

# BASIC FINANCIAL STATEMENTS AND OTHER SCHEDULES

FISCAL YEAR ENDED  
SEPTEMBER 30, 2007

TOWN OF  
SOUTHWEST RANCHES, FLORIDA



**BASIC FINANCIAL  
STATEMENTS  
AND OTHER SCHEDULES**

**TOWN OF SOUTHWEST RANCHES,  
FLORIDA**

**SEPTEMBER 30, 2007**

PREPARED BY:  
TOWN ADMINISTRATION  
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"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**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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September 30, 2007

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# INTRODUCTORY SECTION



# Town of Southwest Ranches

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Phone: (954) 434-0008 Fax: (954) 434-1490

Website: [www.southwestranches.org](http://www.southwestranches.org)

May 21, 2008

Mayor Mecca Fink  
Vice Mayor Don Maines  
Council Member Astor Knight  
Council Member Steve Breitzkreuz  
Council Member Jeff Nelson

Dear Mayor, Vice Mayor and Council Members:

It is our pleasure to submit the Comprehensive Annual Financial Report (CAFR) for the Town of Southwest Ranches, Florida (the "Town"), for the fiscal year ended September 30, 2007, pursuant to Section 218.39 of the Florida Statutes and Town Charter. The financial statements included in this report conform to the generally accepted accounting principles in the United States (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). The responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Town. The financial statements have been audited by Keefe, McCullough & Co., LLP, Certified Public Accountants. The independent auditors have issued an unqualified opinion that this report fairly represents the financial position of the Town and complies with all reporting standards noted above.

The CAFR is divided into three parts. The Introductory Section provides a summary of the contents of the entire report and general information about the reporting entity. The Financial Section includes the Auditor's Report, Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Notes to the Basic Financial Statements and Required Supplementary Information. Other financial information includes budgetary comparison schedules provided to supplement the required financial data. The Statistical Section includes a number of tables that provide historical, social, economic and financial trend data that offers an overview of the Town's fiscal situation. The contents of the report have been prepared in accordance with GASB pronouncements, including Statement 34 that requires the preparation of government-wide financial statements on a full accrual basis of accounting for all funds as well as Management's Discussion and Analysis. The MD&A can be found immediately following the independent auditors' report.

## The Reporting Entity and Services

The Town was incorporated on June 6, 2000. The Town's current Charter was amended by the citizens on November 4, 2003. The Town operates under the Council-Administrator form of government where four Council members and the Mayor must live in residential districts and are elected at large. The Town Council determines the policies that guide the Town's operations. The Town uses a 100% contracts approach in the delivery of all services, including Town Administrator services which implement and administer these policies on a professional basis.



In accordance with GASB 14 entitled "The Financial Reporting Entity," the Town must include in its report any entity over which the Town has ultimate financial accountability. For fiscal year 2007, there are no other entities included in this report other than the Town itself.

Southwest Ranches provides basic municipal services including fire, emergency medical services, law enforcement, park and recreation, solid waste collection, permit review, permit management and code compliance. The Town will be the home to many wonderful parks which are designed to "Preserve Our Rural Lifestyle." The Town has acquired 153 acres of land for open space needs. These acres of land were acquired through grants from the County and the State with minimal cost to the residents of the Town. In addition, our residents "homestead" on minimum one acre sites. We are horse country and most of the homes in the Town are, indeed, ranches. The Town has no sidewalks, street lights or large developments. For many, the closest neighbors are peacocks, possums, foxes and turtles, to name just a few.

### Economic Condition and Outlook

The Town of Southwest Ranches comprises approximately thirteen (13) square miles and is located in the southwest portion of Broward County, a major metropolitan area. The Town is located between the two major urban cities of Pembroke Pines (population 150,000) and Weston (population 65,000). Both of 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 economics of the Town are not focused on the development of a commercial or business base. Southwest Ranches is primarily a residential community.

We are expected to reach build out in the Town within the next ten years with a population of 11,000. Based on the 2000 census, the current population was 7,203. The Bureau of Economics and Business Research, Population Division, University of Florida, estimates the 2007 population to be 8,461. Diversity of the Town is 5,343 of the residents being Caucasian, 220 African-American, 1,390 of Hispanic descent and 1,250 in other races. Interestingly, of the 7,203 persons living in Southwest Ranches, the median age is 37.8 with 2,048 residents under the age of 18 years. The Town expects the 2010 census to have similar diversity statistics.

Southwest Ranches has experienced rapid tax base growth since incorporation in 2000. This growth is reflected in the Town's taxable assessed value and the value of new construction.

### Major Initiatives

The Town, through a creative and aggressive grant application plan, has acquired significant open space and park sites to meet the Town's Comprehensive Plan for parks and the preservation of open space in support of our rural life style. The challenge of the Plan was to acquire these sites with no financial impact on the residents of the Town. The Plan has resulted in the Town acquiring 153 acres of open space and park land within the first five (5) years since incorporation.

Following the acquisition of the open space and park land, the Town is implementing the development and operations of the sites. We will again be committed to provide these services with minimal financial impact on the Town residents. We have already identified many grants, funding partnerships and revenue sources to support the development and maintenance of the sites.

The Town is also focused on providing a new Town Hall. A 5 acre portion of the acquired lands will be dedicated to a Town Hall site. The Town Hall site will be surrounded by open space or park land and designed to support our rural image. This image was created by Town residents at a visioning session during the development of our Comprehensive Plan. Again, we have identified funding partnerships and revenue sources to support this development. The Town Council has developed a comprehensive capital improvement plan and funding strategies subsequent to September 30, 2007.

Southwest Ranches ambitious Capital Improvement Plan will provide the infrastructure and facilities for the Town's present and future needs. The focus that supports this Plan is based upon low cost to the residents and "Preserving Our Rural Lifestyle."

### Financial Information

Town Administration is responsible for establishing and maintaining internal control 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 generally accepted accounting principles. Internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal, state and local financial assistance, the government is also responsible for ensuring that adequate internal control is in place to ensure and document compliance with applicable laws and regulations related to these programs. Internal control is subject to periodic evaluation by management.

In addition, the Town maintains extensive budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Town Council. A five-year capital project plan is also provided to Town Council with the current year of the capital plan appropriated by the Town Council, similar to the other funds. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is the department level within each fund.

The Town's accounting system is organized on a fund basis. A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts. The types of funds used are generally determined by the Town Council based on the recommendation of the Town Administrator in establishing accepted accounting policies and procedures as well as the number of funds maintained.

### Cash Management

The Town's investment policy is designed to effectively and prudently manage the investment of Town funds while ensuring preservation of principal, maintaining sufficient liquidity and maximizing investment earnings.

### Debt Administration

The Town previously entered into a loan agreement with the Florida Municipal Loan Council (FMLC) for \$ 4,985,000. These loan proceeds were used to payoff certain outstanding obligations, acquire certain parks and recreational land and construct improvements and recreational facilities. The interest rate at September 30, 2007 was 4.84%. All required payments of principal and interest were made during the year. The principal balance at September 30, 2007 was \$ 4,555,000.

The Town previously obtained two lines of credit totaling \$ 13,000,000 to provide funding for acquisition of property for the Town's capital improvement program and hurricane cleanup. The outstanding balance of these loans as of September 30, 2007 was \$ 5,500,000. As a separate transaction related to one property acquisition, the Town had entered into a loan agreement with the Community Bank of Broward for the issuance of a two-year \$ 600,000 note. The note carried an 8.5% interest rate. During fiscal year 2007 the loan with Community Bank of Broward was paid in full, prior to the maturity date.

The Town's outstanding balance on the lines of credit as of September 30, 2007 was \$ 3,000,000, used to fund hurricane cleanup and \$ 2,500,000 obtained to continue capital projects costs. The \$ 3,000,000 is due on December 4, 2007 and the balance of \$ 2,500,000 is due on December 6, 2011.

### Independent Audit

In accordance with Florida Statutes Section 218.39, the Town has engaged the firm of Keefe, McCullough & Co., LLP to perform the independent audit of the Town's financial statements. The Independent Auditors' Report is included in the financial section of this Comprehensive Annual Financial Report.

### Awards

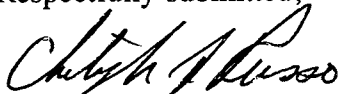
The Town has applied for and was awarded the Certificate of Achievement for Excellence in Financial Reporting awarded by the Governmental Finance Officers Association of the United States and Canada (GFOA) for the Town's first ever Comprehensive Annual Financial Report for 2003 and again in 2005. The 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 generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current report conforms to the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for the certificate.

### Acknowledgments

The preparation of this report could not have been accomplished without the efficient and dedicated services of the entire staff of the Town and the Town's auditing firm, Keefe, McCullough & Co., LLP. We express our appreciation to them for their interest and support in planning and conducting the audit of the financial operations of the Town in a responsible and progressive manner.

Respectfully submitted,



Christopher Russo  
Town Administrator



Town of Southwest Ranches, Florida  
Council Administrator Form of Government  
Town Charter approved by a majority of qualified voters of the Town on June 6, 2000

**TOWN COUNCIL**



**MECCA FINK**  
Mayor



**JEFF NELSON**  
Vice Mayor



**STEVE BREITKREUZ**  
Council Member



**ASTER KNIGHT**  
Council Member



**DON MAINES**  
Council Member

---

**TOWN ADMINISTRATION**

TOWN ADMINISTRATOR  
Christopher J. Russo

TOWN ATTORNEY  
Gary Poliakoff, J.D.

ASSISTANT TOWN ADMINISTRATOR  
Bert Wrains

DEPUTY TOWN ATTORNEY  
Keith Poliakoff

TOWN CLERK  
Susan A. Owens, CMC

TOWN FINANCIAL ADMINISTRATOR  
Jean Watson

ADMINISTRATIVE SERVICES DIRECTOR  
Lee Rickles

COMMUNITY SERVICES DIRECTOR  
Emily McCord

PARKS RECREATION AND OPEN SPACE  
SUPERVISOR  
December Lauretano-Haines

PUBLIC WORKS SUPERVISOR  
Malini Siew-Narine

FINANCIAL SECTION

# MANAGEMENT'S DISCUSSION AND ANALYSIS

(NOT COVERED BY INDEPENDENT AUDITORS' REPORT)



**KEEFE, McCULLOUGH & CO., LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

JOHN R. KEEFE, C.P.A.  
STEVEN H. WOODS, C.P.A.  
DAVID T. WILLIAMS, C.P.A.  
JOSEPH D. LEO, C.P.A.  
WILLIAM G. BENSON, C.P.A.  
KENNETH G. SMITH, C.P.A.

LOUIS R. PROIETTO, C.P.A.  
CYNTHIA L. CALVERT, C.P.A.  
JOHN E. McCULLOUGH, C.P.A. (RETIRED)  
THOMAS T. CARPENTER, C.P.A. (RETIRED)  
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**INDEPENDENT AUDITORS' REPORT**

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

We have audited the accompanying financial statements of governmental activities, each major fund and the aggregate remaining fund information of Town of Southwest Ranches, Florida (the Town), as of and for the year ended September 30, 2007, 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 an opinion 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 examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above, present fairly, in all material respects, the respective financial positions of the governmental activities, each major fund and the aggregate remaining fund information of Town of Southwest Ranches, Florida at September 30, 2007, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.


In accordance with Government Auditing Standards, we have also issued our report dated May 21, 2008, on our consideration of Town of Southwest Ranches' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants and other matters. 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 the 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.



