	510,517	513,438	1,006,275	609,733	1,044,649	1,100,308	1,527,184	1,613,117
Community services	-	234,345	354,718	296,036	306,516	860,578	942,262	1,024,625	801,244	788,347
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
Capital grants and contributions	2,977,772	3,125,694	7,967,899	9,932,927	603,445	93,628	116,152	11,342	280,521	59,162
<b>Total Program Revenues</b>	<b>3,773,251</b>	<b>4,588,006</b>	<b>9,421,824</b>	<b>12,400,840</b>	<b>13,513,043</b>	<b>2,803,798</b>	<b>5,467,011</b>	<b>3,780,135</b>	<b>3,034,167</b>	<b>2,691,949</b>
<b>Net (Expense) Revenue</b>	<b>(163,835)</b>	<b>4,639</b>	<b>3,845,840</b>	<b>4,401,104</b>	<b>(6,085,128)</b>	<b>(5,521,738)</b>	<b>(4,446,688)</b>	<b>(7,593,508)</b>	<b>(7,537,420)</b>	<b>(6,443,962)</b>
<b>General Revenues:</b>										
Taxes:										
Property taxes	1,801,116	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
Utility taxes	620,734	657,677	479,391	496,246	521,151	583,190	589,629	593,394	659,884	1,079,094
Franchise fees based on gross receipts	351,056	391,293	542,625	667,075	808,273	853,267	1,046,849	1,167,851	1,005,629	620,532
Unrestricted intergovernmental revenues	768,905	665,240	956,848	(261,264)	652,622	583,506	552,210	546,154	547,048	790,831
Unrestricted investment earnings	104,542	143,596	351,386	455,003	227,190	300,938	141,347	53,342	90,149	25,786
Miscellaneous	-	-	-	-	9,693	132,727	25,159	43,700	68,173	139,911
Special item, gain on sale of land held for investment	-	-	-	-	2,906,664	-	-	-	-	-
Extraordinary item, impairment of asset	-	-	-	-	-	-	-	(60,676)	-	-
<b>Total General Revenues</b>	<b>3,646,353</b>	<b>3,814,221</b>	<b>4,452,944</b>	<b>3,860,840</b>	<b>8,094,863</b>	<b>5,942,416</b>	<b>6,275,703</b>	<b>6,871,200</b>	<b>6,945,449</b>	<b>6,959,854</b>
<b>Net Transfers In (Out)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total General Revenues</b>										
<b>Net Transfers</b>	<b>3,646,353</b>	<b>3,814,221</b>	<b>4,452,944</b>	<b>3,860,840</b>	<b>8,094,863</b>	<b>5,942,416</b>	<b>6,275,703</b>	<b>6,871,200</b>	<b>6,945,449</b>	<b>6,959,854</b>
<b>Change in Net Assets</b>	<b>\$ 3,482,518</b>	<b>\$ 3,818,860</b>	<b>\$ 8,298,784</b>	<b>\$ 8,261,944</b>	<b>\$ 2,009,735</b>	<b>\$ 420,678</b>	<b>\$ 1,829,015</b>	<b>\$ (722,308)</b>	<b>\$ (591,971)</b>	<b>\$ 515,892</b>

**Notes:**

<sup>1</sup> 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,									
	2002	2003	2004	2005	2006 <sup>1</sup>	2007	2008	2009	2010	2011
<b>Expenses:</b>										
General government	22.3%	16.4%	15.0%	22.3%	7.2%	19.6%	15.3%	12.1%	15.4%	19.2%
Public safety	49.5%	44.2%	37.9%	28.4%	12.6%	30.2%	36.4%	49.3%	58.7%	57.9%
Community services	17.5%	16.8%	18.3%	12.7%	6.1%	21.6%	20.5%	12.7%	12.4%	8.7%
Public works	3.4%	14.3%	16.8%	24.9%	6.5%	13.1%	16.5%	16.7%	0.0%	0.0%
Parks and recreation	0.1%	0.0%	2.4%	3.0%	2.5%	5.2%	5.1%	4.4%	3.7%	3.4%
Roadways	0.0%	0.0%	0.0%	0.0%	61.8%	3.9%	2.6%	2.2%	7.1%	7.9%
Nondepartmental	0.7%	1.2%	2.5%	3.3%	0.2%	0.4%	0.0%	0.0%	0.0%	0.0%
Interest and other debt service costs	6.6%	7.2%	7.1%	5.4%	3.2%	6.0%	3.4%	2.5%	2.7%	2.9%
<b>Total Expenses</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>Program Revenues:</b>										
Charges for services:										
General government	7.2%	0.0%	0.0%	0.0%	1.8%	10.3%	2.1%	3.8%	5.1%	5.0%
Public safety	13.9%	10.9%	5.4%	4.1%	7.4%	21.7%	19.1%	29.1%	50.3%	59.9%
Community services	0.0%	5.1%	3.8%	2.4%	2.3%	30.7%	17.2%	27.1%	26.4%	29.3%
Parks and recreation	0.0%	0.0%	0.0%	0.0%	2.2%	4.8%	0.9%	0.0%	0.0%	0.0%
Public works	0.0%	15.9%	6.2%	4.9%	4.8%	22.4%	23.7%	34.5%	0.0%	0.0%
Operating grants and contributions	0.0%	0.0%	0.0%	8.4%	77.1%	6.7%	34.8%	5.2%	8.9%	3.6%
Capital grants and contributions	78.9%	68.1%	84.6%	80.1%	4.5%	3.3%	2.1%	0.3%	9.2%	2.2%
<b>Total Program Revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>
<b>General Revenues:</b>										
Taxes:										
Property taxes	49.4%	51.3%	47.7%	64.9%	36.7%	58.7%	62.5%	65.9%	65.9%	61.8%
Utility taxes	17.0%	17.2%	10.8%	12.9%	6.4%	9.8%	9.4%	8.6%	9.5%	15.5%
Franchise fees based on gross receipts	9.6%	10.3%	12.2%	17.3%	10.0%	14.4%	16.7%	17.0%	14.5%	8.9%
Unrestricted intergovernmental revenues	21.1%	17.4%	21.5%	-6.8%	8.1%	9.8%	8.8%	7.9%	7.9%	11.4%
Unrestricted investment earnings (losses)	2.9%	3.8%	7.9%	11.8%	2.8%	5.1%	2.3%	0.8%	1.3%	0.4%
Miscellaneous	0.0%	0.0%	0.0%	0.0%	0.1%	2.2%	0.4%	0.6%	1.0%	2.5%
Special item, gain on sale of land held for investment	0.0%	0.0%	0.0%	0.0%	35.9%	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%	0.0%	-0.9%	0.0%	0.0%
<b>Total General Revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Notes:**  
<sup>1</sup> 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 Two Fiscal Years <sup>1</sup>**  
**(accrual basis of accounting)**

<b>Source</b>	For the Fiscal Year Ended September 30,	
	2010	2011
<b>Expenses:</b>		
Solid waste	\$ 1,417,368	\$ 1,582,463
<b>Program Revenues:</b>		
Charges for services:		
Solid waste	1,651,805	1,620,856
<b>Net Revenue</b>	234,437	38,393
<b>General Revenues:</b>		
Investment earnings	10,118	8,500
<b>Change in Net Assets</b>	\$ 244,555	\$ 46,893

**Notes:**

<sup>1</sup> 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,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Expenses:</b>										
Governmental activities <sup>1</sup>	\$ 3,937,086	\$ 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
Business-type activities <sup>2</sup>	-	-	-	-	-	-	-	-	1,417,368	1,582,463
<b>Total Expenses</b>	<u>3,937,086</u>	<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>
<b>Program Revenues:</b>										
Governmental activities <sup>1</sup>	3,773,251	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
Business-type activities <sup>2</sup>	-	-	-	-	-	-	-	-	1,651,805	1,620,856
<b>Total Program Revenues</b>	<u>3,773,251</u>	<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>
<b>Net (Expense) Revenue</b>	<u>(163,835)</u>	<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>
<b>General Revenues and Transfers:</b>										
Governmental activities <sup>1</sup>	3,646,353	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
Business-type activities <sup>2</sup>	-	-	-	-	-	-	-	-	10,118	8,500
<b>Total General Revenues</b>	<u>3,646,353</u>	<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>
<b>Change in Net Assets</b>	<u>\$ 3,482,518</u>	<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>

