



# **BASIC FINANCIAL STATEMENTS AND OTHER SCHEDULES**



**FISCAL YEAR ENDED  
SEPTEMBER 30, 2009**

**TOWN OF SOUTHWEST RANCHES, FLORIDA**



**BASIC FINANCIAL  
STATEMENTS AND  
OTHER SCHEDULES**

**Town of  
Southwest Ranches, Florida  
September 30, 2009**

**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, 2009

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# INTRODUCTORY SECTION



Town of Southwest Ranches  
Charles H. Lynn, AICP  
Town Administrator  
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Southwest Ranches, FL 33331  
Fax: (954) 434-1490  
Phone: (954) 343-7476  
Email: clynn@southwestranches.org

March 31, 2010

Mayor Jeff Nelson  
Vice Mayor Aster Knight  
Council Member Steve Breitkreuz  
Council Member Freddy Fisikelli  
Council Member Doug McKay

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 that ended September 30, 2009, pursuant to Section 218.39 of the Florida Statutes and Town Charter. The financial statements that are included in this report conform to the Generally Accepted Accounting Principles (GAAP) in the United States 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. Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it. It should be noted that the financial operations of the Town are managed by an officer outside the Town Administrator's authority as provided in "Section 3.11. Town Financial Administrator." of the Town Charter.

### Profile of the Government

The Town was incorporated on June 6, 2000. The Town's current Charter was amended by the citizens on November 4, 2003 and November 7, 2006. The Town operates under the Council-Administrator form of government where the Mayor and four Council Members must live in residential districts and are elected at large. The Town Council determines the policies that guide the Town's operations. The Town contracts for all major Town services including police, fire, building, planning, and engineering as well as Town Administrator and Financial Administrator. The Town has nine full-time employees plus consultants (as needed) to administer all contracts and daily operations of the Town. In addition, the Town Council appoints the Finance Administrator and that position reports directly to Town Council.

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. There are no other entities included in this report other than the Town itself for fiscal year 2009.

Southwest Ranches provides basic municipal services including fire, emergency medical, law enforcement, park/recreation, solid waste collection, code enforcement, and general government services. The Town will be the home to many exceptional parks which are designed to "Preserve Our Rural Lifestyle." The Town has acquired approximately 150 acres of land for open space needs. These acres of land were acquired through grants from Broward County and the State of Florida with minimal cost to the residents of the Town. In addition, our residents "homestead" on minimum one acre sites. We are horse country; and indeed, most of the homes in the Town are ranches. The Town has no sidewalks, street lights or large developments.

### 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, Pembroke Pines (population 151,193) and Weston (population 61,697). Both of the neighboring cities provide a wealth of business and attractions for use by the residents of the Town. The residents benefit from this close association with urban neighbors so 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.

The 2000 Census calculated the Town's population as 7,203. At that time, the diversity of the Town was 4,343 of the residents being Caucasian, 220 African-American, 1,390 of Hispanic descent and 1,250 in other races. The 7,203 people living in Southwest Ranches had a median age of 37.8 years and 2,048 residents were under the age of 18. The Bureau of Economics and Business Research of the University of Florida, Population Division, estimates the 2009 population to be 8,570. The Town expects the 2010 Census to have similar diversity statistics. We are expected to reach build out in the Town within the next ten years with a population of 11,000.

The Town of Southwest Ranches has suffered from a weak economy and declining real estate values as all other governments in Florida and in the nation; however, the Town has weathered this business cycle better than other communities due to the composition of its economy and the fact that Town of Southwest Ranches is primarily a single-family, residential community.

In 2009, the Town of Southwest Ranches experienced a relatively modest 10% decline in assessed valuation while the tax base of surrounding communities declined significantly. The Broward County Property Appraiser's Office has predicted a further decline in assessed valuation of 9.28% for the 2010 tax year. This is substantially less than the declines that are expected for surrounding communities with large commercial and industrial bases.

### Financial Information and Major Initiatives

The Town of Southwest Ranches has maintained a desirable quality of life and is poised to retain and recover its economic foundation which is based on its unique rural lifestyle in a major metropolitan area. The Town is preparing to launch several initiatives which will enhance its long-term fiscal sustainability.

The Town is analyzing every aspect of its current operations to ensure that maximum efficiency and cost effectiveness are being realized. One important component of this activity is



the recalibrating of its fire and solid waste assessment fees. Both of these assessments are currently being reviewed by outside consultants to ensure the fairness and accuracy of the fees.