Town of Southwest Ranches, Florida

Management's Discussion and Analysis is not a required part of the basic financial statements, but is required supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Town of Southwest Ranches, Florida's basic financial statements. The introductory section, required supplementary information, other financial information and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The required supplementary information and other financial information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
May 21, 2008

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2007

As management of the Town of Southwest Ranches, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal years ended September 30, 2007 and 2006. Readers are encouraged to consider the information presented here in conjunction with additional information that is furnished in the letter of transmittal, the Town's financial statements and the other required supplemental information.

This discussion and analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the Town's financial activity, (c) identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns. The information contained within this section should be considered only as a part of a greater whole.

**FINANCIAL HIGHLIGHTS**

The following are highlights of financial activity for the fiscal year ending September 30, 2007:

- The assets of the Town of Southwest Ranches exceeded its liabilities at the close of the fiscal year by \$ 47,520,235 (net assets). Of this amount, \$ 41,185,533 is invested in capital assets and \$ 6,334,702 is unrestricted.
- The Town's total net assets increased by \$ 410,335 during the 2007 fiscal year. The Town's net assets increased as a result of this year's operations and capital grants and contributions.
- During the year, the General Fund had revenues that were \$ 197,289 more than the \$ 7,988,881 of expenditures and other financing sources for governmental programs.
- The General Fund's fund balance increased to \$ 2,621,160 as of September 30, 2007. The increase was due to the implementation of the Town's Code Enforcement Division and improving the recovery on existing programs.
- The Town's total debt decreased \$ 582,186 to a total of \$ 10,228,543. Total debt includes notes payable of \$ 10,055,000 and a capital lease payable for \$ 111,432 and other unamortized costs of issuance of \$ 62,111. The Debt Service Fund has \$ 3,537,227 designated at the end of the 2007 fiscal year to make debt service payments.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts - *management's discussion and analysis* (this section), the *basic financial statements and the required supplementary information*. The Town did not present *combining statements* for nonmajor governmental funds since the only such fund was the Special Revenue Transportation Fund. The basic financial statements include two kinds of statements that present different views of the Town:

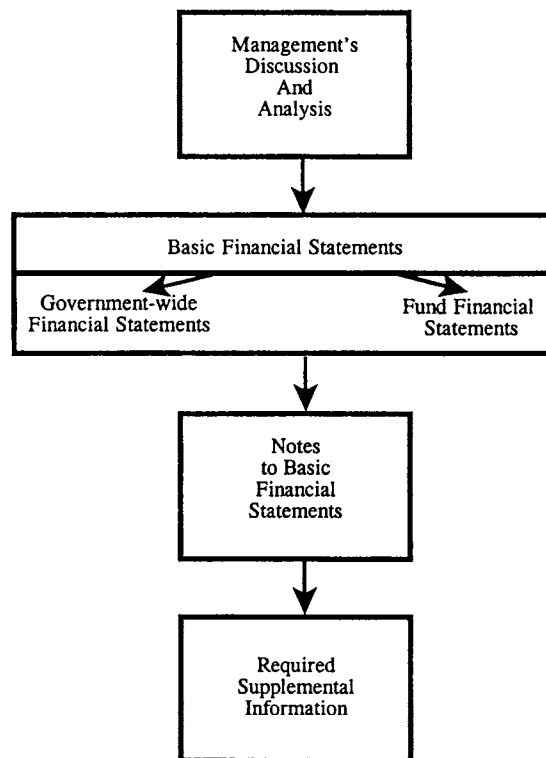
- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Town's overall financial status.

TOWN OF SOUTHWEST RANCHES, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2007

- The remaining statements are *fund financial statements* that focus on individual parts of the Town government, reporting the Town's operations in more detail than the government-wide statements.
- The *governmental fund* statements show how general government services such as public safety were financed in the short term as well as what remains for future spending.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Figure 1 shows how the required parts of this annual report are arranged and are related to one another.

Figure 1  
Required Components of the  
Basic Financial Statements and Other Schedules



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

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two 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 of Southwest Ranches is improving or deteriorating.

TOWN OF SOUTHWEST RANCHES, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2007

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The government activities of the Town of Southwest Ranches include fire and rescue, police services, public works, parks and recreation, code compliance, planning and zoning, economic development and general administration services. The Town does not have any business-type activities.

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

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Southwest Ranches, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Southwest Ranches are governmental funds.

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

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

The Town of Southwest Ranches maintains several individual governmental funds. Information is presented separately in the governmental funds balance sheet and statement of revenues, expenditures and changes in fund balances for the General Fund, Capital Project Fund and the Debt Service Fund, which are considered to be major funds. Data from the other governmental fund represents the Special Revenue Transportation Fund which is considered to be a nonmajor fund. The basic governmental funds financial statements can be found on pages 13 to 17 of this report.

**Notes to basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 to 31 of this report.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2007

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Summary of net assets.** As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. There are six basic transactions that will affect the comparability of the Statement of Net Assets summary presentation as reflected below:

1. *Net results of activities* will impact (increase/decrease) current assets and unrestricted net assets.
2. *Borrowing for capital* will increase current assets and long-term debt.
3. *Spending borrowed proceeds on new capital assets* will reduce current assets and increase capital assets. In addition, there is a second impact, an increase in capital assets and an increase in related net debt which will not change the investment in capital assets, net of related debt.
4. *Spending of nonborrowed current assets on new capital assets* will reduce current assets, increase capital assets, reduce unrestricted net assets, and increase investment in capital assets, net of related debt.
5. *Principal payments on debt* will reduce current assets, reduce long-term debt, reduce unrestricted net assets, and increase investment in capital assets, net of related debt.
6. *Reduction of capital assets through depreciation* will reduce capital assets and investment in capital assets, net of related debt.

The Town's net assets were increased to \$ 47,520,235 between fiscal years 2007 and 2006 (see Table 1). However, a large portion of the net assets (86.7 percent) is invested in capital assets (land, buildings and equipment, etc.). The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1  
**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**NET ASSETS**

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
CURRENT AND OTHER ASSETS	\$ 7,134,733	\$ 8,009,258
CAPITAL ASSETS	<u>51,376,667</u>	<u>51,108,935</u>
Total assets	<u>58,511,400</u>	<u>59,118,193</u>
OTHER LIABILITIES	762,622	1,197,564
LONG-TERM DEBT OUTSTANDING	<u>10,228,543</u>	<u>10,810,729</u>
Total liabilities	<u>10,991,165</u>	<u>12,008,293</u>
NET ASSETS:		
Invested in capital assets, net of related debt	41,185,533	40,644,914
Unrestricted	<u>6,334,702</u>	<u>6,464,986</u>
Total net assets	\$ <u>47,520,235</u>	\$ <u>47,109,900</u>

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2007

A portion of the Town's net assets (\$ 41,185,533 or 86.7 percent) represents resources that are invested in the Town's capital assets. The remaining balance of *unrestricted net assets* \$ 6,334,702 may be used to meet the Town's ongoing obligations to citizens and creditors. During the 2007 fiscal year, invested in capital assets increased by \$ 540,619; however, unrestricted net assets decreased by \$ 130,284. At the end of the current fiscal year, the Town of Southwest Ranches is able to report positive balances in its two categories of net assets. The same situation held true for prior fiscal years.

There was a change in management during the year. Due to this turnover a slow down on all capital projects was implemented until the Council and management could see a clear path of the visions the Council had set.

**Summary of changes in net assets.** The following information is presented to assist the reader in understanding the different types of normal impacts that can affect revenues:

1. ***Economic condition*** can reflect a declining, stable or growing environment and has a substantial impact on property, non-ad valorem assessments, sales, gas, or other tax revenues as well as consumer spending habits for building permits, user fees and consumption.
2. The Town Council has significant authority to set ***increases or decreases in Town's millage rates*** and user fees.
3. ***Changing patterns in intergovernmental and grant revenues*** (both recurring and nonrecurring) can significantly change and impact annual comparisons.
4. ***Market impacts on investment income*** may cause investment revenues to fluctuate from the prior year. The market is very volatile at this time and this volatility is having a negative impact on the interest earned on investments.

Some other basic impacts on expenses are reflected below:

1. ***Introduction of new programs*** can have a substantial impact on property, non-ad valorem assessments, sales, gas, or other tax revenues as well as consumer spending habits for building permits, user fees and consumption.
2. ***Changes in service demand levels*** can cause the Town to increase or decrease spending on contracted services.

For 2007, the Town's expenses cover a range of services with 30.4% related to public safety.

### **Governmental Activities**

The Town's total revenues decreased by 53.2 percent to \$ 8,746,214 (see Table 2). The significant decrease in revenues is due to grant revenue for Hurricane Wilma being received in fiscal year 2006. Over 3.2% of the Town's revenues come from grants and contributions, 39.9% comes from property taxes, 28.8% from fees charged for services, 23.1% from intergovernmental revenues and other state regulated taxes and 5.0% from other revenue sources.

Governmental expenses totaled \$ 8,335,879 with the largest expense for public safety at \$ 2.5 million or 30.3% of total expenses. Expenses decreased by 57.5% due to the inclusion of Hurricane Wilma expenses in fiscal year 2006. The Town is recovering now but it did take some time to deal with the many issues a disaster brings.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2007

Table 2  
**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**CHANGES IN NET ASSETS**

	Governmental Activities	
	2007	2006
<b>REVENUES:</b>		
Program revenues:		
Grants and contributions	\$ 281,908	\$ 11,018,055
Charges for services	2,521,890	2,494,988
<b>GENERAL REVENUES:</b>		
Ad valorem taxes	3,488,788	2,969,270
Other taxes	1,436,457	1,329,424
Intergovernmental	583,506	652,622
Investment income	300,938	227,190
Miscellaneous	132,727	9,693
<b>Total revenues</b>	<b>8,746,214</b>	<b>18,701,242</b>
<b>EXPENSES:</b>		
General government	1,635,451	1,407,916
Public safety	2,527,126	2,466,655
Community services	1,796,043	1,200,384
Parks and recreation	430,541	484,684
Public works	1,089,096	1,269,187
Roadways and hurricane expenses	326,384	12,107,067
Nondepartmental	33,204	29,897
Interest and other debt service expenses	498,034	632,381
<b>Total expenses</b>	<b>8,335,879</b>	<b>19,598,171</b>
Excess (deficiency) before special item	410,335	(896,929)
<b>SPECIAL ITEM</b>	--	2,906,664
<b>Change in net assets</b>	<b>\$ 410,335</b>	<b>\$ 2,009,735</b>

In fiscal year 2007, the Town did not have a millage increase. The General Fund revenues were slightly above the final budget estimates; however, the Debt Service Fund was over spent as we paid off a debt of \$ 600,000 that was not budgeted. The Transportation Fund had unforeseen expenses with traffic calming which incurred high engineering costs. The Capital Fund Budget for 2007 was based on borrowing funds which the new administration and the Council deferred until the Town could get a true picture of the financial position.

TOWN OF SOUTHWEST RANCHES, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2007

**FINANCIAL ANALYSIS OF THE TOWN'S FUNDS**

As the Town completed the year, its governmental funds reported combined fund balances of \$ 6,429,744, a decrease of \$ 441,782 from last year's combined fund balance of \$ 6,871,526.

**General Fund Budgetary Highlights**

The General Fund original budgeted expenditures were increased to include a cost recovery program for building permits and fees that was implemented during the year and to increase the transfer to the Capital Project Fund. The General Fund public safety actual expenditures were under budget due to the fact that the expenditures were estimated because contract negotiations were not finalized until October 2007. In addition, the transfers from the General Fund to the Debt Service Fund were under budget because certain debt was paid off during the year.