**Notes:**<sup>1</sup> See Exhibit I<sup>2</sup> See Exhibit III

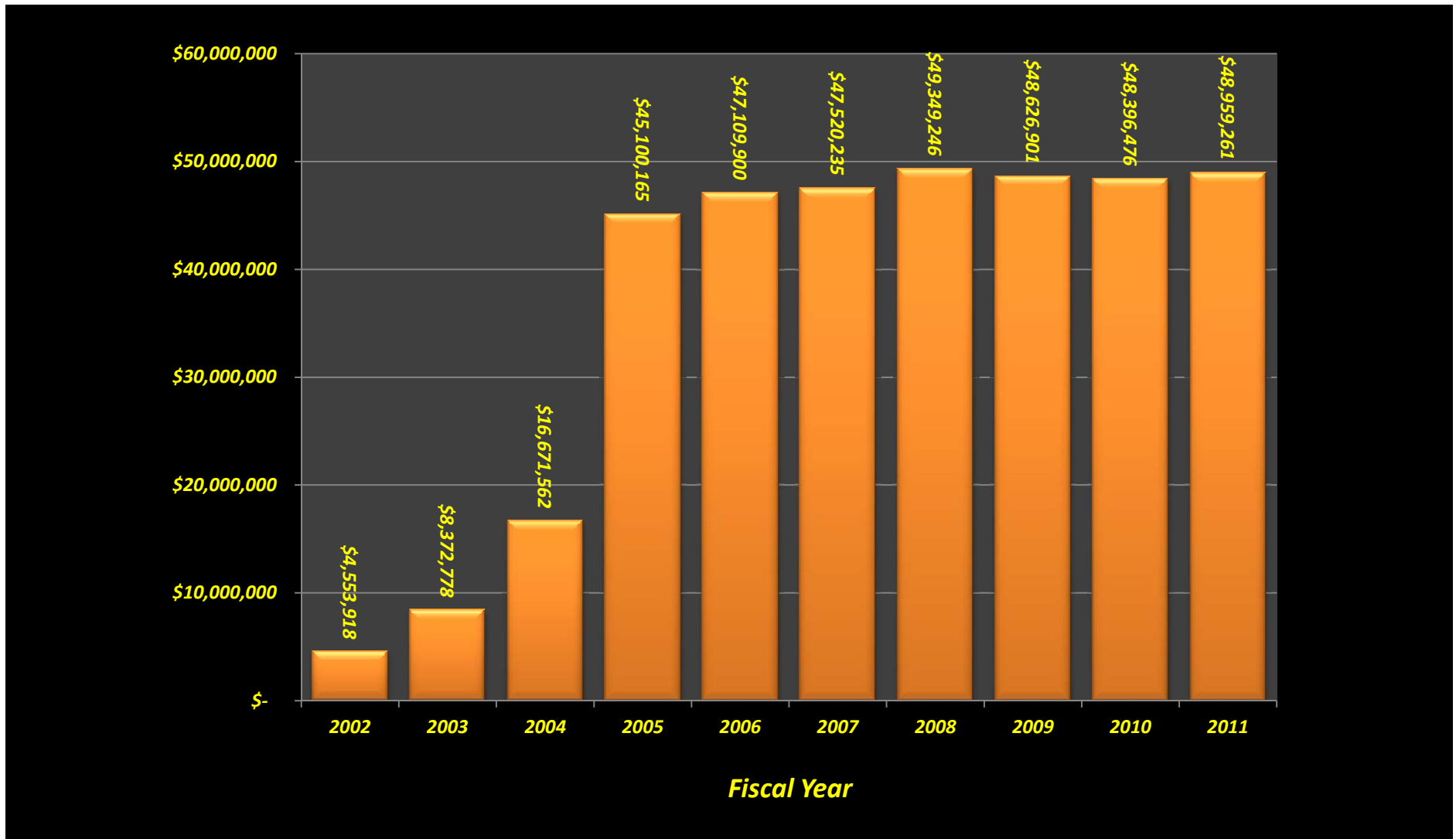
**Town of Southwest Ranches, Florida**  
**Government-wide Net Assets by Category**<sup>1</sup>  
**Last Ten Fiscal Years**  
*(accrual basis of accounting)*

	September 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Governmental Activities</b>										
Invested in capital assets, net of related debt	\$ 3,433,636	\$ 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
Restricted	240,357	392,119	180,820	80,406	140,535	99,855	215,354	315,335	728,064	736,555
Unrestricted	879,925	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
<b>Subtotal Governmental Activities Net Assets</b>	<u>4,553,918</u>	<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>
<b>Business-type Activities</b>										
Unrestricted	-	-	-	-	-	-	-	-	244,555	291,448
<b>Primary Government</b>										
Invested in capital assets, net of related debt	3,433,636	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
Restricted	240,357	392,119	180,820	80,406	140,535	99,855	215,354	315,335	728,064	736,555
Unrestricted	879,925	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
<b>Total Primary Government Net Assets</b>	<u><u>\$ 4,553,918</u></u>	<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>

**Notes:**

<sup>1</sup>Accounting 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) <sup>1</sup>**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

For the Fiscal Year Ended September 30,

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenue Source</b>	<b>Amounts</b>									
Taxes	\$ 2,772,906	\$ 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
Licenses and permits	270,239	234,345	354,718	296,036	306,517	860,578	758,289	757,059	499,056	482,382
Intergovernmental	768,905	665,240	956,848	783,565	861,911	769,933	729,245	742,348	522,048	787,169
Charges for services	481,378	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
Fines and forfeitures	43,862	37,221	34,157	28,527	37,095	40,416	39,912	73,595	72,892	75,076
Physical and economic charges	-	-	-	-	500,000	100,000	-	-	325,775	309,627
Grants	683,772	3,125,694	7,637,359	9,932,927	10,458,766	93,628	1,838,916	11,342	550,302	155,768
Investment income	53,034	84,326	46,755	154,437	227,190	300,938	141,347	53,342	90,149	25,786
Donated property	-	-	-	-	350,000	-	-	-	-	-
Sale of trees	-	-	-	-	291,084	133,980	50,925	1,645	-	-
Miscellaneous	47,350	59,270	304,631	300,566	243,290	382,919	285,552	380,263	152,132	198,346
<b>Total Revenues</b>	<b>\$ 5,121,446</b>	<b>\$ 8,402,227</b>	<b>\$ 13,544,228</b>	<b>\$ 16,261,680</b>	<b>\$ 18,701,242</b>	<b>\$ 8,746,214</b>	<b>\$ 10,445,822</b>	<b>\$ 9,408,585</b>	<b>\$ 9,979,617</b>	<b>\$ 9,650,597</b>
<b>% Change from Prior Year</b>	<b>7.0%</b>	<b>64.1%</b>	<b>61.2%</b>	<b>20.1%</b>	<b>15.0%</b>	<b>-53.2%</b>	<b>19.4%</b>	<b>-9.9%</b>	<b>6.1%</b>	<b>-3.3%</b>
	<b>Percentage of Total</b>									
Taxes	54.1%	35.8%	23.2%	22.6%	23.0%	56.3%	53.2%	66.8%	62.5%	62.2%
Licenses and permits	5.3%	2.8%	2.6%	1.8%	1.6%	9.8%	7.3%	8.0%	5.0%	5.0%
Intergovernmental	15.0%	7.9%	7.1%	4.8%	4.6%	8.8%	7.0%	7.9%	5.2%	8.2%
Charges for services	9.4%	14.2%	7.9%	6.8%	6.0%	13.0%	10.0%	11.7%	15.3%	16.7%
Fines and forfeitures	0.9%	0.4%	0.3%	0.2%	0.2%	0.5%	0.4%	0.8%	0.7%	0.8%
Physical and economic charges	0.0%	0.0%	0.0%	0.0%	2.7%	1.1%	0.0%	0.0%	3.3%	3.2%
Grants	13.4%	37.2%	56.4%	61.1%	55.9%	1.1%	17.6%	0.1%	5.5%	1.6%
Investment income	1.0%	1.0%	0.3%	0.9%	1.2%	3.4%	1.4%	0.6%	0.9%	0.3%
Donated property	0.0%	0.0%	0.0%	0.0%	1.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Sale of trees	0.0%	0.0%	0.0%	0.0%	1.6%	1.5%	0.5%	0.0%	0.0%	0.0%
Miscellaneous	0.9%	0.7%	2.2%	1.8%	1.3%	4.4%	2.7%	4.0%	1.5%	2.1%
<b>Total Revenues</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

**Notes:**

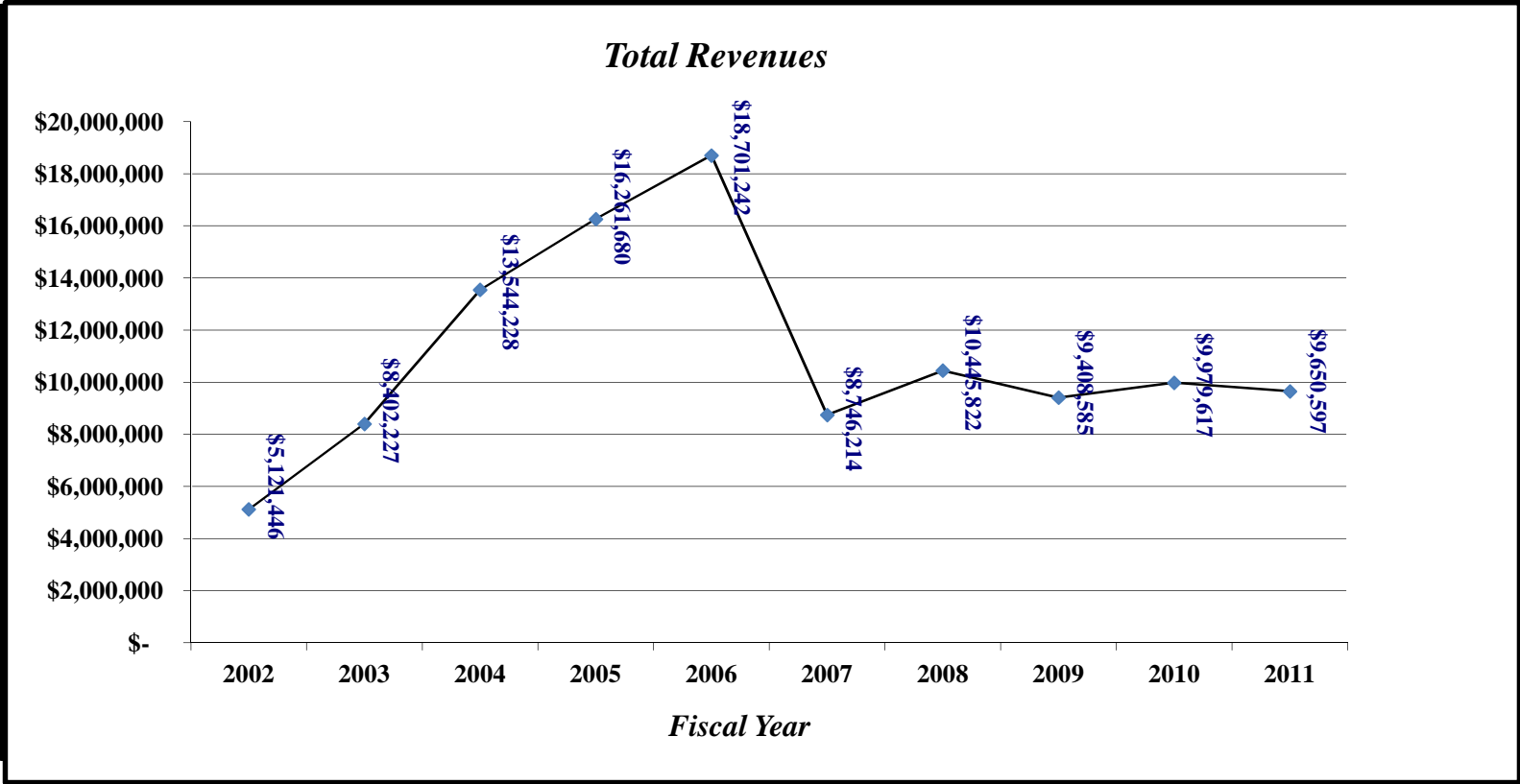
<sup>1</sup> Includes all governmental fund types.