The Town is currently in negotiations with adjacent communities to achieve cost savings in its current fire service contract. While the Town currently contracts with the Broward Sheriff's Office for fire service, these negotiations may produce substantial cost savings through an alternative service provider or by achieving greater efficiencies in the existing contract.

In addition, the Town has tightened up its code enforcement activities to exert greater control over its solid waste tonnage and content. This "flow control" is assisting the Town in its efforts to achieve cost savings in its solid waste activities by reducing needless duplication of services. Also, this activity is reducing the amount of tonnage being disposed thus reducing fees and the contract.

The Town of Southwest Ranches has acted decisively to protect property values in the Town's western area. After experiencing flooding, the Town negotiated a Memorandum of Understanding to establish a pilot project with the South Florida Water Management District, South Broward Drainage District, and Florida Department of Agriculture and Consumer Services. This innovative agreement will address flooding problems and water quality issues.

The Town has recently rebid most of its contracts with vendors ranging from Town engineers to parks and right of way maintenance to ensure maximum efficiency. The Town is also investing in its infrastructure by using its Transportation Trust Fund and hiring an in-house engineer to pave roads, repair drainage issues and oversee the general maintenance of the Town's physical facilities. These actions are ensuring that the Town continues to offer high levels of service to maintain and enhance the quality of life that our residents have come to expect.

The Town's activities such as fire services, solid waste, water management, and vendor selection further enhance the financial sustainability and quality of life for the residents of Southwest Ranches. These services place the community in a position to recover as quickly as possible from the current economic downturn.

The finances of the Town are sound as indicated by this report. Every effort is being made to ensure that financial management remains a priority of the Town. We are preparing ourselves for the challenges ahead and are working with the community to live within our means.

### Financial Planning

The Town of Southwest Ranches has made it a policy to establish reserve funds to offset unanticipated expenditures and ensure that a funding source exists in the event of a continuation of current economic conditions. The General Fund has an unreserved fund balance equal to 18.61% of the 2010 General Fund operations budget. Grant funds are used strictly for non-recurring expenditures. The Town has sought to reduce grant conditions that required additional capital construction costs and has avoided any new commitments that require long-term expenditures.

### 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

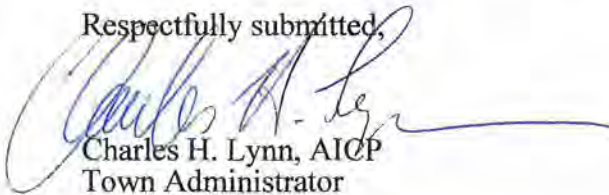
The Town has applied for and was awarded the Certificate of Achievement for Excellence in Financial Reporting awarded by the Governmental Finance Officers Association (GFOA) of the United States and Canada for the Town's first ever CAFR in 2003 and again in 2005, 2007 and 2008. The Certificate of Achievement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