**Capital Assets**

As of September 30, 2007, the Town's investment in capital assets amounted to \$ 51,376,667 (net of accumulated depreciation). The increase in capital assets during the year was due to capital project costs related to a number of ongoing projects. Capital assets held by the Town at the end of the current year are summarized as follows:

TOWN OF SOUTHWEST RANCHES, FLORIDA  
CAPITAL ASSETS  
(net of accumulated depreciation)

	<u>Governmental Activities</u>
Land	\$ 33,086,540
Infrastructure	10,710,755
Construction in progress	4,211,039
Improvements other than buildings	2,306,189
Buildings	684,718
Furniture and equipment	366,062
Leasehold improvements	<u>11,364</u>
Total capital assets, net	\$ <u>51,376,667</u>

Additional information on the Town's capital assets can be found in Note 4 on pages 23 and 24.

**Debt Administration**

The Town has a line of credit debt outstanding from prior years of \$ 5,500,000, of which \$ 3,000,000 was for hurricane clean up and \$ 2,500,000 was for planned and budgeted capital projects. During the year, a \$ 600,000 note payable was repaid and \$ 90,000 was repaid on the Town's other long term loan. The Debt Service Fund has a fund balance designation of \$ 3,537,227 at year end to repay the line of credit balance relating to hurricane clean up and other debt service payments.

At the end of the year, the Town had total debt outstanding of \$ 10,228,543. The majority of this debt is secured by pledged non-ad valorem revenue sources of the Town. Changes in the Town's debt are summarized on the following page:



**BASIC  
FINANCIAL STATEMENTS**

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2007

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**OUTSTANDING DEBT**

	<u>Balance</u> <u>October 1,</u> <u>2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>September 30,</u> <u>2007</u>
Notes and loans payable	\$ <u>10,810,729</u>	\$ <u>124,000</u>	\$ <u>706,186</u>	\$ <u>10,228,543</u>

Additional information on the Town's debt can be found in Note 7 on pages 25 and 26 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The unemployment rate for Broward County is currently 3.8 percent which is higher than the rate of last year. This compares favorably to the state's average unemployment rate of 4.0 percent and the national average rate of 4.7 percent.
- The occupancy rate of the Town's central business district has remained stable for the past two years.
- Inflationary trends in the region compare favorably to national indices.

All of these factors were considered in preparing the Town of Southwest Ranches' budget for the 2008 fiscal year.

During the 2007 fiscal year, fund balance in the General Fund increased to \$ 2,621,160. The Town will budget the audited fund balance in the 2008 fiscal year budget. It is intended that the use of available fund balance will be reserved for future needs, financial stability and unanticipated occurrences.

In fiscal year 2007-2008 the Town Council, in compliance with the state mandate for tax reduction, voted unanimously the millage rate remain the same; therefore, the Town maintained for the seventh year a millage rate of 3.0 mills. This is the second lowest millage rate in Broward County. The revenue from ad valorem taxes will be reduced in 2008-2009 because the State of Florida passed legislation which significantly increases residential exemptions, and mandates caps and rollbacks on millage rates. The full impact of these actions remains to be seen at this time as the preliminary figures will be released by the property appraiser on June 1, 2008.

**Requests for Information**

This financial report is designed to provide a general overview of the Town of Southwest Ranches' finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Town Administrator, 6589 S.W. 160th Avenue, Southwest Ranches, Florida 33331.

TOWN OF SOUTHWEST RANCHES, FLORIDA  
STATEMENT OF NET ASSETS  
September 30, 2007

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Cash and cash equivalents	\$ 6,059,695
Accounts receivable - net	661,437
Tree inventory	226,480
Other assets	149,712
Capital assets:	
Land and construction in progress	37,297,579
Other (net of accumulated depreciation)	14,079,088
Unamortized debt issuance costs	<u>37,409</u>
Total assets	<u>58,511,400</u>
 <b>LIABILITIES:</b>	
Accounts payable	667,580
Accrued interest payable	95,042
Noncurrent liabilities:	
Due within one year	3,106,158
Due in more than one year	<u>7,122,385</u>
Total liabilities	<u>10,991,165</u>
 <b>NET ASSETS:</b>	
Invested in capital assets, net of related debt	41,185,533
Unrestricted	<u>6,334,702</u>
Total net assets	<u>\$ 47,520,235</u>

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

TOWN OF SOUTHWEST RANCHES, FLORIDA  
STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2007

		Program Revenues			Governmental Activities Net Revenues (Expenses) and Change in Net Assets
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
<b>FUNCTIONS/PROGRAMS:</b>					
Governmental Activities:					
General government	\$ 1,635,451	\$ 288,755	\$ --	\$ --	\$ (1,346,696)
Public safety	2,527,126	609,733	1,853	--	(1,915,540)
Community services	1,796,043	860,578	--	--	(935,465)
Parks and recreation	430,541	133,980	--	93,628	(202,933)
Public works	1,089,096	628,844	186,427	--	(273,825)
Roadways	326,384	--	--	--	(326,384)
Nondepartmental	33,204	--	--	--	(33,204)
Interest and other debt service expenses	498,034	--	--	--	(498,034)
Total primary government	\$ 8,335,879	\$ 2,521,890	\$ 188,280	\$ 93,628	(5,532,081)
General revenues:					
					3,488,788
					619,404
					583,506
					583,190
					233,863
					300,938
					132,727
					5,942,416
					410,335
					47,109,900
					\$ 47,520,235

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

TOWN OF SOUTHWEST RANCHES, FLORIDA  
BALANCE SHEET - GOVERNMENTAL FUNDS  
September 30, 2007

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Fund</u>	<u>Other Nonmajor Governmental Funds (Special Revenue - Transportation Fund)</u>	<u>Total Governmental Funds</u>
<b>ASSETS:</b>					
Pooled cash, cash equivalents and investments	\$ 2,448,118	\$ 3,524,183	\$ 875	\$ 86,519	\$ 6,059,695
Accounts receivable - net	464,971	13,044	168,628	14,794	661,437
Tree inventory	226,480	--	--	--	226,480
Other assets	<u>134,712</u>	<u>--</u>	<u>15,000</u>	<u>--</u>	<u>149,712</u>
Total assets	<u>\$ 3,274,281</u>	<u>\$ 3,537,227</u>	<u>\$ 184,503</u>	<u>\$ 101,313</u>	<u>\$ 7,097,324</u>
<b>LIABILITIES AND FUND BALANCES:</b>					
Liabilities:					
Accounts payable	\$ <u>653,121</u>	\$ <u>--</u>	\$ <u>13,001</u>	\$ <u>1,458</u>	\$ <u>667,580</u>
Total liabilities	<u>653,121</u>	<u>--</u>	<u>13,001</u>	<u>1,458</u>	<u>667,580</u>
Fund balance:					
Reserved for tree inventory	226,480	--	--	--	226,480
Unreserved reported in:					
General Fund	2,394,680	--	--	--	2,394,680
Special Revenue Fund	--	--	--	99,855	99,855
Debt Service Fund	--	3,537,227	--	--	3,537,227
Capital Project Fund:					
Designated for construction of public safety building	--	--	600,000	--	600,000
Undesignated (deficit)	<u>--</u>	<u>--</u>	<u>(428,498)</u>	<u>--</u>	<u>(428,498)</u>
Total fund balances	<u>2,621,160</u>	<u>3,537,227</u>	<u>171,502</u>	<u>99,855</u>	<u>6,429,744</u>
Total liabilities and fund balances	<u>\$ 3,274,281</u>	<u>\$ 3,537,227</u>	<u>\$ 184,503</u>	<u>\$ 101,313</u>	<u>\$ 7,097,324</u>

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

TOWN OF SOUTHWEST RANCHES, FLORIDA  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET ASSETS  
For the Year Ended September 30, 2007

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS, PAGE 13 \$ 6,429,744

Amounts reported for governmental activities in the statement of net assets are different because:

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

Governmental capital assets	\$ 59,821,610	
Less accumulated depreciation	<u>(8,444,943)</u>	51,376,667

Other assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:

Deferred charge on debt issuance costs (to be amortized over the life of the debt)		50,120
Less accumulated amortization		<u>(12,711)</u>

Certain liabilities are not due and payable in the current period and therefore are not reported in the funds:

Accrued interest payable		(95,042)
Governmental notes and loans payable		(10,117,111)
Capital lease payable		<u>(111,432)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 11 \$ 47,520,235

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

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2007

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Fund</u>	<u>Other Nonmajor Governmental Funds (Special Revenue - Transportation Fund)</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>					
Ad valorem taxes	\$ 3,488,788	\$ --	\$ --	\$ --	\$ 3,488,788
Special assessments	1,138,577	--	--	--	1,138,577
Utility taxes	583,190	--	--	--	583,190
Service taxes	233,863	--	--	--	233,863
Franchise fees	619,404	--	--	--	619,404
Licenses and permits	860,578	--	--	--	860,578
Intergovernmental	583,506	--	--	186,427	769,933
Fines and forfeitures	40,416	--	--	--	40,416
Grants	--	--	93,628	--	93,628
Public safety fee	--	--	100,000	--	100,000
Sale of trees	133,980	--	--	--	133,980
Investment income	125,688	161,595	8,193	5,462	300,938
Miscellaneous	<u>378,180</u>	<u>--</u>	<u>4,739</u>	<u>--</u>	<u>382,919</u>
<b>Total revenues</b>	<u>8,186,170</u>	<u>161,595</u>	<u>206,560</u>	<u>191,889</u>	<u>8,746,214</u>
<b>EXPENDITURES:</b>					
Current:					
General government:					
Town Council	245,192	--	--	--	245,192
Town administration	1,057,190	--	567,272	--	1,624,462
Town attorney	<u>287,270</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>287,270</u>
<b>Total general government</b>	<u>1,589,652</u>	<u>--</u>	<u>567,272</u>	<u>--</u>	<u>2,156,924</u>
Public safety:					
Police	1,406,995	--	--	--	1,406,995
Fire	<u>1,106,856</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>1,106,856</u>
<b>Total public safety</b>	<u>2,513,851</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>2,513,851</u>
Community services	1,789,858	--	--	6,185	1,796,043
Parks and recreation	256,775	--	--	--	256,775
Public works	613,822	--	--	--	613,822
Roadways	--	--	--	326,384	326,384
Nondepartmental	33,204	--	--	--	33,204
Capital outlay	133,668	--	274,906	--	408,574
Debt service:					
Principal	12,568	690,000	--	--	702,568
Interest and fiscal charges	<u>5,554</u>	<u>498,297</u>	<u>--</u>	<u>--</u>	<u>503,851</u>
<b>Total expenditures</b>	<u>6,948,952</u>	<u>1,188,297</u>	<u>842,178</u>	<u>332,569</u>	<u>9,311,996</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,237,218</u>	<u>(1,026,702)</u>	<u>(635,618)</u>	<u>(140,680)</u>	<u>(565,782)</u>

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES - GOVERNMENTAL FUNDS**

(continued)

For the Year Ended September 30, 2007

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Fund</u>	<u>Other Governmental Funds (Special Revenue - Transportation Fund)</u>	<u>Total Governmental Funds</u>
<b>OTHER FINANCING SOURCES (USES):</b>					
Issuance of debt	124,000	--	--	--	124,000
Transfers in	--	563,929	500,000	100,000	1,163,929
Transfers out	<u>(1,163,929)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>(1,163,929)</u>
Total other financing sources (uses)	<u>(1,039,929)</u>	<u>563,929</u>	<u>500,000</u>	<u>100,000</u>	<u>124,000</u>
Net change in fund balance	197,289	(462,773)	(135,618)	(40,680)	(441,782)
 <b>FUND BALANCES, BEGINNING OF YEAR</b>	 <u>2,423,871</u>	 <u>4,000,000</u>	 <u>307,120</u>	 <u>140,535</u>	 <u>6,871,526</u>
 <b>FUND BALANCES, END OF YEAR</b>	 \$ <u><u>2,621,160</u></u>	 \$ <u><u>3,537,227</u></u>	 \$ <u><u>171,502</u></u>	 \$ <u><u>99,855</u></u>	 \$ <u><u>6,429,744</u></u>

The accompanying notes to basic financial statements are an integral part of these 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 Year Ended September 30, 2007

NET CHANGE IN FUND BALANCE - TOTAL GOVERNMENTAL FUNDS, PAGE 16 \$ (441,782)

Amounts reported for governmental activities in the statement of activities are different because:

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.