**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)



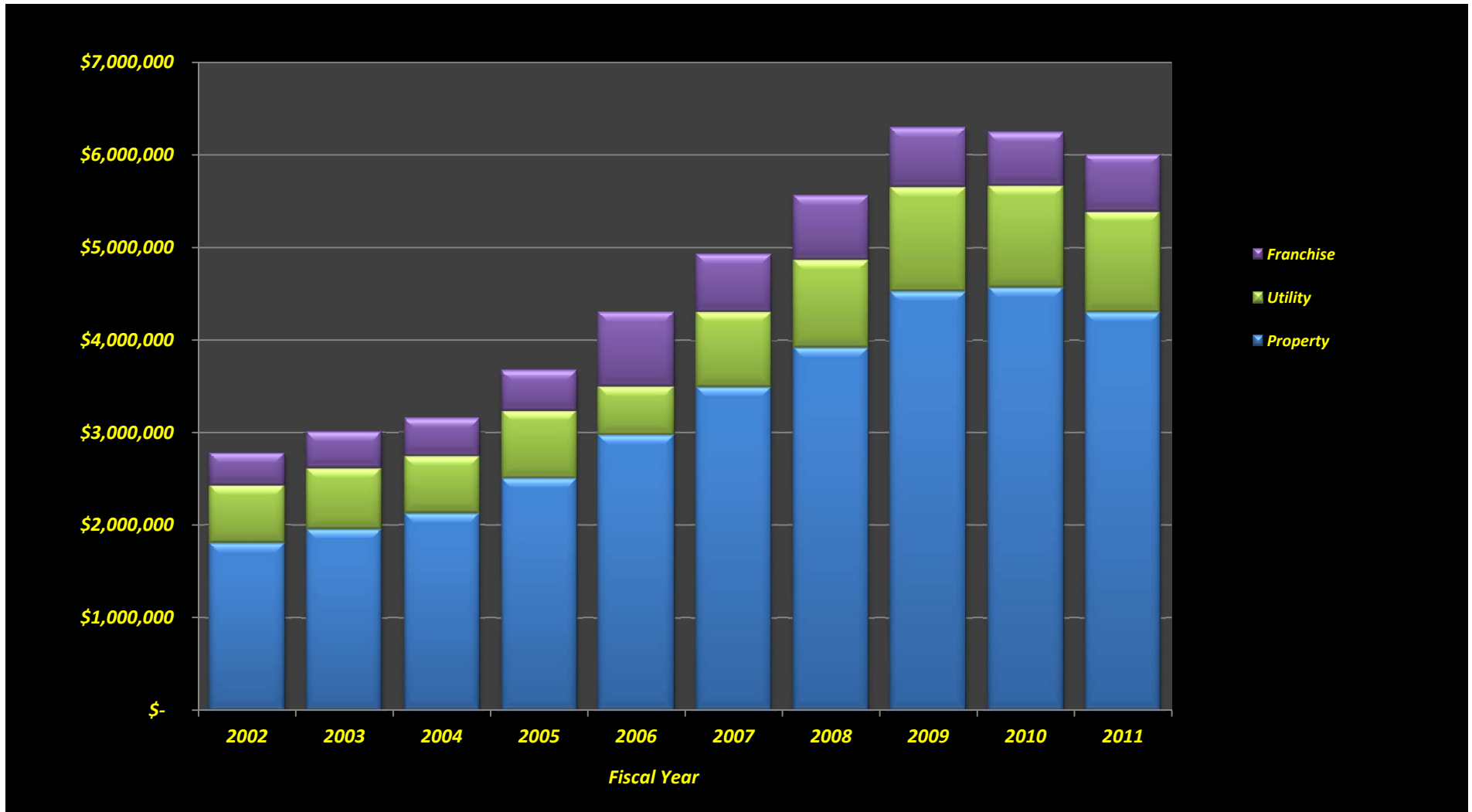
**Town of Southwest Ranches, Florida**  
*Tax Revenues by Source - Governmental Funds (Unaudited)*  
*Last Ten Fiscal Years*  
*(modified accrual basis of accounting)*

<b>For The Fiscal Year Ended September 30,</b>	<b>Property</b>	<b>Utility</b>	<b>Franchise</b>	<b>Total</b>
<b>Amounts</b>				
2002	\$ 1,801,116	\$ 620,734	\$ 351,056	\$ 2,772,906
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
<b><i>% Change in Dollars Over 10 Years</i></b>	<b>138.9%</b>	<b>73.8%</b>	<b>76.8%</b>	<b>116.5%</b>
<b>Percentage of Total</b>				
2002	65.0%	22.4%	12.7%	100.0%
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%

**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) <sup>1</sup>**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

Function	For the Fiscal Year Ended September 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Current:</b>										
General government	\$ 813,146	\$ 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
Public safety	1,947,075	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
Community services	687,405	767,903	1,023,169	1,018,218	1,200,384	1,796,043	2,036,933	1,446,553	902,745	796,857
Public works	135,620	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
Roadways and hurricane-related expenditures	-	-	-	-	12,107,067	326,384	261,536	253,394	856,243	301,951
Nondepartmental	28,131	54,929	106,927	202,414	29,897	33,204	-	-	-	-
<b>Total Current</b>	<b>3,611,377</b>	<b>4,174,951</b>	<b>5,015,194</b>	<b>6,842,374</b>	<b>20,147,622</b>	<b>7,697,003</b>	<b>8,879,394</b>	<b>10,406,561</b>	<b>9,295,204</b>	<b>8,207,855</b>
<b>% Change From Prior Year</b>	<b>N/A</b>	<b>15.6%</b>	<b>20.1%</b>	<b>36.4%</b>	<b>194.5%</b>	<b>-61.8%</b>	<b>15.4%</b>	<b>17.2%</b>	<b>-10.7%</b>	<b>-11.7%</b>
<b>Capital Outlay</b>	<b>3,014,917</b>	<b>1,377,338</b>	<b>9,269,515</b>	<b>10,364,292</b>	<b>1,207,509</b>	<b>408,574</b>	<b>561,314</b>	<b>392,465</b>	<b>2,002,944</b>	<b>819,349</b>
<b>% Change From Prior Year</b>	<b>N/A</b>	<b>-54.3%</b>	<b>573.0%</b>	<b>11.8%</b>	<b>-88.3%</b>	<b>-66.2%</b>	<b>37.4%</b>	<b>-30.1%</b>	<b>410.3%</b>	<b>-59.1%</b>
<b>Debt Service:</b>										
Principal	3,780,132	90,000	7,213,000	6,111,000	12,121,000	702,568	3,106,158	111,855	125,278	132,413
Interest and fees	198,399	340,335	427,248	493,963	632,725	503,851	343,720	283,248	291,328	260,900
<b>Total Debt Service</b>	<b>3,978,531</b>	<b>430,335</b>	<b>7,640,248</b>	<b>6,604,963</b>	<b>12,753,725</b>	<b>1,206,419</b>	<b>3,449,878</b>	<b>395,103</b>	<b>416,606</b>	<b>393,313</b>
<b>% Change From Prior Year</b>	<b>N/A</b>	<b>-89.2%</b>	<b>1675.4%</b>	<b>-13.6%</b>	<b>93.1%</b>	<b>-90.5%</b>	<b>186.0%</b>	<b>-88.5%</b>	<b>5.4%</b>	<b>-5.6%</b>
<b>Total Expenditures</b>	<b>\$ 10,604,825</b>	<b>\$ 5,982,624</b>	<b>\$ 21,924,957</b>	<b>\$ 23,811,629</b>	<b>\$ 34,108,856</b>	<b>\$ 9,311,996</b>	<b>\$ 12,890,586</b>	<b>\$ 11,194,129</b>	<b>\$ 11,714,754</b>	<b>\$ 9,420,517</b>
<b>% Change From Prior Year</b>	<b>N/A</b>	<b>-43.6%</b>	<b>266.5%</b>	<b>8.6%</b>	<b>43.2%</b>	<b>-72.7%</b>	<b>38.4%</b>	<b>-13.2%</b>	<b>4.7%</b>	<b>-19.6%</b>