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

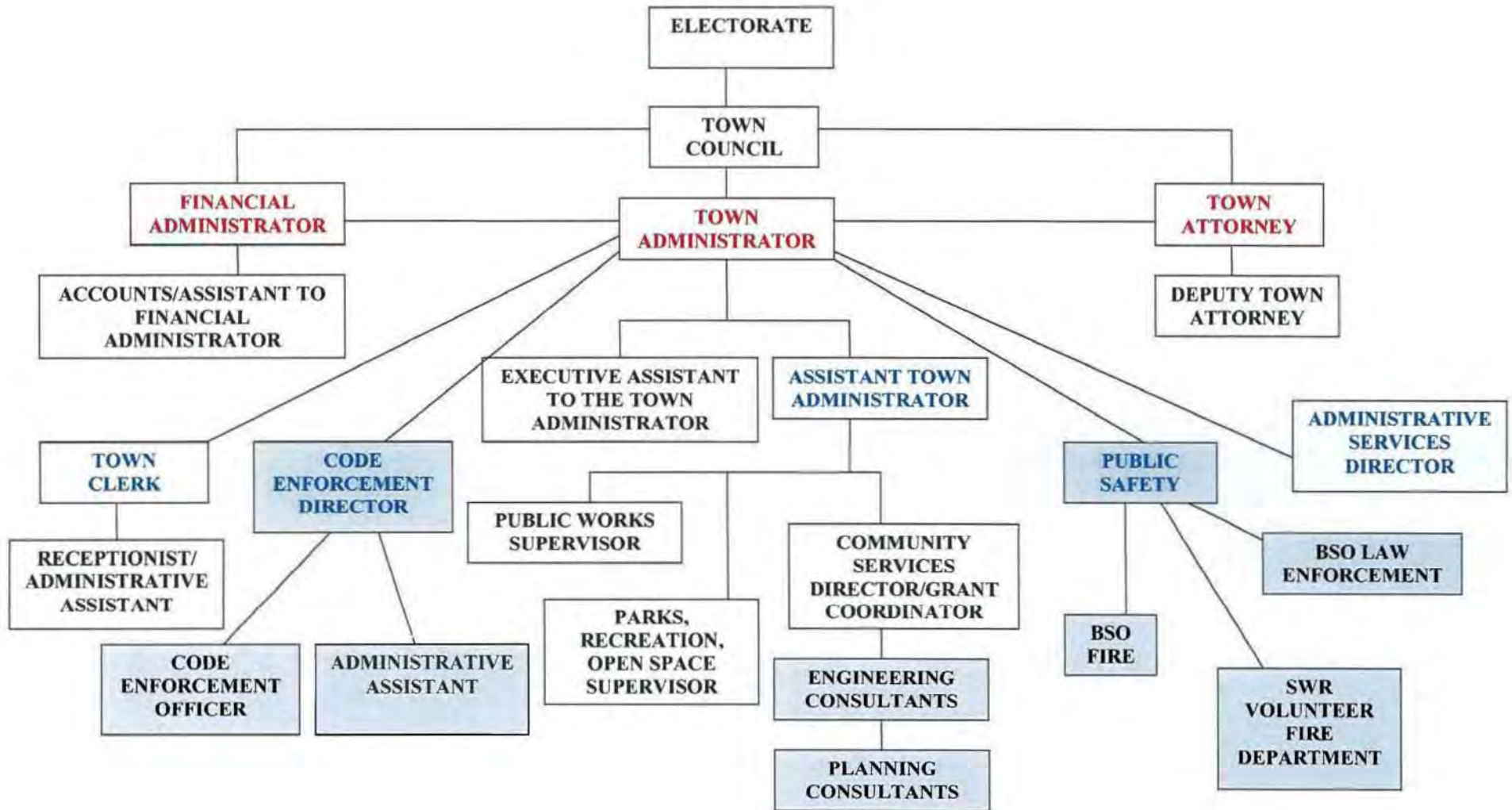
The preparation of this report could not have been accomplished without the efficient and dedicated services of the staff of the Town and the Town's auditing firm, Keefe, McCullough & Co., LLP. We express our appreciation to them for their interest and support in planning and conducting the audit of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

Respectfully submitted,



Charles H. Lynn, AICP  
Town Administrator

# ADOPTED ORGANIZATIONAL CHART (Personnel & Contractual)



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**



**JEFF NELSON**  
Mayor



**STEVE BREITKREUZ**  
Vice Mayor



**FREDDY FISIKELLI**  
Council Member



**ASTER KNIGHT**  
Council Member



**DOUG McKAY**  
Council Member

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**TOWN ADMINISTRATION**

TOWN ADMINISTRATOR  
Charles H. Lynn, AICP

TOWN ATTORNEY  
Gary Poliakoff, J.D.

ASSISTANT TOWN ADMINISTRATOR  
Bert Wrains

DEPUTY TOWN ATTORNEY  
Keith Poliakoff

TOWN CLERK  
Debra Doré-Thomas, 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



**The Government Finance Officers Association  
of the United States and Canada**

*presents this*

## **AWARD OF FINANCIAL REPORTING ACHIEVEMENT**

*to*

**Finance Department**  
Town of Southwest Ranches, Florida



*The award of Financial Reporting Achievement is presented by the Government Finance Officers Association to the individual(s) designated as instrumental in their government unit achieving a Certificate of Achievement for Excellence in Financial Reporting. A Certificate of Achievement is presented to those government units whose annual financial reports are judged to adhere to program standards and represents the highest award in government financial reporting.*

Executive Director

Date October 16, 2009

# FINANCIAL SECTION



**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.  
ISRAEL J. GOMEZ, C.P.A.  
JAMES R. LARAWAY, C.P.A.  
JOHN F. MCCULLOUGH, C.P.A. (RETIRED)  
THOMAS T. CARPENTER, C.P.A. (RETIRED)  
PAUL B. SNEIDER, C.P.A. (RETIRED)  
BRIAN D. PINNELL, 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, 2009, 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.