Expenditures for capital outlays	969,247
Less current year provision for depreciation	(701,515)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	702,568
--	---------

The issuance of long-term debt provides current financial resources to governmental funds; however, has no effect on net assets:

Capital lease proceeds	(124,000)
------------------------	-----------

Certain items 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:

Provision for amortization of original issue premium	4,989
Change in accrued interest payable	4,378
Provision for amortization of debt issuance costs	(2,179)
Provision for amortization of underwriters discount	<u>(1,371)</u>

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 12 \$ 410,335

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

TOWN OF SOUTHWEST RANCHES, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2007

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 accounting policies of the Town conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The more significant of the Town's accounting policies are described below.

Financial reporting entity:

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 basic criteria for determining whether another organization should be included in the Town's reporting entity for basic financial statements are financial accountability. Financial accountability includes (1) the appointment of a voting majority of the organization's governing body, (2) the ability of the Town to impose its will on the organization, or (3) if there is a financial benefit/burden relationship. In addition, an organization, which is fiscally dependent on the Town, should be included in its reporting entity. A blended component unit, although a legally separate entity, is, in substance, part of the Town's operations and so data from this unit is combined with data of the Town. Each discretely presented component unit, on the other hand, is reported in a separate column in the combined financial statements to emphasize it is legally separate from the government. Based upon the application of these criteria, there was no organization that met the criteria described above.

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 primary government. 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 Town has no business-type activities.

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 for proprietary funds and fiduciary funds, if applicable, even though the latter are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements. The Town's financial statements include only governmental funds.

TOWN OF SOUTHWEST RANCHES, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. 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 six months from the end of the current fiscal year, except for property taxes for which the period is sixty days from the end of the current fiscal period. 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, utility taxes, franchise fees, licenses and permits, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The Town reports the following major governmental funds:

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

The Debt Service Fund accounts for the payment of long-term debt principal and interest.

The Capital Project Fund accounts for the acquisition of equipment and construction of major capital projects.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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. Likewise, general revenues include all taxes whose purpose has not been restricted to a specific program.

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  
September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents:

The Town maintains a pooled cash account for all funds. This enables the Town to invest large amounts of idle cash for short periods of time and to optimize earnings potential. Equity in pooled cash and cash equivalents represents the amount owned by each fund of the Town.

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

Receivable and payables:

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the non-current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). Residual balances, if any, outstanding between the governmental activities and business activities are reported in the government-wide financial statements as "internal balances."

Inventory and prepaids:

Inventory is valued at average cost using a specific identification method. Inventory of governmental funds are recorded as expenditures when consumed rather than when purchased.

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.

Ad valorem 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, 2007.

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, 2007 was 3.000 mills (\$ 3.00 per \$ 1,000 of taxable assessed valuation).

TOWN OF SOUTHWEST RANCHES, FLORIDA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 September 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets:

Capital assets, which include land, construction in progress, infrastructure, 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.

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	10-40
Improvements other than buildings	10-20
Buildings	50
Furniture and equipment	5-20
Leasehold improvements	5

Long-term obligations:

In the government-wide financial statements, long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as debt issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Long-term debt is reported net of the applicable premium or discount.

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as debt issuance costs, during the current period. 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, are reported as debt service expenditures.

Fund equity/net assets:

Government-wide financial statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any notes, loans, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2007

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- b. Restricted net assets – Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

**Fund financial statements:**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**NOTE 2 - POOLED CASH, CASH EQUIVALENTS AND INVESTMENTS**

The Town does not have a written investment policy; however, it follows Florida Statute 218.415(17) which allows local governments electing not to adopt a written investment policy to invest or reinvest any surplus public funds in their control or possession in:

- The Local Government Surplus Funds Trust Fund, or any intergovernmental investment pool
- Securities and Exchange Commission registered money market funds with the highest credit quality rating from a national recognized rating agency
- Interest-bearing time deposits or savings accounts in qualified public depositories
- Direct obligations of the United States Treasury.

Deposits

During the year, the Town’s pooled cash was held in qualified depositories. At September 30, 2007, the carrying amount of the Town’s bank deposits was \$ 2,044,516. In addition to insurance provided by the Federal Deposit Insurance Corporation (“FDIC”), all cash in the bank is 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 equal to a determined percentage of the average daily balance for each month of all public deposits in excess of any applicable deposit insurance held.

The percentage of eligible collateral (generally, United State Government and agency securities, state or local government debt, or corporate bonds) to public deposits is dependent upon the depository’s financial history and its compliance with Chapter 280. In the event of a failure of a qualified public depository, the remaining public depositories would be responsible for covering any resulting losses.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2007

**NOTE 2 - CASH AND CASH EQUIVALENTS (continued)**

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

As of September 30, 2007, the Town had \$ 4,015,179 invested in the Florida State Board of Administration's Local Government Surplus Funds Trust Fund (SBA Investment Pool) (Note 12). The SBA Investment Pool is governed by Chapter 19-7 of the Florida Administrative Code, which identifies the Rules of the State Board of Administration. These rules provide guidance and establish the general operating procedures for the administration of the SBA Investment Pool. Additionally, the Office of the Florida Auditor General performs the operational audit of the activities and investments of the State Board of Administration. The weighted average maturity for the SBA Investment Pool is limited to ninety days. The SBA Investment Pool does not have a credit rating. The SBA Investment Pool is not a registrant with the Securities and Exchange Commission (SEC); however, the fund has adopted operating procedures consistent with the requirements for a 2a-7 Fund.

**NOTE 3 - INVENTORY**

Inventory consists of trees acquired as a result of the Town's acquisition of a tract of land.

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended September 30, 2007 was as follows:

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2007</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 33,086,540	\$ --	\$ --	\$ 33,086,540
Construction in progress	<u>3,515,639</u>	<u>695,400</u>	<u>--</u>	<u>4,211,039</u>
Total capital assets, not being depreciated	<u>36,602,179</u>	<u>695,400</u>	<u>--</u>	<u>37,297,579</u>
Capital assets, being depreciated:				
Infrastructure	18,337,232	11,004	--	18,348,236
Improvements other than buildings	2,862,768	--	--	2,862,768
Buildings	579,760	121,041	--	700,801
Furniture and equipment	350,747	141,802	--	492,549
Leasehold improvements	<u>119,677</u>	<u>--</u>	<u>--</u>	<u>119,677</u>
Total capital assets being depreciated	<u>22,250,184</u>	<u>273,847</u>	<u>--</u>	<u>22,524,031</u>
Total capital assets	<u>58,852,363</u>	<u>969,247</u>	<u>--</u>	<u>59,821,610</u>

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2007

**NOTE 4 - CAPITAL ASSETS (continued)**

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2007</u>
Less accumulated depreciation for:				
Infrastructure	7,158,023	479,458	--	7,637,481
Improvements other than buildings	399,666	156,913	--	556,579
Buildings	11,488	4,595	--	16,083
Furniture and equipment	81,560	44,927	--	126,487
Leasehold improvements	<u>92,691</u>	<u>15,622</u>	--	<u>108,313</u>
Total accumulated depreciation	<u>7,743,428</u>	<u>701,515</u>	--	<u>8,444,943</u>
Total capital assets, being depreciated, net	<u>14,506,756</u>	<u>(427,668)</u>	--	<u>14,079,088</u>
Governmental activities capital assets, net	\$ <u>51,108,935</u>	\$ <u>267,732</u>	\$ --	\$ <u>51,376,667</u>

Provision for depreciation was charged to functions/programs of the Town as follows:

Public works	\$ 475,274
Parks and recreation	173,766
General government	39,200
Public safety	<u>13,275</u>
Total provision for depreciation	\$ <u>701,515</u>

**NOTE 5 - RECEIVABLES AND PAYABLES**

Receivables at September 30, 2007 were as follows:

	<u>Grants</u>	<u>Taxes and Fees</u>	<u>Total</u>
Governmental activities:			
Debt Service Fund	\$ 13,044	\$ --	\$ 13,044
Capital Project Fund	168,628	--	168,628
General Fund	185,321	279,650	464,971
Nonmajor governmental fund, Special Revenue Transportation Fund	<u>--</u>	<u>14,794</u>	<u>14,794</u>
Total governmental activities	\$ <u>366,993</u>	\$ <u>294,444</u>	\$ <u>661,437</u>



**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2007

**NOTE 5 - RECEIVABLES AND PAYABLES (continued)**

Payables at September 30, 2007 were as follows:

	<u>Vendors</u>	<u>Other Governments</u>	<u>Total</u>
Governmental activities:			
General Fund	\$ 239,969	\$ 413,152	\$ 653,121
Capital Project Fund	13,001	--	13,001
Nonmajor governmental fund, Special Revenue Transportation Fund	<u>1,458</u>	<u>--</u>	<u>1,458</u>
Total governmental activities	\$ <u>254,428</u>	\$ <u>413,152</u>	\$ <u>667,580</u>

**NOTE 6 - INTERFUND TRANSFERS**

Interfund transfers during fiscal year 2007 consisted of the following:

	<u>Capital Project Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental Fund, Special Revenue Transportation Fund</u>	<u>Total</u>
General Fund	\$ <u>500,000</u>	\$ <u>563,929</u>	\$ <u>100,000</u>	\$ <u>1,163,929</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.

**NOTE 7 - LONG-TERM DEBT**

**Florida Municipal Loan Council**

The Town previously entered into a loan agreement with the Florida Municipal Loan Council 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 re-offering 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, 2007 was 4.84%. Proceeds of the loan were used for the payoff of outstanding obligations, acquisition of certain parks and recreational land and construction of improvements and recreational facilities. As security for loan repayment, the Town covenants and agrees to appropriate in its annual budget amounts of non-ad valorem revenues sufficient to satisfy its annual debt service requirements under the loan agreement. During 2007, the Town was in compliance with this covenant.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2007

**NOTE 7 - LONG-TERM DEBT (continued)**

The annual requirements to pay principal and interest on this obligation as of September 30, 2007 are as follows:

<u>September 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008	\$ 95,000	\$ 225,963	\$ 320,963
2009	100,000	221,325	321,325
2010	105,000	216,200	321,200
2011	110,000	210,825	320,825
2012	115,000	205,200	320,200
2013-2017	670,000	928,975	1,598,975
2018-2022	860,000	730,788	1,590,788
2023-2027	1,100,000	492,500	1,592,500
2028-2032	<u>1,400,000</u>	<u>181,500</u>	<u>1,581,500</u>
	<u>\$ 4,555,000</u>	<u>\$ 3,413,276</u>	<u>\$ 7,968,276</u>

**Notes Payable**

The Town previously entered into pooled commercial paper loan agreement with the Florida Local Government Finance Commission for total available funds of \$ 13,000,000 to finance the acquisition of property for the Town's capital improvement program. The loans are collateralized by the Town's non-ad valorem revenues. Interest rates fluctuated during the year from 3.58% to 3.75% 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 or repayments. The outstanding balance under this agreement for the year ended September 30, 2007 is \$ 5,500,000. The principal of each draw will be repaid as follows. On December 4, 2007, \$ 3,000,000 is due and the balance of \$ 2,500,000 is due on December 6, 2011.