**Notes:**

<sup>1</sup> 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) <sup>1</sup>**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

Function	For the Fiscal Year Ended September 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Amounts</b>										
<b>Current:</b>										
General government	\$ 813,146	\$ 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
Public safety	1,947,075	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
Community services	687,405	767,903	1,023,169	1,018,218	1,200,384	1,796,043	2,036,933	1,446,553	902,745	796,857
Public works	135,620	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
Roadways and hurricane-related expenditures	-	-	-	-	12,107,067	326,384	261,536	253,394	856,243	301,951
Nondepartmental	28,131	54,929	106,927	202,414	29,897	33,204	-	-	-	-
<b>Total Current</b>	<b>\$ 3,611,377</b>	<b>\$ 4,174,951</b>	<b>\$ 5,015,194</b>	<b>\$ 6,842,374</b>	<b>\$ 20,147,622</b>	<b>\$ 7,697,003</b>	<b>\$ 8,879,394</b>	<b>\$ 10,406,561</b>	<b>\$ 9,295,204</b>	<b>\$ 8,207,855</b>
<b>Percentage of Total</b>										
<b>Current:</b>										
General government	22.5%	17.1%	15.7%	18.6%	14.3%	28.0%	16.7%	13.2%	17.3%	21.2%
Public safety	53.9%	48.5%	42.1%	33.2%	12.2%	32.7%	40.5%	53.6%	60.7%	63.7%
Community services	19.0%	18.4%	20.4%	14.9%	6.0%	23.3%	22.9%	13.9%	9.7%	9.7%
Public works	3.8%	14.7%	18.7%	29.1%	4.0%	8.0%	13.1%	13.7%	0.0%	0.0%
Parks and recreation	0.0%	0.0%	0.9%	1.2%	3.3%	3.3%	3.8%	3.1%	3.1%	1.7%
Roadways and hurricane-related expenditures	0.0%	0.0%	0.0%	0.0%	60.1%	4.2%	2.9%	2.4%	9.2%	3.7%
Nondepartmental	0.8%	1.3%	2.1%	3.0%	0.1%	0.4%	0.0%	0.0%	0.0%	0.0%
<b>Total Current</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

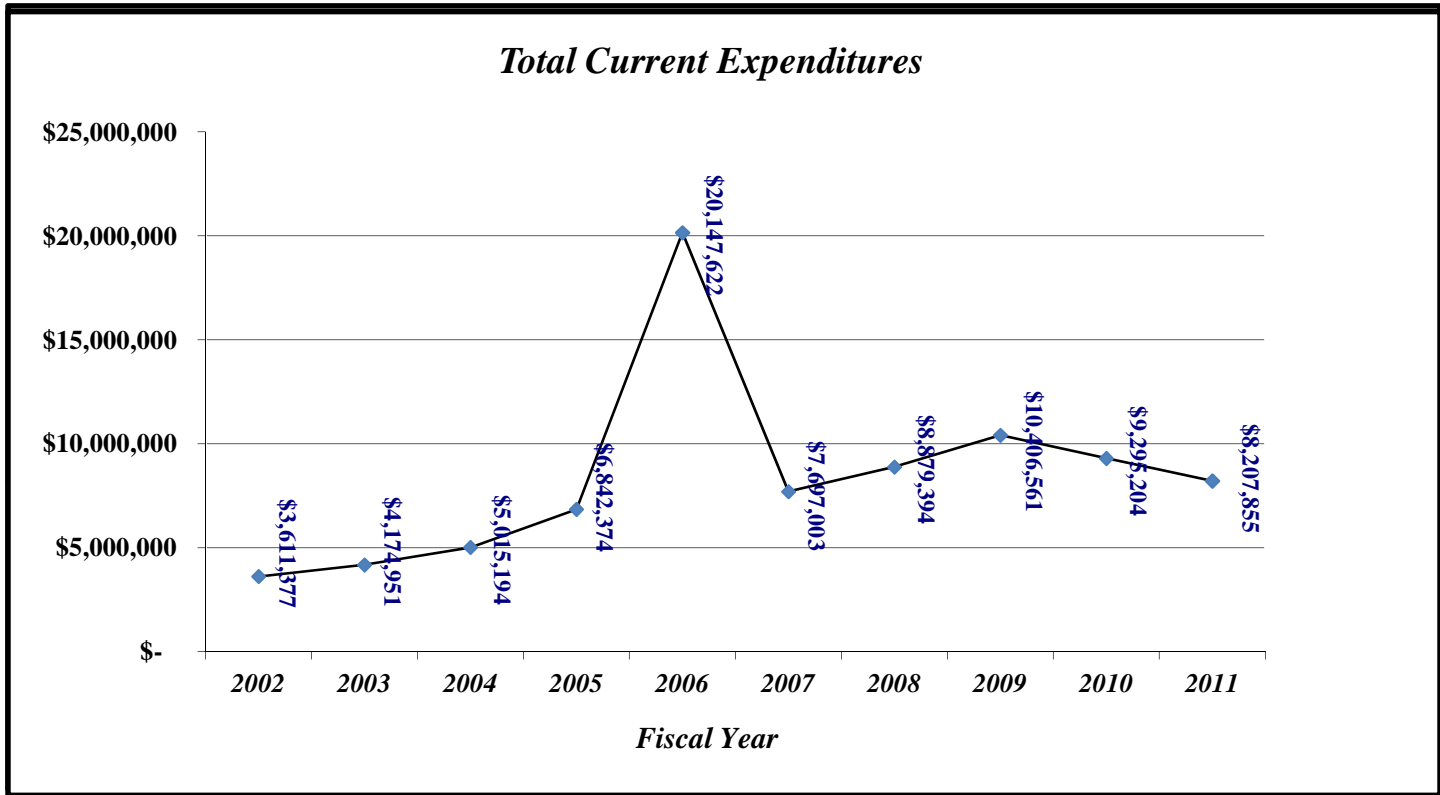
**Notes:**

<sup>1</sup> 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)



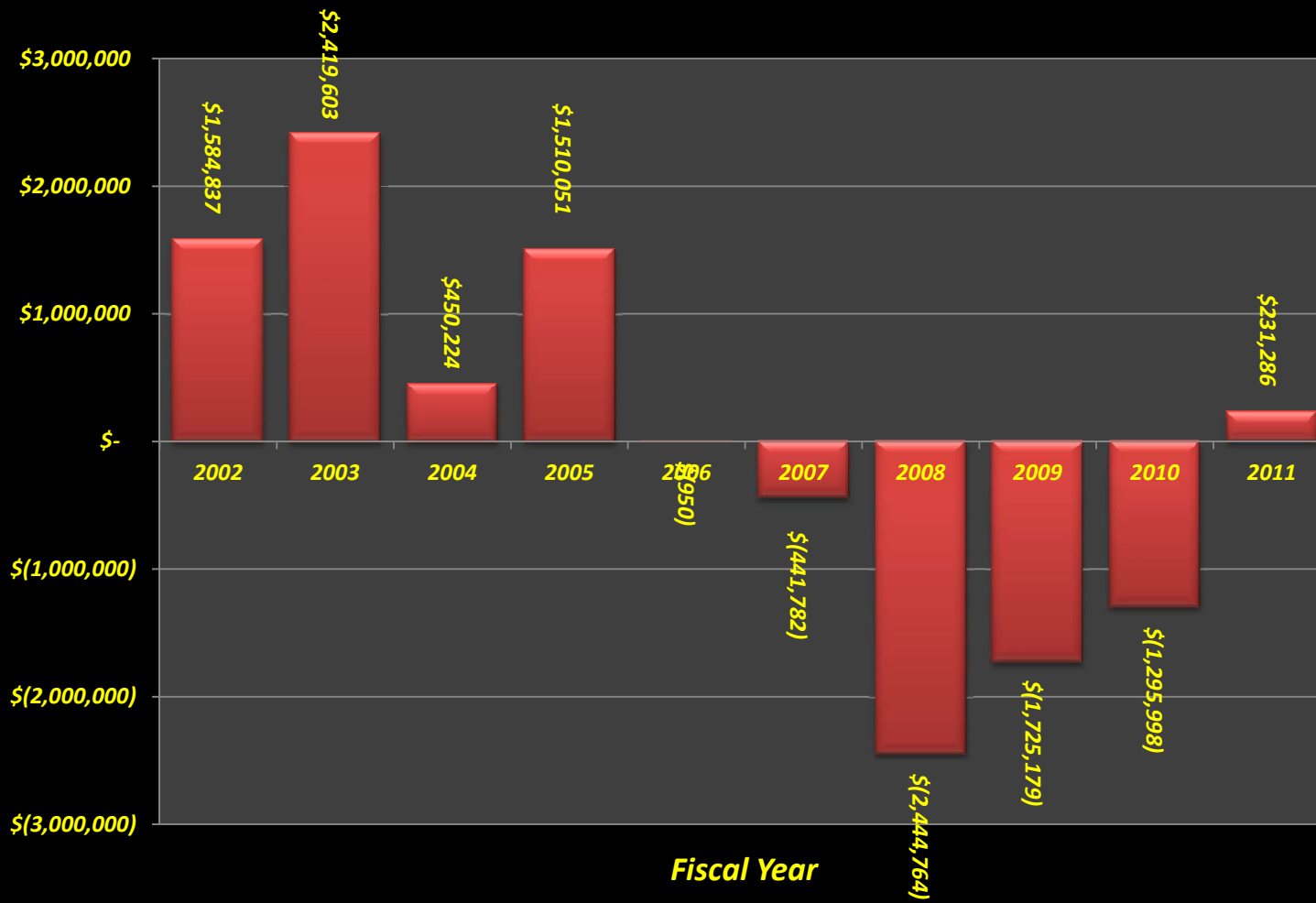
**Town of Southwest Ranches, Florida**  
**Summary of Changes in Fund Balances - Governmental Funds (Unaudited)**  
**Last Ten Fiscal Years**  
**(modified accrual basis of accounting)**