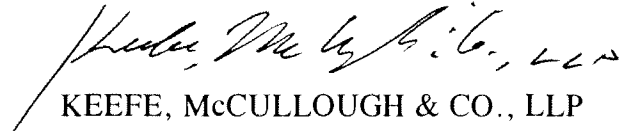
In our opinion, the basic financial statements referred to above, present fairly, in all material respects, the respective financial positions of the governmental activities, each major fund and the aggregate remaining fund information of Town of Southwest Ranches, Florida at September 30, 2009, and 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 March 31, 2010, 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 important for assessing the results of our audit.

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.

Town of Southwest Ranches, Florida

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  
March 31, 2010



# MANAGEMENT'S DISCUSSION AND ANALYSIS

(NOT COVERED BY INDEPENDENT AUDITORS' REPORT)

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2009

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, 2009 and 2008. 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, 2009:

- The assets of the Town of Southwest Ranches exceeded its liabilities at the close of the fiscal year by \$ 48,626,941 (net assets). Of this amount, \$ 43,824,944 is invested in capital assets, \$ 315,335 is restricted and \$ 4,486,662 is unrestricted.
- The Town's total net assets decreased by \$ 722,305 during the 2009 fiscal year. The Town's net assets decreased as a result of this year's increase in expenses and decrease in grants and contributions.
- During the year, the General Fund had revenues that were \$ 421,572 less than the \$ 10,884,548 of expenditures and other financing uses for governmental programs.
- The General Fund's fund balance decreased to \$ 2,003,512 as of September 30, 2009. The decrease was mainly due to increased public safety expenditures.
- The Town's total debt decreased \$ 115,473 to a total of \$ 7,003,294. Total debt includes notes payable of \$ 6,860,000 and a capital lease payable for \$ 88,419 and other unamortized costs of issuance of \$ 54,875. The Debt Service Fund has \$ 2,281,595 designated at the end of the 2009 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 basic financial statements include two kinds of statements that present different views of the Town:

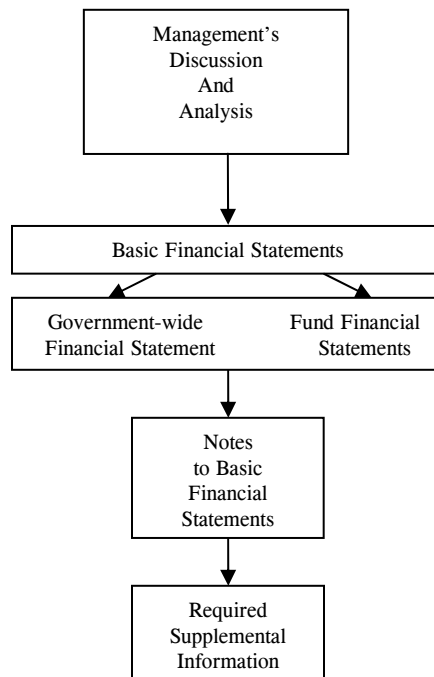
- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the Town's overall financial status.

TOWN OF SOUTHWEST RANCHES, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2009

- 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, 2009

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 enforcement, roadways and general government services. The Town does not have any business-type activities.

The government-wide financial statements can be founded 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, Transportation Fund, Debt Service Fund and the Capital Project Fund, which are considered to be major funds. 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 30 of this report.

TOWN OF SOUTHWEST RANCHES, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2009

**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 decreased to \$ 48,626,941 between fiscal years 2009 and 2008 (see Table 1). However, a large portion of the net assets (90.12 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

	Governmental Activities	
	2009	2008
CURRENT AND OTHER ASSETS	\$ 5,267,793	\$ 5,478,810
CAPITAL ASSETS	50,828,238	51,243,922
Total assets	56,096,031	56,722,732
OTHER LIABILITIES	465,796	254,719
LONG-TERM DEBT OUTSTANDING	7,003,294	7,118,767
Total liabilities	7,469,090	7,373,486
<b>NET ASSETS:</b>		
Invested in capital assets, net of related debt	43,824,944	44,125,155
Restricted	315,335	231,125
Unrestricted	4,486,662	4,992,966
Total net assets	\$ 48,626,941	\$ 49,349,246