Changes in long-term debt during the year were as follows:

	<u>Balance October 1, 2006</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2007</u>	<u>Due Within One Year</u>
Notes payable	\$ 10,745,000	\$ --	\$ (690,000)	\$ 10,055,000	\$ 3,095,000
Add unamortized reoffering premium	90,638	--	(4,989)	85,649	--
Less unamortized underwriters discount	(24,909)	--	1,371	(23,538)	--
Capital lease payable	<u>--</u>	<u>124,000</u>	<u>(12,568)</u>	<u>111,432</u>	<u>11,158</u>
	<u>\$ 10,810,729</u>	<u>\$ 124,000</u>	<u>\$ (706,186)</u>	<u>\$ 10,228,543</u>	<u>\$ 3,106,158</u>

TOWN OF SOUTHWEST RANCHES, FLORIDA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 September 30, 2007

NOTE 8 - LEASES

Capital leases

On November 16, 2006, 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.

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2007 were as follows:

<u>Year ending September 30,</u>	<u>Principal</u>
2008	\$ 18,122
2009	18,122
2010	18,122
2011	18,122
2012	18,122
2013-2015	<u>54,370</u>
Total minimum lease payments	144,980
Less interest portion	<u>33,548</u>
Present value of minimum lease payments	\$ <u><u>111,432</u></u>

Town Hall Operating Lease Agreement

The Town previously entered into a two year lease agreement with South Broward Drainage District. Under the agreement, the Town leased property on which the temporary Town Hall is located for \$ 30,000 per year. During the year, the Town entered into a new agreement to continue leasing its temporary Town Hall facility. Under the agreement, the Town will pay a \$ 115,000 non-refundable three-year lease payment and a refundable \$ 50,000 security deposit.

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.

TOWN OF SOUTHWEST RANCHES, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2007

NOTE 10 - COMMITMENTS AND CONTINGENCIES

***Agreement with Broward County for Local Police Patrol Services***

The Town previously entered into an agreement with the Broward County Sheriff's Office (BSO) for local police patrol services through September 30, 2011. The Town incurred expenditures of \$ 1,406,995 for police services under this contract for the fiscal year ended September 30, 2007. The fee for these services for the year ending September 30, 2008 will be \$ 1,886,554. The following years will not increase more than 5% over the total budgeted costs for the same items in the preceding year.

***Interlocal Agreement with the Town of Davie for Delivery of Emergency Medical and Fire Protection Services***

The Town previously entered into an interlocal agreement with the Town of Davie for the delivery of emergency medical and fire protection services to the eastern portion of the Town. The initial term of the agreement is from October 1, 2006 to September 30, 2008, with two additional one-year periods, which renew automatically unless terminated by either party. Fees will increase by a minimum of 5% per year, not to exceed the consumer price index. The Town paid \$ 400,824 under this contract for the fiscal year ended September 30, 2007.

***Interlocal Agreement with Broward County for Delivery of Emergency Medical and Fire Protection Services***

The Town previously entered into an interlocal agreement with Broward County (the County) for the delivery of emergency medical and fire protection services to the western portion of the Town. Fees increase by an amount not to exceed \$ 25,000 per year. Effective October 1, 2003, this agreement was amended to assign the County's rights, obligations and responsibilities to the Sheriff of Broward County. During the year, the Town extended the agreement through September 30, 2007. The Town paid \$ 625,000 under this contract for the fiscal year ended September 30, 2007. Subsequent to year end, the Town reached an agreement with the Sheriff of Broward County to provide these services on a month to month basis effective October 1, 2007 at \$ 100,000 per month.

***Agreement with Southwest Ranches Volunteer Fire-Rescue, Inc. for Fire Rescue Services***

The Town previously entered into an agreement with Southwest Ranches Volunteer Fire-Rescue, Inc. (Volunteer Fire Department) for fire rescue services. The agreement automatically renews for one-year periods unless terminated by either party. The Town paid \$ 99,154 under this agreement for the fiscal year ended September 30, 2007.

***Grant Agreement Between State of Florida Department of Environmental Protection and the Town of Southwest Ranches***

The Town previously entered into an agreement with the Department of Environmental Protection under the Florida Recreation Development Assistance Program for the construction of Phase III project related to the Town's Equestrian Park. The Department has agreed to reimburse the Town approximately \$ 200,000 for costs incurred in the construction of the Equestrian Park with the Town required to provide matching funds of \$ 200,000. As of September 30, 2007, the Town has submitted reimbursement requests for \$ 150,000, received \$ 75,000 and has \$ 75,000 outstanding.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2007

**NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)**

The Town has another agreement with the same Department for the Town's Mixed Use Trails Project. The Department has agreed to reimburse the Town approximately \$ 112,500 for costs incurred in the construction and improvements of multi-use equestrian trails, landscaping, fencing and other related support facilities with the Town required to provide matching funds of \$ 37,500. As of September 30, 2007, the Town has submitted reimbursement requests for \$ 93,628.

***Agreement for Plans Review and Building Inspection Services***

During the year, the Town entered into a service agreement with a provider effective November 1, 2006 through October 31, 2009. The amount of compensation is based on rates and schedules set forth in the agreement with yearly increases equal to the consumer price index increase with a maximum annual increase of 3%. For the year ended September 30, 2007, the Town paid \$ 606,040 for these services.

***Agreement for Development Management and Zoning Code Services***

The Town previously entered into an agreement with a consultant to provide planning and zoning services on a full cost recovery fee structure. This agreement expired September 30, 2007. Subsequent to year end, the agreement was extended to September 30, 2008. For the year ended September 30, 2007, the Town paid \$ 654,305 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 term of the agreement is through October 2009 with extensions approved by the Town and the Company. The original contract provided for an annual fee of \$ 130,000 with annual fee increases of five percent (5%). In June 2007 the contract was amended by Resolution 2007-073 to provide additional code service personnel and added \$ 66,000 to the annual compensation to the Company. For the year ended September 30, 2007, the Town paid \$ 163,023 for these services. Either party may terminate this agreement upon providing 90 days written notice.

***Grant Consulting Agreements***

The Town previously entered into an agreement with a consultant for grant writing and other grant related consulting services. The term of this agreement is for a period of four years, and the agreement may be extended or renewed by mutual agreement of both parties. Total compensation under this agreement is \$ 156,000 per year plus reimbursable out of pocket costs. However, when the cumulative value of the various grant awards (grants received as per amended agreement) equals a minimum increment of \$ 1,000,000, the consultant will be compensated an additional \$ 15,000 for grant administration. This agreement may be terminated by either party with 15 days notice. For the year ended September 30, 2007, the Town paid \$ 158,329 for these services.

***Town Administration Agreement***

During the year, the Town terminated the contract with the prior Town Administrator and entered into an agreement with a new Town Administrator for the administration of the Town. The new Town Administrator officially started on March 4, 2007. The agreement has no definite term and shall continue until termination at \$ 166,000 per year plus benefits. The Town may increase the base salary and/or benefits of the Administrator based on performance and/or increases in the cost of living index.

TOWN OF SOUTHWEST RANCHES, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2007

NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)

*Maintenance Agreement*

The Town previously entered into a five year agreement through August 31, 2009 for the management and maintenance of the Rolling Oaks Passive Open Space Park and the Sunshine Ranches Equestrian Park. This agreement may be extended for two additional three year periods. Compensation for the maintenance service under this agreement was \$ 67,205 for the year ended September 30, 2007. This agreement may be terminated for convenience with 30 days 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 matter will not have a material adverse effect on the financial condition of the Town.

*Grants*

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, to be immaterial.

NOTE 11 - RETIREMENT PLANS

The Town offered a Deferred Compensation Plan to certain contract employees. This was started for the Town Administrator and the Town Finance Administrator. Since the Town has taken the staff in-house, this benefit has been extended to all Town staff. The Town has adopted the provisions of IRS Code Section 457(g) and GASB Statement No. 32, "Accounting and Financial Reporting for IRS Code Section 457 Deferred Compensation Plans." Under these provisions, all assets and income of the Plan are held in trust for the exclusive benefit of participants. Accordingly, the assets and liabilities of the Plan are not included in the Town's financial statements. The Plan is administered by the ICMA Retirement Corporation.

The Town does not provide any post-retirement benefits to its employees.

NOTE 12 - SUBSEQUENT EVENTS

The State Board of Administration's Local Government Surplus Funds Trust Investment Pool:

As discussed in Note 2, at September 30, 2007, the Town had \$ 4,015,179 invested in the State Board of Administration's Local Government Surplus Funds Trust Fund Investment Pool (the "Pool"). On November 29, 2007, the State Board of Administration implemented a temporary freeze on the assets held in the Pool due to an unprecedented amount of withdrawals from the Fund related to the absence of market liquidity for certain securities within the Pool. The significant amount of withdrawals followed reports that the Pool held asset-backed commercial paper that was subject to sub-prime mortgage risk. On December 4, 2007, based on recommendations from an outside financial advisor, the State Board of Administration restructured the Pool into two separate pools. Pool A consisted of all money market appropriate assets, which was approximately \$ 12 billion or 86% of Pool assets. Pool B consisted of assets that either defaulted on a payment, paid more slowly than expected, and/or had any significant credit and liquidity risk, which was approximately \$ 2 billion or 14% of Pool assets. At the time of the restructuring, all current pool participants had their existing balances proportionately allocated into Pool A and Pool B.

TOWN OF SOUTHWEST RANCHES, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2007

NOTE 12 - SUBSEQUENT EVENTS (continued)

As of January 18, 2008, Pool A participants may withdraw 37% of their balance or \$ 4 million, whichever is greater, without penalty. Withdrawals from Pool A in excess of the above limit are subject to a 2% redemption fee. New investments in Pool A are not subject to the redemption fee or withdrawal restrictions. Future withdrawal provisions from Pool A will be subject to further evaluation based on the maturities of existing investments and the liquidity requirements of the Pool. On December 21, 2007, Standard and Poor's Ratings Services assigned its "AAAm" principal stability fund rating to Pool A.

Currently, Pool B participants are prohibited from withdrawing any amount from the Pool and a formal withdrawal policy has not yet been developed. Market valuations of the assets held in Pool B are not readily available. In addition, full realization of the principle value of Pool B assets is not readily determinable.

As of March 31, 2008, the Town has \$ 231,891 and \$ 355,475 invested in Pool A and B, respectively. Additional information regarding the Local Government Surplus Funds Trust Fund may be obtained from the State Board of Administration at [www.sba.org](http://www.sba.org).

Recent Tax Reform

On January 29, 2008, the Florida electorate approved an amendment to the Florida Constitution relative to property taxation. This amendment (referred to as Amendment 1) was placed on the ballot by the Florida Legislature at a special session held in October 2007. With respect to homestead property, Amendment 1 increases the current \$ 25,000 homestead exemption by an additional \$ 25,000 which applies fully to homesteads valued over \$ 75,000 and partially for homesteads valued between \$ 50,000 and \$ 75,000, and does not apply to school district taxes. Since the new \$ 25,000 homestead exemption does not apply to school district taxes, this effectively amounts to a \$ 15,000 increase to the existing homestead exemption, resulting in an estimated annual savings of \$ 240 for an average homeowner. Amendment 1 also allows property owners to transfer (make portable) up to \$ 500,000 of their Save Our Homes benefits to their next homestead when they move. Save Our Homes became effective in 1995 and limits (caps) the annual increase in assessed value for homestead property to three percent (3%) or the percentage change in the Consumer Price Index, whichever is less.