	For the Fiscal Year Ended September 30,									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Total Revenues</b>	\$ 5,121,446	\$ 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
<b>Total Expenditures</b>	10,604,825	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
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(5,483,379)	2,419,603	(8,380,729)	(7,549,949)	(15,407,614)	(565,782)	(2,444,764)	(1,785,544)	(1,735,137)	230,080
<b>Other Financing Sources (Uses)</b>										
Issuance of long-term debt	7,068,216	-	7,735,000	9,060,000	12,500,000	124,000	-	-	439,139	1,206
Other items	-	-	-	-	2,906,664	-	-	60,365	-	-
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
Transfers out	-	-	(7,640,248)	(6,887,473)	(1,853,858)	(1,163,929)	(1,285,562)	(713,259)	(2,946,139)	(1,175,176)
<b>Total Other Financing Sources (Uses)</b>	7,068,216	-	8,830,953	9,060,000	15,406,664	124,000	-	60,365	439,139	1,206
<b>Net Change in Fund Balances</b>	<u>\$ 1,584,837</u>	<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>

**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 2002 - 2010**  
**(modified accrual basis of accounting)**

	September 30,								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>General Fund</b>									
Reserved	\$ 1,310,245	\$ 492,944	\$ 1,115,853	\$ 592,440	\$ 286,878	\$ 226,480	\$ 249,718	\$ 186,184	\$ 182,955
Unreserved	941,996	2,349,106	3,216,108	4,354,075	2,136,993	2,394,680	2,175,366	1,817,328	1,910,184
<b>Total General Fund</b>	2,252,241	2,842,050	4,331,961	4,946,515	2,423,871	2,621,160	2,425,084	2,003,512	2,093,139
<b>General Fund % Change From Prior Year</b>	N/A	26.2%	52.4%	14.2%	-51.0%	8.1%	-7.5%	-17.4%	4.5%
<b>All Other Governmental Funds</b>									
Reserved	240,357	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
<b>Total All Other Governmental Funds</b>	240,357	2,070,151	1,030,464	1,925,961	4,447,655	3,808,584	2,856,787	2,856,611	1,509,240
<b>All Other Governmental Funds % Change From Prior Year</b>	N/A	761.3%	-50.2%	86.9%	130.9%	-14.4%	-25.0%	0.0%	-47.2%
<b>Total Governmental Funds</b>									
Reserved	1,550,602	2,563,095	2,062,607	2,492,235	286,878	226,480	249,718	186,184	213,236
Unreserved	941,996	2,349,106	3,299,818	4,380,241	6,277,528	6,031,762	4,655,813	4,397,077	3,119,028
<b>Total Governmental Funds</b>	\$ 2,492,598	\$ 4,912,201	\$ 5,362,425	\$ 6,872,476	\$ 6,564,406	\$ 6,258,242	\$ 4,905,531	\$ 4,583,261	\$ 3,332,264
<b>All Governmental Funds % Change From Prior Year</b>	25.4%	97.1%	9.2%	28.2%	-4.5%	-4.7%	-21.6%	-6.6%	-27.3%

**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 nine years.

**Data Source:**

Applicable years' comprehensive annual financial report.

**Town of Southwest Ranches, Florida**  
**Fund Balances - Governmental Funds (Unaudited)**  
**Fiscal Year 2011**  
*(modified accrual basis of accounting)*

	September 30, 2011
<b>General Fund</b>	
Nonspendable:	
Prepaid items	\$ 31,432
Inventory	138,848
Deposits	25,001
Total nonspendable	195,281
Committed to:	
Public safety	3,663
Town hall brick program	16,800
Tree preservation	20,877
Total committed	41,340
Unassigned	2,360,778
<b>Total General Fund</b>	<b>\$ 2,597,399</b>
<b>General Fund % Change</b>	
<b>    From Prior Year</b>	<b>24.1%</b>
<b>All Other Governmental Funds</b>	
Nonspendable:	
Prepaid items	\$ 810
Deposits	15,000
Total nonspendable	15,810
Restricted for:	
Transportation surtax	696,179
Volunteer fire services	40,376
Total restricted	736,555
Assigned to:	
Debt service	164,278
Public safety	129,750
Fire wells	80,000
Capital projects	109,873
Total assigned	483,901
<b>Total All Other Governmental Funds</b>	<b>\$ 1,236,266</b>
<b>All Other Governmental Funds</b>	
<b>    % Change From Prior Year</b>	<b>-25.4%</b>
<b>Total Governmental Funds</b>	<b>\$ 3,833,665</b>
<b>All Governmental Funds</b>	
<b>    % Change From Prior Year</b>	<b>11.7%</b>

**Notes:**

The Town implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Definitions*, in Fiscal Year 2012. The Town did not restate the prior nine 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 <sup>1</sup>					
2002	\$ 551,483,070	\$ 33,787,570	\$ 27,752,980	\$ 62,023,510	\$ 88,930,980	\$ 586,116,150	3.0000	\$ 816,123,530	71.82%
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%

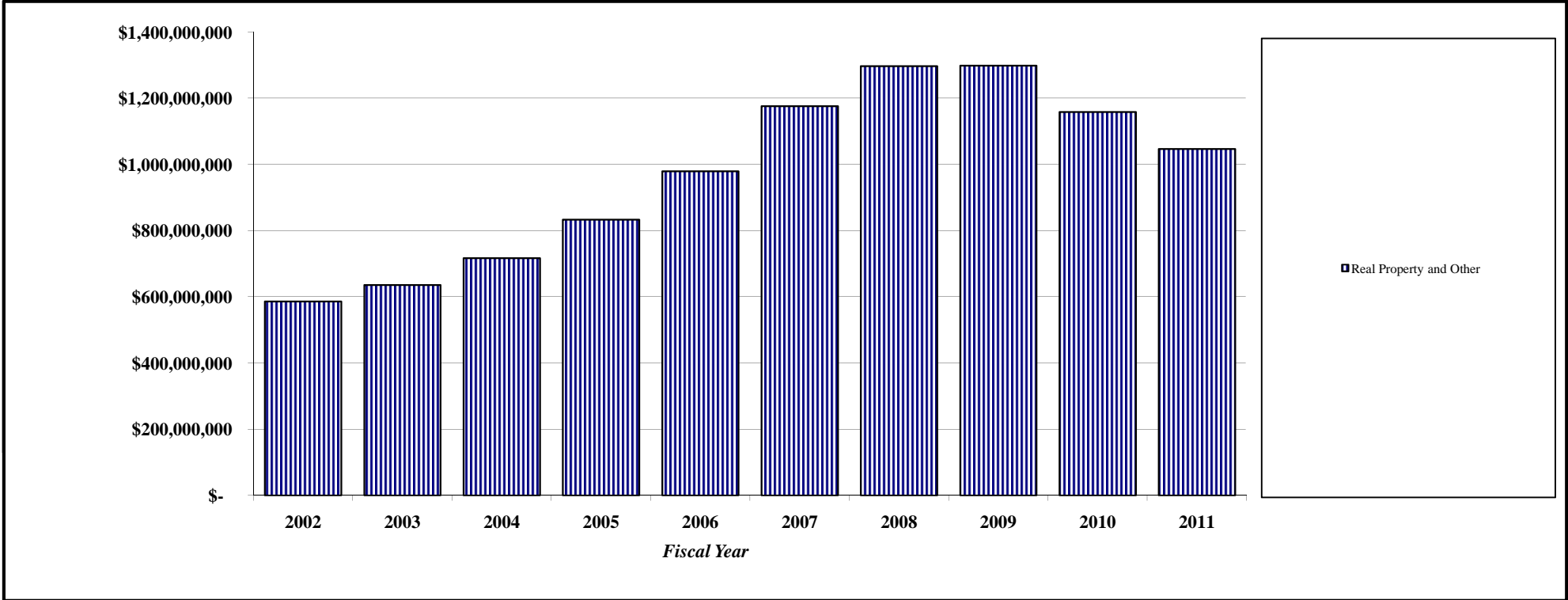
**Notes:**

<sup>1</sup> 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 Taxable 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 <sup>1</sup>							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 <sup>2</sup>	Children's Services Council	South Broward Hospital District	
2002	3.0000	7.4005	8.7541	0.6970	0.0385	0.3055	1.8694	22.0650
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