TOWN OF SOUTHWEST RANCHES, FLORIDA  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2009

A portion of the Town's net assets (\$ 43,824,944 or 90.12%) represents resources that are invested in the Town's capital assets. An additional portion of net assets (\$ 315,335 or .65%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* (\$ 4,486,662 or 9.23%) may be used to meet the Town's ongoing obligations to citizens and creditors. During the 2009 fiscal year, invested in capital assets decreased by \$ 300,211; however, restricted net assets increased by \$ 84,210 and unrestricted net assets decreased by \$ 506,304. At the end of the current fiscal year, the Town of Southwest Ranches is able to report positive balances in its three categories of net assets. The same situation held true for prior fiscal years.

**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 2009, the Town's expenses cover a range of services with 49.3% related to public safety.

### **Governmental Activities**

The Town's total revenues decreased by 8.8 percent to \$ 10,712,014 (see Table 2). The significant decrease in revenues is due to grant revenue for Hurricane Wilma being received in fiscal year 2008. Over 42.3% of the Town's revenues comes from property taxes, 33.4% from fees charged for services, 21.5% from intergovernmental revenues and other state regulated taxes and 2.8% from other revenue sources.

Governmental expenses totaled \$ 11,373,643 with the largest expense for public safety at \$ 5.6 million or 49.3% of total expenses. Expenses increased by 14.7% due mainly to the increase in public safety expenses.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2009

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

	Governmental Activities	
	2009	2008
<b>REVENUES:</b>		
Program revenue:		
Operating grants and contributions	\$ 196,192	\$ 1,899,800
Capital grants and contributions	11,342	116,152
Charges for services	3,572,601	3,451,059
<b>GENERAL REVENUES:</b>		
Ad valorem taxes	4,527,435	3,920,509
Other taxes	1,761,248	1,636,478
Intergovernmental	546,154	552,210
Investment income	53,342	141,347
Miscellaneous	43,700	25,159
	<b>Total revenues</b>	<b>11,742,714</b>
<b>EXPENSES:</b>		
General government	1,380,331	1,516,047
Public safety	5,609,400	3,610,699
Parks and recreation	502,143	507,966
Public works	1,900,861	1,640,272
Roadways	253,394	261,536
Community services	1,446,553	2,036,933
Interest and other debt service costs	280,961	340,250
	<b>Total expenses</b>	<b>9,913,703</b>
<b>EXTRAORDINARY ITEM:</b>		
Impairment of a capital asset	(60,676)	-
	<b>Change in net assets</b>	<b>\$ 1,829,011</b>

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

As the Town completed the year, its governmental funds reported combined fund balances of \$ 4,860,123, a decrease of \$ 421,748 from last year's combined fund balance of \$ 5,281,871.

**General Fund Budgetary Highlights**

This is the first full budget year since the Town entered into a contract with the Broward County Sheriff's Office for the fire rescue services. There was an increase of \$ 1,990,000 over the prior year's costs for this service. The increase in public safety is the reason for the decrease in the Town's fund balance.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2009

**Capital Assets**

As of September 30, 2009, the Town's investment in capital assets amounted to \$ 50,828,238 (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)

	Governmental Activities
Land	\$ 33,086,540
Infrastructure	9,751,107
Construction in progress	4,737,028
Improvements other than buildings	2,002,454
Buildings	955,700
Furniture and equipment	293,481
Leasehold improvements	1,928
Total capital assets, net	\$ 50,828,238

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 \$ 2,500,000, which was for planned and budgeted capital projects. The Debt Service Fund has a fund balance designation of \$ 2,281,595 at year end to repay the line of credit balance relating to capital projects and other debt service payments.

At the end of the year, the Town had total debt outstanding of \$ 7,003,294. 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 as follows:

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

	Balance October 1, 2008	Additions	Deletions	Balance September 30, 2009
Notes and loans payable and capital leases	\$ <u>7,118,767</u>	\$ <u>-</u>	\$ <u>115,473</u>	\$ <u>7,003,294</u>

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



**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2009

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

The economic outlook for next year is poor. The Town expects a decrease in property assessments which in turn will reduce our ad valorem taxes. The Town also believes there will be an increase in foreclosures adding to the reduction in taxes. On October 1, 2009, the Town increased the millage rate from 3.5 mils to 3.94 mils. This increase did not constitute an increase in revenues, it only kept the ad valorem revenue the same as the prior year.