With respect to non-homestead property, Amendment 1 limits (caps) the annual increase in assessed value for non-homestead property (businesses, industrial property, rental property, second homes, etc.) to ten percent (10%), except for school district taxes. The Amendment also provides a \$ 25,000 exemption for tangible personal property. Amendment 1 becomes effective on October 1, 2008, with the exception of the ten percent (10%) assessment cap on non-homestead property which becomes effective on January 1, 2009.

Based on information received from the Broward County Property Appraiser's Office, the estimated annual loss of property tax revenues for our Town from the additional homestead exemption and the \$ 25,000 exemption for tangible personal property is approximately \$ 166,000. This will have the first affect on the fiscal year 2008/09 Town budget. At present, there is no accurate way to determine the impact of the portability provision in terms of potential gain or loss of future tax revenues.

Florida Local Finance Commission Note Payable:

Due to the State Board of Administration's recent actions noted previously, the Florida Local Finance Commission extended the maturity date of the \$ 3,000,000 revenue note from December 4, 2007 to March 4, 2008. The \$ 3,000,000 revenue note was paid off on March 4, 2008.

REQUIRED SUPPLEMENTARY  
INFORMATION



**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For the Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Ad valorem taxes	\$ 3,469,245	\$ 3,469,245	\$ 3,488,788	\$ 19,543
Special assessments	1,120,000	1,120,000	1,138,577	18,577
Utility taxes	490,000	490,000	583,190	93,190
Service taxes	215,000	215,000	233,863	18,863
Franchise fees	415,000	415,000	619,404	204,404
Licenses and permits	972,000	972,000	860,578	(111,422)
Intergovernmental	560,000	560,000	583,506	23,506
Fines and forfeitures	30,000	30,000	40,416	10,416
Sale of trees	200,000	200,000	133,980	(66,020)
Investment income	130,000	130,000	125,688	(4,312)
Miscellaneous	<u>350,000</u>	<u>350,000</u>	<u>378,180</u>	<u>28,180</u>
Total revenues	<u>7,951,245</u>	<u>7,951,245</u>	<u>8,186,170</u>	<u>234,925</u>
<b>EXPENDITURES:</b>				
Current:				
General government:				
Town Council	297,500	297,500	245,499	52,001
Town administration	892,785	1,036,123	1,056,883	(20,760)
Town attorney	<u>275,000</u>	<u>276,418</u>	<u>287,270</u>	<u>(10,852)</u>
Total general government	<u>1,465,285</u>	<u>1,610,041</u>	<u>1,589,652</u>	<u>20,389</u>
Public safety:				
Police	1,851,612	1,851,612	1,406,995	444,617
Fire	<u>1,247,250</u>	<u>1,247,250</u>	<u>1,106,856</u>	<u>140,394</u>
Total public safety	<u>3,098,862</u>	<u>3,098,862</u>	<u>2,513,851</u>	<u>585,011</u>
Community services	1,269,250	1,788,772	1,789,858	(1,086)
Parks and recreation	235,400	235,400	256,775	(21,375)
Public works	660,000	660,000	613,822	46,178
Nondepartmental	45,000	45,000	33,204	11,796
Capital outlay	20,000	20,000	133,668	(113,668)
Debt service:				
Principal	--	--	12,568	(12,568)
Interest	<u>--</u>	<u>--</u>	<u>5,554</u>	<u>(5,554)</u>
Total expenditures	<u>6,793,797</u>	<u>7,458,075</u>	<u>6,948,952</u>	<u>509,123</u>
Excess of revenues over expenditures	<u>1,157,448</u>	<u>493,170</u>	<u>1,237,218</u>	<u>744,048</u>

TOWN OF SOUTHWEST RANCHES, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
 (continued)  
 For the Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
OTHER FINANCING SOURCES (USES):				
Issuance of debt	--	--	124,000	124,000
Transfers out	(1,094,710)	(1,394,710)	(1,163,929)	230,781
Total other financing sources (uses)	(1,094,710)	(1,394,710)	(1,039,929)	354,781
Net change in fund balance	62,738	(901,540)	197,289	1,098,829
FUND BALANCES, BEGINNING OF YEAR	2,423,871	2,423,871	2,423,871	--
FUND BALANCES, END OF YEAR	\$ 2,486,609	\$ 1,522,331	\$ 2,621,160	\$ 1,098,829

The accompanying notes to budgetary schedule are an integral part of these statements.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**NOTES TO BUDGETARY COMPARISON SCHEDULE**  
September 30, 2007

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

**a. 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. 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 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.
- f. The reported budgetary data represents the final approved budget after amendments adopted by the Town Council.

**b. Excess of Expenditures over Appropriations**

Expenditures exceeded the budget in the General Fund for the fiscal year ended September 30, 2007 at the following department levels, which is the legally controlled level of appropriations:

	<u>Final Budget</u>	<u>Actual</u>	<u>Amount in Excess of Final Budget</u>
Town administration	\$ 1,036,123	\$ 1,056,883	\$ 20,760
Town attorney	276,418	287,270	10,852
Community services	1,788,772	1,789,858	1,086
Parks and recreation	235,400	256,775	21,375
Capital outlay	20,000	133,668	113,668

These expenditures were covered by greater than anticipated revenues.

OTHER  
FINANCIAL INFORMATION

TOWN OF SOUTHWEST RANCHES, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE -  
 TRANSPORTATION SPECIAL REVENUE FUND  
 For the Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Intergovernmental:				
Local option gas tax	\$ 130,000	\$ 130,000	\$ 137,210	\$ 7,210
State revenue sharing	50,000	50,000	49,217	(783)
Investment income	<u>--</u>	<u>--</u>	<u>5,462</u>	<u>5,462</u>
Total revenues	<u>180,000</u>	<u>180,000</u>	<u>191,889</u>	<u>11,889</u>
<b>EXPENDITURES:</b>				
Current:				
Roadways	310,000	310,000	326,384	(16,384)
Community services	<u>--</u>	<u>--</u>	<u>6,185</u>	<u>(6,185)</u>
Total expenditures	<u>310,000</u>	<u>310,000</u>	<u>332,569</u>	<u>(22,569)</u>
Excess (deficiency) of revenues over (under) expenditures	(130,000)	(130,000)	(140,680)	(10,680)
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>--</u>
Total other financing sources	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>--</u>
Net change in fund balance	(30,000)	(30,000)	(40,680)	(10,680)
<b>FUND BALANCE,</b>				
BEGINNING OF YEAR	<u>140,535</u>	<u>140,535</u>	<u>140,535</u>	<u>--</u>
<b>FUND BALANCE,</b>				
END OF YEAR	\$ <u><u>110,535</u></u>	\$ <u><u>110,535</u></u>	\$ <u><u>99,855</u></u>	\$ <u><u>(10,680)</u></u>

TOWN OF SOUTHWEST RANCHES, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE -  
 DEBT SERVICE FUND  
 For the Year Ended September 30, 2007

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	
<b>REVENUES:</b>				
Investment income	\$ <u>          --</u>	\$ <u>          --</u>	\$ <u>  161,595</u>	\$ <u>  161,595</u>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	240,000	240,000	690,000	(450,000)
Interest and fiscal charges	<u>554,710</u>	<u>554,710</u>	<u>498,297</u>	<u>  56,413</u>
Total expenditures	<u>794,710</u>	<u>794,710</u>	<u>1,188,297</u>	<u>(393,587)</u>
Excess (deficiency) of revenues over (under) expenditures	(794,710)	(794,710)	(1,026,702)	(231,992)
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	<u>794,710</u>	<u>794,710</u>	<u>563,929</u>	<u>(230,781)</u>
Total other financing sources	<u>794,710</u>	<u>794,710</u>	<u>563,929</u>	<u>(230,781)</u>
Net change in fund balance	--	--	(462,773)	(462,773)
FUND BALANCE, BEGINNING OF YEAR	<u>4,000,000</u>	<u>4,000,000</u>	<u>4,000,000</u>	<u>          --</u>
FUND BALANCE, END OF YEAR	\$ <u><u>4,000,000</u></u>	\$ <u><u>4,000,000</u></u>	\$ <u><u>3,537,227</u></u>	\$ <u><u>(462,773)</u></u>

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE -**  
**CAPITAL PROJECT FUND**  
For the Year Ended September 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Public safety fee	\$ 100,000	\$ 100,000	\$ 100,000	\$ --
Grants	112,500	112,500	93,628	(18,872)
Investment income	--	--	8,193	8,193
Miscellaneous	<u>--</u>	<u>--</u>	<u>4,739</u>	<u>4,739</u>
Total revenues	<u>212,500</u>	<u>212,500</u>	<u>206,560</u>	<u>(5,940)</u>
<b>EXPENDITURES:</b>				
Current:				
Town administration	3,250,000	3,250,000	368,975	2,881,025
Capital outlay	<u>3,483,545</u>	<u>3,483,545</u>	<u>473,203</u>	<u>3,010,342</u>
Total expenditures	<u>6,733,545</u>	<u>6,733,545</u>	<u>842,178</u>	<u>5,891,367</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,521,045)</u>	<u>(6,521,045)</u>	<u>(635,618)</u>	<u>5,885,427</u>
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	200,000	200,000	500,000	300,000
Loan proceeds	<u>4,500,000</u>	<u>4,500,000</u>	<u>--</u>	<u>(4,500,000)</u>
Total other financing sources	<u>4,700,000</u>	<u>4,700,000</u>	<u>500,000</u>	<u>(4,200,000)</u>
Net change in fund balance	(1,821,045)	(1,821,045)	(135,618)	1,685,427
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>2,021,045</u>	<u>2,021,045</u>	<u>307,120</u>	<u>(1,713,925)</u>
<b>FUND BALANCE, END OF YEAR</b>	\$ <u>200,000</u>	\$ <u>200,000</u>	\$ <u>171,502</u>	\$ <u>(28,498)</u>

**STATISTICAL SECTION**

(NOT COVERED BY INDEPENDENT AUDITORS' REPORT)



TOWN OF SOUTHWEST RANCHES, FLORIDA  
STATISTICAL SECTION  
For the Year Ended September 30, 2007

CONTENTS	<u>PAGES</u>
<b>FINANCIAL TRENDS</b>	
These schedules contain trend information to help the reader understand how the Town's financial performance and condition have changed over time.	38-45
<b>REVENUE CAPACITY</b>	
These schedules contain information to help the reader assess the Town's most significant local revenue source - the property tax.	46-49
<b>DEBT CAPACITY</b>	
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	50-54
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.	55-56
<b>OPERATING INFORMATION</b>	
These schedules contain information about the Town's operations and resources to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.	57-59

TOWN OF SOUTHWEST RANCHES, FLORIDA  
NET ASSETS BY COMPONENT  
LAST SIX FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)

	Fiscal year				
	2002	2003	2004	2005	2006
GOVERNMENTAL ACTIVITIES:					
Invested in capital assets, net of related debt	\$ 3,433,636	\$ 3,515,277	\$ 11,367,768	\$ 38,284,247	\$ 40,644,914
Restricted	240,357	392,119	---	---	---
Unrestricted	<u>879,925</u>	<u>4,465,382</u>	<u>5,303,794</u>	<u>6,815,918</u>	<u>6,464,986</u>
Total governmental activities net assets	<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>