**Notes:**

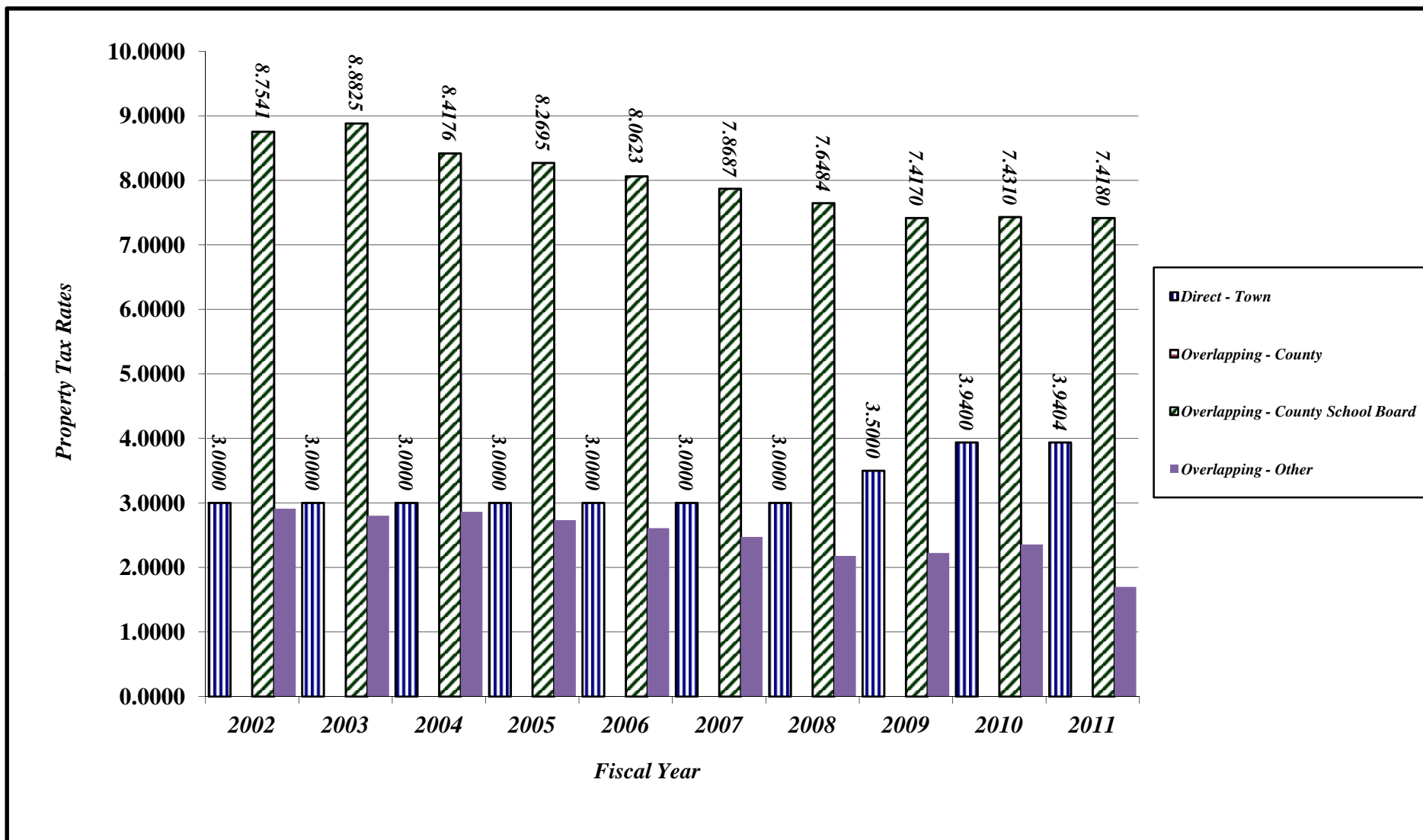
<sup>1</sup> Overlapping rates are those of governments that overlap the Town's geographic boundaries.

<sup>2</sup> 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) <sup>1</sup>**  
**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
2002	\$ 1,866,024	\$ 1,854,513	99.38%	\$ 11,511	0.62%
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%

**Notes:**

<sup>1</sup> Currently the tax collections are not available for the year to which they apply. We will begin accumulating this data in fiscal 2012.

**Data Source:**

Broward County Property Appraisal Office

**Town of Southwest Ranches, Florida**  
**Principal Real Property Taxpayers (Unaudited)**  
**Fiscal Years Ended September 30, 2011 and 2004 <sup>1</sup>**

2011				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.	\$ 37,641,901	1	3.60%	Florida Power and Light Co.	\$ 28,599,855	1	3.99%
Lowes Home Centers, Inc.	14,663,440	2	1.40%	Lowes Home Centers, Inc.	15,579,200	2	2.17%
U.S. Retail Income Fund VLP	13,388,080	3	1.28%	Landmark Custom Ranches Inc	13,177,420	3	1.84%
Moses. Raymond & Baidwatte	4,891,310	4	0.47%	SCI Funeral Services of Florida, Inc.	8,544,320	4	1.19%
YSI XXXIX LLC	4,432,200	5	0.42%	U.S. Retail Income Fund VLP	7,332,730	5	1.02%
Landmark Custom Ranches Inc	4,363,500	6	0.42%	Republica Musicana, Inc.	4,287,250	6	0.60%
Wayne, Peta Gay & Reginald D	4,313,680	7	0.41%	Nathan and Jacqueline Finkel	3,274,250	7	0.46%
Nathan and Jacqueline Finkel	4,117,450	8	0.39%	Tom and Denise Foley	3,267,080	8	0.46%
Marshall, Brandon	4,009,780	9	0.38%	Stone Creek at Sunshine Ranches, LLC	3,189,290	9	0.44%
MGT Southwest Ranches LLC	3,662,170	10	0.35%	Edward and Mary Lieberman	3,183,910	10	0.44%
<b>Total Principal Taxpayers</b>	95,483,511		9.12%	<b>Total Principal Taxpayers</b>	90,435,305		12.61%
<b>All Other Taxpayers</b>	951,073,479		90.88%	<b>All Other Taxpayers</b>	626,823,455		87.39%
<b>Total Taxable Assessed Value</b>	<u>\$1,046,556,990</u>		<u>100.00%</u>	<b>Total Taxable Assessed Value</b>	<u>\$ 717,258,760</u>		<u>100.00%</u>

**Notes:**

<sup>1</sup> 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	Bank Notes	Capital Leases	Total		
2002	\$ 5,095,594	\$ -	\$ 2,000,000	\$ -	\$ 7,095,594	0.0126%	\$ 965
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

**Notes:**

<sup>1</sup> 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

**Town of Southwest Ranches, Florida**  
**Overlapping Governmental Activities Debt (Unaudited)**  
**September 30, 2011**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>1</sup></u>	<u>Estimated Share of Underlying Debt</u>
<b>Overlapping Debt<sup>1,2</sup></b>			
Broward County	\$ 356,915,000	0.008%	\$ 28,473
Broward County School Board	1,971,332,000	0.008%	<u>160,674</u>
<b>Total Overlapping Debt</b>			<u><u>\$ 189,147</u></u>

**Notes:**

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

**Data Source:**

<sup>2</sup> Each specific government

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

Calendar Year	Population <sup>1</sup>	(in \$1,000)	Per	Unemployment Rate		
		Total Personal Income <sup>2,3</sup>	Capita Personal Income <sup>4</sup>	County <sup>3</sup>	State of Florida <sup>5</sup>	United States <sup>6</sup>
2002	7,352	\$ 56,492,869	\$ 33,849	5.6%	5.7%	5.8%
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%

**Notes:**

There are no public schools located within the Town.

**Data Sources:**

<sup>1</sup> Florida Legislative Committee in Intergovernmental Relations  
2009 and 2010 estimated by management.

<sup>2</sup> 2010 and 2011 estimated by management

<sup>3</sup> Broward County comprehensive annual financial reports  
2011 estimated by management.

<sup>4</sup> Broward County total personal income divided by the Broward County population.

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

<sup>6</sup> U.S. Department of Labor, Bureau of Labor Statistics, <http://data.bls.gov/cgi-bin/surveymost>

**Town of Southwest Ranches, Florida**  
**Principal Employers (Unaudited) <sup>1</sup>**  
**For the Fiscal Year Ended September 30, 2011 <sup>2</sup>**

Employer	Type of Business	2011	
		Number of Employees	Rank
Lowe's Home Centers, Inc.	Retail	125	1
Publix Supermarkets	Retail	100	2
Archbishop McCarthy High School	School District	76	3
McDonald's	Restaurant	70	4
Applebee's Neighborhood Grill	Restaurant	46	5
Apple Montessori School	School District	45	6
Romeus Cuban Restaurant	Restaurant	36	7
Original Pancake House	Restaurant	28	8
Starbucks Coffee Company	Restaurant	27	9
Walgreens	Retail.	18	10
<b>Total Principal Employers</b>		<u>571</u>	

**Notes:**

<sup>1</sup> The total number of employees in the Town is not available

<sup>2</sup> Information prior to 2011 not available

**Data Source:**

Town records.