**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.

**BASIC  
FINANCIAL STATEMENTS**

TOWN OF SOUTHWEST RANCHES, FLORIDA  
STATEMENT OF NET ASSETS  
September 30, 2009

		Governmental Activities
<b>ASSETS:</b>		
Cash, cash equivalents and investments	\$	4,665,554
Accounts receivable - net		343,518
Prepaid items		21,973
Tree inventory		147,030
Other assets		56,667
Capital assets:		
Land and construction in progress		37,823,568
Other (net of accumulated depreciation)		13,004,670
Unamortized debt issuance costs		33,051
Total assets		56,096,031
 <b>LIABILITIES:</b>		
Accounts payable		345,118
Accrued payroll liabilities		29,501
Accrued interest payable		91,177
Noncurrent liabilities:		
Due within one year		116,855
Due in more than one year		6,886,439
Total liabilities		7,469,090
 <b>NET ASSETS:</b>		
Invested in capital assets, net of related debt		43,824,944
Restricted for:		
Transportation		298,154
Town Hall		15,000
Law enforcement		2,181
Unrestricted		4,486,662
Total net assets	\$	48,626,941

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, 2009

		Program Revenues			Governmental Activities
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net Revenues (Expenses) and Change in Net Assets	
<b>FUNCTIONS/PROGRAMS:</b>					
Governmental activities:					
General government	\$ 1,380,331	\$ 142,592	\$ -	\$ -	\$ (1,237,739)
Public safety	5,609,400	1,100,308	-	-	(4,509,092)
Parks and recreation	502,143	1,645	-	9,567	(490,931)
Public works	1,900,861	1,303,431	-	1,775	(595,655)
Roadways	253,394	-	196,192	-	(57,202)
Community services	1,446,553	1,024,625	-	-	(421,928)
Interest and other debt service costs	280,961	-	-	-	(280,961)
Total governmental activities	\$ 11,373,643	\$ 3,572,601	\$ 196,192	\$ 11,342	(7,593,508)
General revenues:					
Ad-valorem taxes					4,527,435
Franchise fees					1,167,851
Intergovernmental, unrestricted					546,154
Utility taxes					593,397
Investment income					53,342
Miscellaneous					43,700
Total general revenues					6,931,879
Change in net assets before extraordinary item					(661,629)
Extraordinary item - Impairment of a capital asset					(60,676)
Change in net assets					(722,305)
Net assets, beginning of year					49,349,246
Net assets, end of year					\$ 48,626,941

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, 2009

	General Fund	Transportation Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
<b>ASSETS:</b>					
Pooled cash, cash equivalents and investments	\$ 1,831,114	\$ 290,701	\$ 2,281,595	\$ 262,144	\$ 4,665,554
Accounts receivable	327,506	16,012	-	-	343,518
Prepaid items	21,973	-	-	-	21,973
Tree inventory	147,030	-	-	-	147,030
Other assets	41,667	-	-	15,000	56,667
	<u>2,369,290</u>	<u>306,713</u>	<u>2,281,595</u>	<u>277,144</u>	<u>5,234,742</u>
Total assets	<u>\$ 2,369,290</u>	<u>\$ 306,713</u>	<u>\$ 2,281,595</u>	<u>\$ 277,144</u>	<u>\$ 5,234,742</u>
 <b>LIABILITIES AND FUND BALANCES:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 336,277	\$ 8,559	\$ -	\$ 282	\$ 345,118
Accrued payroll liabilities	29,501	-	-	-	29,501
	<u>365,778</u>	<u>8,559</u>	<u>-</u>	<u>282</u>	<u>374,619</u>
Total liabilities	<u>365,778</u>	<u>8,559</u>	<u>-</u>	<u>282</u>	<u>374,619</u>
 <b>Fund balances:</b>					
<b>Reserved for:</b>					
Prepaid items	21,973	-	-	-	21,973
Tree inventory	147,030	-	-	-	147,030
Town Hall brick program	15,000	-	-	-	15,000
Law enforcement	2,181	-	-	-	2,181
<b>Unreserved reported in:</b>					
<b>General Fund:</b>					
Designated for tree preservation	11,477	-	-	-	11,477
Undesignated	1,805,851	-	-	-	1,805,851
Special Revenue Fund	-	298,154	-	-	298,154
Debt Service Fund	-	-	2,281,595	-	2,281,595
<b>Capital Projects Fund:</b>					
Designated for construction of public safety building	-	-	-	276,862	276,862
	<u>2,003,512</u>	<u>298,154</u>	<u>2,281,595</u>	<u>276,862</u>	<u>4,860,123</u>
Total fund balances	<u>2,003,512</u>	<u>298,154</u>	<u>2,281,595</u>	<u>276,862</u>	<u>4,860,123</u>
Total liabilities and fund balances	<u>\$ 2,369,290</u>	<u>\$ 306,713</u>	<u>\$ 2,281,595</u>	<u>\$ 277,144</u>	<u>\$ 5,234,742</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  
September 30, 2009