Note: The Town implemented GASB 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**CHANGES IN NET ASSETS**  
**LAST SIX FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year					
	2002	2003	2004	2005	2006*	20
<b>EXPENSES:</b>						
Governmental activities:						
General government	\$ 877,242	\$ 749,888	\$ 835,810	\$ 1,783,732	\$ 1,407,916	\$ 1,633
Public safety	1,947,075	2,024,690	2,111,633	1,271,390	2,466,655	2,511
Community development	687,405	767,903	1,023,169	1,018,218	1,200,384	1,799
Public works	135,620	656,611	938,493	1,992,753	1,269,187	1,088
Parks and recreation	2,959	--	132,391	240,120	484,684	433
Nondepartmental	28,131	54,929	140,085	262,431	29,897	3
Interest and other debt service costs	258,654	329,346	394,403	431,092	632,381	499
Roadways and hurricane related expenses	--	--	--	--	12,107,067	32
Total governmental activities expenses	<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>\$ 8,327</u>
<b>PROGRAM REVENUES:</b>						
Governmental activities:						
Charges for services	\$ 270,239	\$ --	\$ --	\$ --	\$ 239,541	\$ 28
General government	525,240	499,817	510,517	513,438	1,006,275	66
Public safety	--	234,345	354,718	296,036	306,516	88
Community development	--	--	--	--	291,084	13
Parks and recreation	--	728,150	588,690	613,610	651,572	62
Public works	--	--	7,967,899	1,044,829	10,414,610	18
Operating grants and contributions	--	--	--	9,932,927	603,445	5
Capital grants and contributions	--	--	--	--	--	--
Total governmental activities program revenues	<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>\$ 2,88</u>
<b>NET REVENUES (EXPENSES):</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>\$ (5.5)</u>
<b>GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS:</b>						
Governmental activities:						
Property taxes	\$ 1,801,116	\$ 1,956,415	\$ 2,122,694	\$ 2,503,780	\$ 2,969,270	\$ 3,44
Utility taxes	620,734	657,677	479,391	496,246	521,151	55
Service taxes	--	--	133,890	230,138	253,051	27
Franchise taxes	351,056	391,293	408,735	436,937	555,222	6
Intergovernmental	768,905	665,240	956,848	(261,264)	652,622	5
Investment income	104,542	143,596	351,386	455,003	227,190	3
Miscellaneous	--	--	--	--	9,693	1
Special item, gain on sale of land held for investment	--	--	--	--	2,906,664	--
Total governmental activities general revenues and other changes in net assets	<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>\$ 5,9</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>\$ 4</u>

Note 1: The Town implemented GASB 34 in fiscal year 2002; schedules presenting government-wide information include information beginning in that year.

\* In fiscal year 2006 roadways and hurricane-related expenses and grant and repair costs resulting from Hurricanes Katrina and Wilma and re sources.

TOWN OF SOUTHWEST RANCHES, FLORIDA  
 FUND BALANCES OF GOVERNMENTAL FUNDS  
 LAST SEVEN FISCAL YEARS  
 (MODIFIED ACCRUAL BASIS OF ACCOUNTING)

	Fiscal Year						
	2001	2002	2003	2004	2005	2006	
<b>GENERAL FUND:</b>							
Reserved	\$ ---	\$ 1,310,245	\$ 492,944	\$ 1,115,853	\$ 592,440	\$ 286,878	\$ ---
Unreserved	723,900	941,996	2,349,106	3,216,108	4,354,075	2,136,993	2,000,000
Total General Fund	<u>\$ 723,900</u>	<u>\$ 2,252,241</u>	<u>\$ 2,842,050</u>	<u>\$ 4,331,961</u>	<u>\$ 4,946,515</u>	<u>\$ 2,423,871</u>	<u>\$ 2,000,000</u>
<b>ALL OTHER GOVERNMENTAL FUNDS:</b>							
Reserved	\$ 187,513	\$ 240,357	\$ 2,070,151	\$ 946,754	\$ 1,899,795	\$ ---	\$ ---
Unreserved, reported in:							
Special Revenue Funds	---	---	---	83,710	26,166	140,535	307,120
Capital Projects Funds	---	---	---	---	---	---	---
Debt Service Funds	---	---	---	---	---	4,000,000	---
Total all other governmental funds	<u>\$ 187,513</u>	<u>\$ 240,357</u>	<u>\$ 2,070,151</u>	<u>\$ 1,030,464</u>	<u>\$ 1,925,961</u>	<u>\$ 4,447,655</u>	<u>\$ 3,000,000</u>

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**  
**LAST SEVEN FISCAL YEARS**  
**(MODIFIED ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year						
	2001	2002	2003	2004	2005	2006*	
<b>REVENUES:</b>							
Ad valorem taxes	\$ 2,147,639	\$ 1,801,116	\$ 1,956,415	\$ 2,122,694	\$ 2,503,780	\$ 2,969,270	\$ 3,474,000
Special assessments	---	481,378	1,190,746	1,065,050	1,098,521	1,126,695	1,111,000
Utility taxes	402,890	620,734	657,677	479,391	496,246	521,151	1,111,000
Service taxes	---	---	---	133,890	230,138	253,051	222,000
Franchise fees	351,016	351,056	391,293	408,735	436,937	555,222	600,000
Licenses and permits	130,123	270,239	234,345	354,718	296,036	306,517	306,517
Intergovernmental	810,224	768,905	665,240	956,848	783,565	861,911	861,911
Fines and forfeitures	15,015	43,862	37,221	34,157	28,527	37,095	37,095
Public safety fee	---	---	---	---	---	---	---
Grants	---	683,772	3,125,694	7,637,359	9,932,927	10,458,766	10,458,766
Investment income	35,669	53,034	84,326	46,755	154,437	227,190	227,190
Donated property	---	---	---	---	---	350,000	350,000
Sale of trees	---	---	---	---	---	291,084	291,084
Miscellaneous	28,204	47,350	59,270	304,631	300,566	243,290	243,290
<b>Total revenues</b>	<u>3,920,780</u>	<u>5,121,446</u>	<u>8,402,227</u>	<u>13,544,228</u>	<u>16,261,680</u>	<u>18,701,242</u>	<u>8,311,000</u>
<b>EXPENDITURES:</b>							
<b>Current:</b>							
General government	592,945	813,146	712,464	788,257	1,274,071	2,879,193	2,879,193
Public safety	1,840,665	1,947,075	2,024,690	2,111,633	2,271,390	2,463,714	2,463,714
Community development	235,900	687,405	767,903	1,023,169	1,018,218	1,200,384	1,200,384
Public works	14,845	135,620	614,965	938,493	1,992,753	798,002	798,002
Parks and recreation	46,386	---	---	46,715	83,528	669,365	669,365
Roadways and hurricane related expenses	---	---	---	---	---	12,107,067	12,107,067
Nondepartmental	58,920	28,131	54,929	106,927	202,414	29,897	29,897
Capital outlay	3,975,000	3,014,917	1,377,338	9,269,515	10,364,292	1,207,509	1,207,509
Debt service:							
Principal	19,868	3,780,132	90,000	7,213,000	6,111,000	12,121,000	12,121,000
Interest and fiscal charges	24,838	198,399	340,335	427,248	493,963	632,725	632,725
<b>Total expenditures</b>	<u>6,809,367</u>	<u>10,604,825</u>	<u>5,982,624</u>	<u>21,924,957</u>	<u>23,811,629</u>	<u>34,108,856</u>	<u>9,311,000</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(2,888,587)</u>	<u>(5,483,379)</u>	<u>2,419,603</u>	<u>(8,380,729)</u>	<u>(7,549,949)</u>	<u>(15,407,614)</u>	<u>(1,000,000)</u>
<b>OTHER FINANCING SOURCES (USES):</b>							
Proceeds from borrowings	3,800,000	7,068,216	---	7,735,000	9,060,000	12,500,000	1,000,000
Transfers in	---	---	---	8,736,201	6,887,473	1,853,858	1,853,858
Transfers out	---	---	---	(7,640,248)	(6,887,473)	(1,853,858)	(1,853,858)
Special item, proceeds from sale of land held for investment	---	---	---	---	---	2,906,664	2,906,664
<b>Total other financing sources</b>	<u>3,800,000</u>	<u>7,068,216</u>	<u>---</u>	<u>8,830,953</u>	<u>9,060,000</u>	<u>15,406,664</u>	<u>6,856,664</u>
<b>Net change in fund balances</b>	<u>\$ 911,413</u>	<u>\$ 1,584,837</u>	<u>\$ 2,419,603</u>	<u>\$ 450,224</u>	<u>\$ 1,510,051</u>	<u>\$ (950)</u>	<u>\$ (950)</u>
<b>Debt service as a percentage of noncapital expenditures</b>	<u>1.58%</u>	<u>52.42%</u>	<u>9.34%</u>	<u>60.37%</u>	<u>49.12%</u>	<u>38.76%</u>	<u>38.76%</u>

\* In fiscal year 2006 roadway and hurricane-related expenses and grant and repair costs resulting from Hurricanes Katrina and Wilma and re-

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST SEVEN FISCAL YEARS**

Table 5

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*	Other*					
2001	\$ 502,619,460	\$ 25,967,180	\$ 26,495,060	\$ 62,893,220	\$ 87,165,070	\$ 530,809,850	3.8933	\$ 719,633,840	73.76%	
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%	

Source: Broward County Property Appraiser's Office.

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

**TOWN OF SOUTHWEST RANCHES, FLORIDA  
DIRECT AND OVERLAPPING PROPERTY TAX RATES  
LAST SEVEN FISCAL YEARS**

Table 6

Fiscal Year	City Direct Rate	Broward County	Overlapping County District Rates					South Broward Hospital District
			Broward School District	South Florida Water Management District	Florida Inland Navigation District	Child Services Council	South Broward Hospital District	
2001	\$ 3.8933	\$ 7.5250	\$ 8.9553	\$ 0.6970	\$ 0.0410	\$ --	\$ 1.9939	
2002	3.0000	7.4005	8.7541	0.6970	0.0385	0.3055	1.8694	
2003	3.0000	7.3650	8.8825	0.6970	0.0385	0.3316	1.7336	
2004	3.0000	7.1880	8.4176	0.6970	0.0385	0.3920	1.7336	
2005	3.0000	7.0230	8.2695	0.6970	0.0385	0.4231	1.5761	
2006	3.0000	6.7830	8.0623	0.6970	0.0385	0.4231	1.4500	
2007	3.0000	6.0661	7.8687	0.6970	0.0385	0.4073	1.3300	

Source: Broward County Property Appraiser.

Note: All rates are per \$ 1,000 of assessed taxable value.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**PRINCIPAL PROPERTY TAXPAYERS**  
**CURRENT YEAR AND THREE YEARS AGO**

Table 7

Taxpayer	2007			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Lowes Home Centers, Inc.	\$ 14,285,710	1	1.21%	15,579,200	2	2.17%
Canyon Creek Estates, LLC	7,462,700	2	0.63%	--	--	--
Landmark Custom Ranches, LLC	6,151,550	3	0.52%	7,332,730	5	1.02%
Jerome James	4,681,600	4	0.40%	--	--	--
Joseph and Jean Caprio	4,463,730	5	0.38%	--	--	--
Nathan and Jacqueline Finkel	3,857,990	6	0.33%	3,274,250	7	0.46%
Susan Levine	3,367,390	7	0.29%	--	--	--
Evelyn and Rene Vivo	3,221,500	8	0.27%	--	--	--
U.S. Retail Income Fund VLP	3,138,070	9	0.27%	13,177,420	3	--
Jodanki Properties, LLC	3,091,200	10	0.26%	--	--	--
Florida Power and Light Co.	--	--	--	28,599,855	1	3.99%
SCI Funeral Services of Florida, Inc.	--	--	--	8,544,320	4	1.19%
Republica Musicana, Inc.	--	--	--	4,287,250	6	0.60%
Tom and Denise Foley	--	--	--	3,267,080	8	0.46%
Stone Creek at Sunshine Ranches, LLC	--	--	--	3,189,290	9	0.44%
Edward and Mary Lieberman	--	--	--	3,183,910	10	0.44%
<b>Total</b>	<b>\$ 53,721,440</b>		<b>4.57%</b>	<b>\$ 90,435,305</b>		<b>10.77%</b>

Source: Broward County Property Appraiser.