**Town of Southwest Ranches, Florida**  
**Town Full-time Funded Positions by Function/Program (Unaudited)**  
**Last Nine Fiscal Years <sup>1</sup>**

<b>Function/program</b>	Fiscal Year								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>City Commission</b>	5	5	5	5	5	5	5	5	5
<b>General Government</b>									
City management	-	-	-	-	3	3	3	6	5
Community services <sup>2</sup>	4	4	6	5	4	3	4	6	8
<b>Total General Government</b>	4	4	6	5	7	6	7	12	13
<b>Contracted Employees:</b>									
General government management services	3	4	5	5	4	4	5	4	4
Fire rescue	3	3	3	3	3	3	12	12	43
Emergency medical services	2	3	3	3	3	3	9	9	4
Police protection	11	11	11	11	13	15	15	15	15
<b>Total Contracted Employees</b>	19	21	22	22	23	25	41	40	66
<b>Total</b>	<u>28</u>	<u>30</u>	<u>33</u>	<u>32</u>	<u>35</u>	<u>36</u>	<u>53</u>	<u>57</u>	<u>84</u>
<b>Percentage Change From Prior Year</b>	N/A	7.1%	10.0%	-3.0%	9.4%	2.9%	47.2%	7.5%	5.3%

**Notes:**

<sup>1</sup> 2002 data not available

<sup>2</sup> 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) <sup>2</sup>**  
**Last Nine Fiscal Years <sup>1</sup>**

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>GENERAL GOVERNMENT:</b>									
Building permits issued by:									
Broward County <sup>4</sup>	-	-	1,032	2,203	762	-	-	-	-
CAP Government Services, Inc. <sup>6</sup>	-	-	-	-	466	473	540	321	433
Total building permits	-	-	1,032	2,203	1,228	473	540	321	433
Building inspections conducted by:									
Broward County:									
Electrical <sup>4</sup>	855	952	1,067	929	1,083	-	-	-	-
Mechanical <sup>4</sup>	252	253	234	205	191	-	-	-	-
Plumbing <sup>4</sup>	791	840	771	756	668	-	-	-	-
Structural <sup>4</sup>	2,784	2,663	2,341	4,208	2,547	-	-	-	-
Other <sup>4</sup>	172	139	103	89	150	-	-	-	-
CAP Government Services, Inc. <sup>6</sup>	-	-	-	-	3,300	-	3,256	2,798	2,200
Total building inspections	4,854	4,847	4,516	6,187	7,939	-	3,256	2,798	2,200
Occupational licenses <sup>4</sup>	-	-	-	-	-	335	-	-	-
Certificates of use <sup>7</sup>	6	26	31	35	23	33	20	28	35
<b>FIRE:</b>									
Emergency responses <sup>7</sup>	785	425	362	354	265	228	739	779	403
Inspections	-	-	-	-	-	-	30	55	40
<b>POLICE: <sup>7</sup></b>									
Physical arrests	420	297	262	375	207	183	126	112	132
Parking violations	40	32	61	19	9	12	10	9	2
Traffic violations	2,852	2,962	2,561	2,618	2,564	2,839	2,779	2,192	3,025
<b>REFUSE COLLECTION: <sup>3,8</sup></b>									
Refuse collected (tons per day)	-	30.00	51.00	63.60	** 7.70	14.72	36.40	11.60	10.89
Recyclables collected (tons per day)	1.46	1.49	1.37	1.02	** 0.67	2.84	2.35	5.44	7.63
Bulk collected (tons per day)	-	7.80	20.00	25.20	** 15.00	61.77	65.75	82.56	78.90
<b>OTHER PUBLIC WORKS: <sup>8</sup></b>									
Street resurfacing (in miles)	-	-	-	0.5	-	-	0.50	6.00	0.00
Potholes repaired	360	360	360	360	360	360	360	400	107
<b>WATER: <sup>9</sup></b>									
New connections	3	5	6	2	4	10	2	2	1
Average daily consumption (thousands of gallons)	0.3	1.2	3.6	4	5.5	8.75	9.85	10.83	13.47
Peak monthly consumption (thousands of gallons)	82	80	209	175	247	396	425	479	556

**Notes:**

<sup>1</sup> 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. Information prior to 2003 is not available.

<sup>2</sup> Information not presented is not available.

<sup>3</sup> In 2007, amounts cover the period from October 2006 - April 2007.

<sup>4</sup> Information provided by Broward County.

<sup>5</sup> Information provided by Broward County Sheriff's Office.

<sup>6</sup> Information provided by CAP Government Services, Inc.

<sup>7</sup> 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.

<sup>8</sup> Information provided by Town's Public Works Department.

<sup>9</sup> Information provided by City of Sunrise Public Works.

**Town of Southwest Ranches, Florida**  
**Capital Asset Statistics by Function/Program (Unaudited)**  
**Last Nine Fiscal Years <sup>1</sup>**

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>FIRE STATIONS: <sup>2</sup></b>	-	-	-	-	-	-	-	1	1
<b>POLICE:</b>									
Stations <sup>2</sup>	-	-	-	-	-	-	-	-	-
Patrol units	11	11	11	12	15	15	15	15	15
<b>REFUSE COLLECTION:</b>									
Collection trucks <sup>2</sup>	-	-	-	-	-	-	-	-	-
<b>OTHER PUBLIC WORKS:</b>									
Streets (miles)	82	82	82	82	82	82	82	82	82
Streetlights <sup>3</sup>	-	-	-	-	-	-	-	13	13
<b>PARKS AND RECREATION:</b>									
Acreage	95.40	117.40	149.01	149.01	149.01	149.01	149.01	149.01	149.01
Playgrounds	-	-	-	1	1	1	1	1	1
Equestrian ring	-	-	-	2	2	2	2	2	2
Picnic pavilion	-	-	-	1	1	1	1	1	1
Restroom facilities	-	-	-	1	1	1	1	1	1
Nature trails (miles)	-	-	-	1	1	1	1.5	1.5	1.5
Multi-use trails (miles)	-	-	4	4	12.7	17.35	17.35	17.35	17.35
<b>WATER:</b>									
Water mains (miles) <sup>4</sup>	***	***	12	12	12	12	12	12	12
Firewells	330	330	330	330	330	330	330	330	332
Lakes (acres) <sup>5</sup>	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0	25.0
Canals (miles) <sup>6</sup>	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:**

<sup>1</sup> 2002 data not available

<sup>2</sup> Items not presented provided by a contractor.

<sup>3</sup> Only streetlights and traffic signals are on Griffin Road which is owned and maintained by Broward County.

<sup>4</sup> Information provided by City of Sunrise Utilities Department. Unable to determine how many miles of water mains have been added since 2005.

<sup>5</sup> Information provided by South Broward Drainage District. Unable to obtain information from Central Broward Water Control District.

<sup>6</sup> Information provided by South Broward Drainage District and Central Broward Water Control District.

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# REPORTING SECTION

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**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 year ended September 30, 2011, and have issued our report thereon dated July 31, 2012. 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.

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 significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and another deficiency that we consider to be a significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in their 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. We consider the deficiencies described in the accompanying schedule of findings and responses as items 2011-1, 2011-2 and 2011-3 to be material weaknesses.

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. We consider the deficiency described in the accompanying schedule of findings and responses as item 2010-1 to be a significant deficiency.

### **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 disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings and Responses as item 2011-4.

The Town's written responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town's responses 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  
July 31, 2012

**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 basic financial statements of Town of Southwest Ranches, Florida (the Town), as of and for the year ended September 30, 2011, and have issued our report thereon dated July 31, 2012.

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 July 31, 2012, 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 year 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, our findings are disclosed in the accompanying schedule of findings and responses.
- 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, 2011 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, 2011. 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  
July 31, 2012

# **TOWN OF SOUTHWEST RANCHES, FLORIDA**

## **SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS**

### **FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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#### **PRIOR YEAR FINANCIAL STATEMENT FINDINGS AND STATUS**

The following addresses the status of financial statement findings reported in the fiscal year ended September 30, 2010 Schedule of Findings.

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

- 2006-1 – Capital Assets (Revised and included as current year recommendation 2011-2)
- 2010-1 – Component Unit
- 2010-3 – Construction in Progress (Revised and included as current year recommendation 2011-2)

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

- 2001-3 – Expenditures Incurred Over Appropriations
- 2006-2 – Develop an Accounting Procedures Manual
- 2010-2 – Pooled Cash Account

# TOWN OF SOUTHWEST RANCHES, FLORIDA

## SCHEDULE OF FINDINGS AND RESPONSES

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011

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### FINANCIAL STATEMENTS FINDINGS

#### PRIOR YEAR FINDINGS REPEATED

##### **2010-1 COMPONENT UNIT (SIGNIFICANT DEFICIENCY)**

During the year ended September 30, 2010, Southwest Ranches Volunteer Fire-Rescue, Inc. (the “Department”) became a blended component unit of the Town of Southwest Ranches. At that time, the Department’s financial data was maintained on a check “only” writing software package. For financial reporting purposes, the Department’s financial data is required to be combined with the Town’s financial data. In order to be able to combine the financial data of the two entities, the Department was instructed to convert its data into a full general ledger software package. During our audit, it was determined that the financial data provided to us by the Department was on a cash basis rather than an accrual basis as required by accounting principles generally accepted in the United States of America (GAAP). The Department is a small tax-exempt organization whose day-to-day operations are handled by volunteers who lack the financial expertise to maintain the Department’s financial data on a GAAP basis. In addition, the Department did not file the IRS Form 990 *Return of Organization Exempt from Income Tax* for the fiscal year ending December 31, 2009 until January 2011. The IRS Form 990, with approved extensions, was due November 15, 2010. We believe that uniform financial reporting and accounting procedures would be beneficial to both entities as well as improving the timeliness and accuracy of financial reporting. We recommend that the Finance Department of the Town perform the accounting procedures and financial reporting for the Department. In addition, we recommend that the Department consider changing its fiscal year end to coincide with the Town’s fiscal year end.

#### ***PRIOR YEAR MANAGEMENT RESPONSE***

The Finance Department agrees with the recommendation and is willing to perform the accounting procedures and financial reporting of the Department. The Town will obtain all of the accounting records of the Department and enter all of fiscal year 2011 data into the Town’s general ledger. In addition, the Town will look into changing the fiscal year of the Department to September.

#### ***CURRENT YEAR STATUS***

The recommendation of this finding has not been implemented in the current year. The recommended procedures were not implemented, the finance department of the Town did not perform the accounting procedures for the volunteer fire department, and the 990 was not filed timely. In addition, the data was not provided on an accrual basis and the department did not change its fiscal year end.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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**2010-1 COMPONENT UNIT (SIGNIFICANT DEFICIENCY) (CONTINUED)**

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

Management concurs that there was a delay in recording the Southwest Ranches Volunteer Fire-Rescue, Inc. (blended component unit) FY 2011 summary data onto the Town's financial software due to the retirement of the previous Town Financial Administrator. However upon arrival, the new Town Financial Administrator was able to immediately reconcile and prepare the blended component units financial accounting data on a full accrual basis. Additionally, the Town's Finance department has recently assumed the responsibility for a majority of its accounts payable processing. Finally, the blended component unit will be changing its year end to September 30th to coincide with the Town's during 2012.

**CURRENT YEAR FINDINGS**

**MATERIAL WEAKNESSES**

**2011-1 INTERNAL CONTROL OVER FINANCIAL REPORTING – CLOSING PROCESS**

*CRITERIA*

Prudent policies include a formal closing process with supervisory Finance Department personnel being responsible for the review of transactions and balances recorded. Timeliness of closing procedures is crucial to proving accurate accounting data and financial information including interim and year-end financial statements.

In addition, the financial statements are required to be a product of an internal financial reporting system that offers reasonable assurance that management is able to produce financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

*CONDITION*

The Town does not reconcile certain general ledger accounts to supporting documentation on an ongoing basis. During the course of our audit procedures there were multiple auditor adjusting journal entries proposed to correct errors in account balances such as accounts receivable, accounts payable, debt, cash and cash equivalents, fund balance and grants. In addition, schedules requested in our initial audit planning, and during fieldwork, were not readily available. The aforementioned issues caused the audit to be delayed and additional time had to be incurred on the part of the auditor in order to be able to finalize fieldwork.



**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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**2011-1    INTERNAL CONTROL OVER FINANCIAL REPORTING – CLOSING PROCESS  
(CONTINUED)**

*CAUSE*

Lack of adequate internal controls over a sufficient and timely closing process in order to properly prepare financial statements in accordance with GAAP.

*EFFECT*

Multiple account balances were not properly stated because the necessary procedures were not performed, and also the fact that there was an untimely close of the books. Both are needed to prepare accurate financial statements. As a result, auditors had to extend procedures in order to gain reasonable assurance. The Town has a responsibility to properly safeguard its assets from loss or misuse.

*RECOMMENDATION*

We recommend a detailed general ledger account analysis of all accounts be performed on a monthly or quarterly basis (in a timely manner) and reviewed by supervisory Finance Department staff to ensure accurate recording of transactions. Finance Department supervisory personnel should also perform an analytical review of account balances with the prior year balances prior to closing the books and records to facilitate determining if significant variances exist, the reasons that support the variance, and if any adjustments are required. We further recommend that employees responsible for the books and records and approval of journal entries consult with their auditors or others for unusual or difficult to record transactions especially given the complexities associated with the accounting standards.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

Management concurs that the FY 2011 close out process was neither timely nor efficient. Unfortunately, the Town's Finance department suffered a decrease in staffing levels during FY 2011 which was compounded by the fact that Town also changed independent auditing firms which imposed increased financial expectations. Efforts will be made to implement and improve the financial reporting process moving forward including utilizing Town volunteers whenever possible.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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**2011-2 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 completion of construction in progress) are crucial to providing accurate accounting data and financial information including interim and year-end financial statements. The Town should have these policies and procedures in place to properly safeguard assets from loss or misuse.

*CONDITION*

The Town has not performed an inventory of capital assets for the current year, nor do they have a formal capital asset tracking system.

In addition, over the past several years, the balance in the construction in progress category has grown significantly, and continues to accumulate costs. During the audit, we were unable to obtain readily available information as to which of the projects included in construction in progress category should remain there (on-going projects), which should be placed in service and depreciated (completed projects) and which should be reclassified and expensed (cancelled projects).

*CAUSE*

Lack of adequate internal controls relative to sufficient procedures in place to track ongoing projects and capital assets.

*EFFECT*

Capital assets are not being properly tracked, which does not allow the Town to be able to account for completeness of the listing or existence of the items in said list. Furthermore, when assets are not being tracked, one cannot ensure they are properly depreciated. These procedures are needed to prepare accurate financial statements. Therefore, the Town is not safeguarding assets from loss or misuse.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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**2011-2 INTERNAL CONTROL OVER FINANCIAL REPORTING - CAPITAL ASSETS  
(CONTINUED)**

***RECOMMENDATION***

Develop and adopt written policies and procedures to ensure capital assets are properly monitored and accounted for. Such policies should include strict guidelines for tracking equipment and real property acquired with grant funding. The property control system should provide for identification of federal, state or local percentage of participation in the acquisition of equipment and real property. 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. We also recommend that once the Town has performed the physical count of capital assets, this count should be reconciled to the general ledger.

In addition, the Finance Department should research each item in the construction in progress category in order to determine its proper disposition. In addition, we recommend that going forward each capital expenditure be assigned a project number at the time of the disbursement. At the same time, each capital expenditure should be properly identified by funding source, such as bond proceeds, federal grant, state grant or local grant.

***VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS***

The Town has a significant amount of capital improvement projects (CIP's) that are being developed in multiple phases, therefore not complete but properly classified as construction in progress. Management will perform a thorough review of its CIP's and capital assets in conjunction with its move into a new Town Hall complex and its implementation of a 5-year CIP program.

**2011-3 INTERNAL CONTROL OVER FINANCIAL REPORTING - BANK RECONCILIATIONS**

***CRITERIA***

Accurate and complete bank reconciliations should be prepared and reviewed on a monthly basis by a responsible official and signed off denoting it has been done. This helps the Town safeguard its assets from loss or misuse in a timely manner.

***CONDITION***

During our review of internal controls and our audit procedures, we noted that reconciliations of the Town's operating cash account had not been prepared and reviewed on a timely basis, nor were they prepared accurately as we further noted that the Town had unreconciled differences.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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**2011-3 INTERNAL CONTROL OVER FINANCIAL REPORTING - BANK RECONCILIATIONS  
(CONTINUED)**

*CAUSE*

Lack of adequate internal control policies and procedures for bank reconciliations in place to prepare, review and approve bank reconciliations.

*EFFECT*

No oversight of the bank reconciliation process and therefore, the Town could be susceptible to fraudulent activity and not identify it in a timely manner.

*RECOMMENDATION*

We recommend that the Town, along with other closing procedures (2011-1), reconcile its cash on a timely basis after month end. In addition, preparation of the bank reconciliations by a designated individual, there should be another individual with sufficient technical knowledge in charge of the review and approval of the reconciliation once it is prepared.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

Management concurs with the recommendation that bank reconciliations be prepared timely. It is hoped with the forthcoming change in Finance department staffing hours that it can be achieved. However, a complete segregation of the bank reconciliation duties is not possible due to the lack in the number of total finance staff.

**MATERIAL NONCOMPLIANCE**

**2011-4 REPORTING**

*CRITERIA*

Section 218.39(7), Florida Statutes (FS), provides that any financial audit report required under Section 218.39(7), FS, be submitted to the Auditor General within 45 days after delivery of the audit report to the entity's governing body, but no later than 9 months after the end of the fiscal year. For the fiscal year ended September 30, 2010, the Florida Statutes were amended to require submission within 9 months rather than the old requirement of 12 months.

In addition, Section 280.17(6), Florida Statutes (FS), provides that each public depositor shall submit, no later than November 30, an annual report to the Chief Financial Officer of the State of Florida.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2011**

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**2011-4 REPORTING (CONTINUED)**

*CONDITION*

The Town did not submit the required financial audit report or the required annual report on public deposits by the required due dates.

*EFFECT*

The Town is not in compliance with Florida Statutes and as a result could lose funding as well as public depositor status.

*CAUSE*

The late completion of the audit was primarily due to the lack of an accurate and timely closing process as noted in our findings as well as a change in Financial Management of the Town during the year under audit. The late filing of the public depositor report was due to the fact that the Town was not aware of the requirement.

*RECOMMENDATION*

We recommend that, in the future, the Town comply with statutory reporting requirements.

*VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTIONS*

The new Town Financial Administrator was able to utilize the fiscal year audited financial data and timely file the annual financial report electronically with the Florida Department of Financial Services as required by Florida Statutes. However, it is recognized that due to the change in financial management as well as in auditing firms there was a delay in the publication of the financial statements. Additionally, the new Town Financial Administrator also immediately filed the required annual report with the Chief Financial Officer of the State of Florida. It is the intention of management to file all required reports timely in the future.



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