Note: Information prior to 2004 not available.



**TOWN OF SOUTHWEST RANCHES, FLORIDA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST SEVEN FISCAL YEARS**

Table 8

<u>Fiscal Year</u>	<u>Taxes Levied</u>	<u>Collected Within the</u>		<u>Collections in Subsequent Years</u>	<u>Total Collections to Date</u>	
		<u>Fiscal Year of the Levy</u>	<u>Percentage of Levy</u>		<u>Amount</u>	<u>Percentage of Levy</u>
2001	\$ 2,582,462	\$ 2,222,444	86.06%	*	\$ 2,222,444	86.08%
2002	1,866,024	1,854,513	99.38%	*	1,854,513	99.38%
2003	1,989,269	2,012,706	101.18%	*	2,012,706	101.18%
2004	2,257,314	2,263,059	100.25%	*	2,263,059	100.25%
2005	2,616,800	2,592,473	99.07%	*	2,592,473	99.07%
2006	3,056,742	3,056,846	100.00%	*	3,056,846	100.00%
2007	3,651,838	3,634,344	99.52%	*	3,634,344	99.52%

Source: Broward County Property Appraiser

\* Information is not available.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**RATIO OF OUTSTANDING DEBT BY TYPE**  
**LAST SIX FISCAL YEARS**

Table 9

Year	Governmental Activities							Estimated Population	Per Capita
	General Obligation Bonds	Florida Municipal Loan Council Revenue Bonds	Florida Local Government Finance Commission Loans	Bank Notes	Capital Leases	Total Primary Government			
2001	\$ --	\$ --	\$ --	\$ 3,780,132	\$ --	\$ 3,780,132	7,192	\$ 526	
2002	--	5,095,594	--	2,000,000	--	7,095,594	7,352	965	
2003	--	5,090,605	--	2,000,000	--	7,090,605	7,415	956	
2004	--	4,915,616	2,602,000	--	--	7,517,616	7,443	1,010	
2005	--	4,825,627	5,036,000	600,000	--	10,461,627	7,447	1,405	
2006	--	4,735,638	5,500,000	600,000	--	10,835,638	7,415	1,461	
2007	--	4,640,649	5,500,000	--	111,432	10,252,081	8,461	1,212	

Source: Estimated population provided by Florida Legislative Committee on Intergovernmental Relations.

**TOWN OF SOUTHWEST RANCHES, FLORIDA  
RATIOS OF GENERAL BONDED DEBT OUTSTANDING  
LAST SIX FISCAL YEARS**

Table 10

<u>Fiscal Year Ended September 30,</u>	<u>Florida Municipal Loan Council Revenue Bonds</u>	<u>Florida Local Government Finance Commission Loans</u>	<u>Total</u>	<u>Percentage of Estimated Actual Taxable Value of Property (1)</u>	<u>Per Capita (2)</u>
2002	5,095,594 \$	--	\$ 5,095,594	0.62%	\$ 693
2003	5,090,605	--	5,090,605	0.55%	687
2004	4,915,616	2,602,000	7,517,616	0.68%	1,010
2005	4,825,627	5,036,000	9,861,627	0.70%	1,324
2006	4,735,638	5,500,000	10,235,638	0.59%	1,380
2007	4,640,649	5,500,000	10,140,649	0.46%	1,199

**Note:** Details regarding the Town's outstanding debt can be found in the notes to the financial statements. Detail for 2001 is not available.

- (1) See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property on page 46 for property value data.
- (2) See the Schedule of Demographic and Economic Statistics on page 55 for population data.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
September 30, 2007

Table 11

	<u>Net Debt Outstanding</u>	<u>Percentage Applicable to Weston</u>	<u>Estimated Share of Overlapping Debt</u>
<b>GOVERNMENT UNIT:</b>			
Debt repaid with property taxes:			
Broward County General Obligation Debt	\$ 532,536,000	1.38%	\$ 7,348,997
School Board of Broward County General Obligation Debt	27,949,000	1.38%	385,696
Other debt:			
Broward County Other Debt	292,139,000	1.38%	4,031,518
School Board of Broward County COP Debt	1,687,556,000	1.38%	<u>23,288,273</u>
Subtotal, overlapping debt			35,054,484
Town of Southwest Ranches direct debt	10,228,543	100.00%	<u>10,228,543</u>
Total direct and overlapping debt			\$ <u>45,283,027</u>

**Sources:** Taxable assessed value data used to estimate applicable percentages and debt outstanding data was provided by each governmental unit's CAFR.

TOWN OF SOUTHWEST RANCHES, FLORIDA  
LEGAL DEBT MARGIN INFORMATION  
September 30, 2007

Table 12

The Town Charter does not set a debt limit.

TOWN OF SOUTHWEST RANCHES, FLORIDA  
PLEDGED REVENUE COVERAGE  
September 30, 2007

Table 13

From 2004 through 2007 the Town did not have any long-term debt backed by pledged revenues. Detail prior to 2004 is not available.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**  
**LAST SEVEN CALENDAR YEARS**

Table 14

<u>Calendar Year</u>	<u>Town of Southwest Ranches Population</u>	<u>Broward County Population</u>	<u>Broward County Personal Income*</u>	<u>County Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2001	7,192	1,669,678	\$ 52,614,372	31,512	4.5%
2002	7,352	1,701,763	54,850,632	32,232	5.8%
2003	7,415	1,722,971	56,254,396	32,650	5.4%
2004	7,443	1,745,691	60,331,477	34,560	4.6%
2005	7,447	1,770,707	66,230,212	37,403	3.7%
2006	7,415	1,772,745	70,454,147	39,743	3.2%
2007	8,461	1,772,745	70,454,147	39,743	3.6%

**Sources:** Town of Southwest Ranches population obtained from Florida Legislative Committee on Intergovernmental Relations. Broward County population and personal income obtained from the Bureau of Economic Analysis, U.S. Department of Commerce (as of 2006). Unemployment rates obtained from the Bureau of Labor Statistics, U.S. Department of Labor.

\* Personal income in thousands of dollars.

TOWN OF SOUTHWEST RANCHES, FLORIDA  
 PRINCIPAL EMPLOYERS  
 September 30, 2007

Table 15

<u>Estimated Number of Employees</u>	<u>Employer</u>
150-200	Lowe's Home Centers, Inc. Publix Supermarkets
50-75	Applebee's Neighborhood Grill McDonald's Apple Montessori School
10-49	Romeus Cuban Restuarant Starbucks Coffee Company Original Pancake House Rotelli Restuarant Blockbuster Video

**Note:** Little reliable data currently exists on employment within the Town of Southwest Ranches. The above estimates were compiled by the Town's Community Services Department.



**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**FULL-TIME EQUIVALENT CITY GOVERNMENT**  
**EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST FIVE FISCAL YEARS**

Table 16

	Full-Time Equivalent Employees as of September 30,				
	2003	2004	2005	2006	2007
CITY COMMISSION	5	5	5	5	5
CITY MANAGEMENT	--	--	--	--	3
<b>CONTRACTED</b>					
<b>EMPLOYEES:</b>					
General government:					
Management services	4	4	5	5	4
Community services *	3	4	6	5	4
Fire rescue and EMS	3	3	3	3	3
Emergency medical services	2	3	3	3	3
Police protection	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>13</u>
Total	<u>28</u>	<u>30</u>	<u>33</u>	<u>32</u>	<u>35</u>

**Source:** Town of Southwest Ranches Community Services Department.

**Note:** Information prior to 2003 is not available.

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

**TOWN OF SOUTHWEST RANCHES, FLORIDA  
OPERATING INDICATORS BY FUNCTION/PROGRAM  
LAST FIVE FISCAL YEARS**

Table 17

Function/Program	2003	2004	2005	2006	2007
<b>GENERAL GOVERNMENT:</b>					
Building permits issued by:					
Broward County(1)	--	--	1,032	2,203	762
CAP Government Services, Inc. (3)	--	--	--	--	466
Total building permits	--	--	1,032	2,203	1,228
Building inspections conducted by:					
Broward County:					
Electrical (1)	855	952	1,067	929	1,083
Mechanical (1)	252	253	234	205	191
Plumbing (1)	791	840	771	756	668
Structural (1)	2,784	2,663	2,341	4,208	2,547
Other (1)	172	139	103	89	150
CAP Government Services, Inc. (3)	--	--	--	--	3,300
Total building inspections	4,854	4,847	4,516	6,187	7,939
Occupational licenses (6)	7	11	13	10	9
Certificates of use (6)	6	26	31	35	23
<b>FIRE:</b>					
Emergency responses (4)	785	425	362	354	265
Inspections	*	*	*	*	*
<b>POLICE:</b>					
Physical arrests (2)	420	297	262	375	207
Parking violations (2)	40	32	61	19	9
Traffic violations (2)	2,852	2,962	2,561	2,618	2,564
<b>REFUSE COLLECTION:</b>					
Refuse collected (tons per day) (5)	*	30.00	51.00	63.60	**7.70
Recyclables collected (tons per day) (5)	1.46	1.49	1.37	1.02	**0.67
Bulk collected (tons per day) (5)	*	7.80	20.00	25.20	**15.00
<b>OTHER PUBLIC WORKS:</b>					
Street resurfacing (in miles) (5)	--	--	--	0.5	--
Potholes repaired (5)	360	360	360	360	360
<b>WATER:</b>					
New connections (7)	3	5	6	2	4
Average daily consumption (thousands of gallons) (7)	.3	1.2	3.6	4.0	5.5
Peak monthly consumption (thousands of gallons) (7)	82	80	209	175	247

**Note:** 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.

\* Information is not available.

\*\* Figures for 2007 are from October 2006 through April 2007.

(1) Information provided by Broward County.

(2) Information provided by Broward County Sheriff's Office.

(3) Information provided by CAP Government Services, Inc.

(4) Information provided by Broward County Sheriff's Office for western portion of Town and information for eastern portion of Town not available from Town of Davie.

(5) Information provided by Town's Public Works Department.

(6) Information provided by Broward County only includes new applications.

(7) Information provided by City of Sunrise Public Works.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**LAST FIVE FISCAL YEARS**

Table 18

Function/Program	2003	2004	2005	2006	2007
<b>FIRE STATIONS</b>	*	*	*	*	*
<b>POLICE:</b>					
Stations	*	*	*	*	*
Patrol units	11	11	11	12	15
<b>REFUSE COLLECTION:</b>					
Collection trucks	*	*	*	*	*
<b>OTHER PUBLIC WORKS:</b>					
Streets (miles)	82	82	82	82	82
Streetlights	**	**	**	**	**
Traffic signals	**	**	**	**	**
<b>PARKS AND RECREATION:</b>					
Acreage	95.40	117.40	149.01	149.01	149.01
Playgrounds	--	--	--	1	1
Equestrian ring	--	--	--	2	2
Picnic pavilion	--	--	--	1	1
Restroom facilities	--	--	--	1	1
Nature trails (miles)	--	--	--	1	1
Multi-use trails (miles)	--	--	4	4	12.7
<b>WATER:</b>					
Water mains (miles) (1)	***	***	12	12	12
Firewells	330	330	330	330	330
Lakes (acres) (2)	25.0	25.0	25.0	25.0	25.0
Canals (miles) (3)	42.0	42.0	42.0	42.0	42.0

**Source:** Various Town departments unless otherwise noted.

**Note:** Information prior to 2003 is not available.

\* Contracted Service Provider.

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

\*\*\* Information is not available.

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

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

(3) Information provided by South Broward Drainage District and Central Broward Water Control District.