FUND BALANCES - TOTAL GOVERNMENTAL FUNDS, PAGE 13 \$ 4,860,123

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

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

Governmental capital assets	\$ 60,673,936	
Less accumulated depreciation	<u>(9,845,698)</u>	50,828,238

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>(17,069)</u>

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

Accrued interest payable		(91,177)
Governmental notes and loans payable		(6,914,875)
Capital lease payable		<u>(88,419)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES, PAGE 11 \$ 48,626,941

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

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2009

	<u>General Fund</u>	<u>Transportation Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>					
Ad valorem taxes	\$ 4,527,435	\$ -	\$ -	\$ -	\$ 4,527,435
Utility taxes	1,126,386	-	-	-	1,126,386
Franchise fees	2,961,462	-	-	-	2,961,462
Licenses and permits	757,059	-	-	-	757,059
Intergovernmental	546,154	196,194	-	-	742,348
Charges for services	77,139	-	-	-	77,139
Fines and forfeitures	73,595	-	-	-	73,595
Grants	-	-	-	11,342	11,342
Sale of trees	1,645	-	-	-	1,645
Investment income	36,840	-	16,502	-	53,342
Miscellaneous	355,261	-	-	25,002	380,263
	<u>10,462,976</u>	<u>196,194</u>	<u>16,502</u>	<u>36,344</u>	<u>10,712,016</u>
Total revenues					
<b>EXPENDITURES:</b>					
Current:					
General government					
Town council	111,674	-	-	-	111,674
Town administrator	235,828	-	-	-	235,828
Finance	257,609	-	-	-	257,609
Town attorney	292,868	-	-	-	292,868
Town clerk	130,122	-	-	-	130,122
Administrative services	346,857	-	-	-	346,857
	<u>1,374,958</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,374,958</u>
Total general government					
Public safety					
Police	1,965,310	-	-	-	1,965,310
Fire	3,614,049	-	-	-	3,614,049
	<u>5,579,359</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,579,359</u>
Total public safety					
Community services					
Public works	1,446,553	-	-	-	1,446,553
Parks and recreation	1,425,587	-	-	-	1,425,587
Roadways	326,710	-	-	-	326,710
Roadways	-	253,394	-	-	253,394
Capital outlay	-	-	-	392,465	392,465
Debt service:					
Principal	11,855	-	100,000	-	111,855
Interest and fiscal charges	6,267	-	276,981	-	283,248
	<u>10,171,289</u>	<u>253,394</u>	<u>376,981</u>	<u>392,465</u>	<u>11,194,129</u>
Total expenditures					

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

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS**  
 (continued)  
 For the Year Ended September 30, 2009

	General Fund	Transportation Fund	Debt Service Fund	Capital Projects Fund	Total Governmental Funds
Excess (deficiency) of revenues over expenditures	291,687	(57,200)	(360,479)	(356,121)	(482,113)
<b>OTHER FINANCING SOURCES (USES):</b>					
Insurance proceeds	-	-	-	60,365	60,365
Transfers in	-	140,000	376,981	196,278	713,259
Transfers out	(713,259)	-	-	-	(713,259)
Total other financing sources (uses)	(713,259)	140,000	376,981	256,643	60,365
Net change in fund balances	(421,572)	82,800	16,502	(99,478)	(421,748)
<b>FUND BALANCES, BEGINNING OF YEAR</b>	<b>2,425,084</b>	<b>215,354</b>	<b>2,265,093</b>	<b>376,340</b>	<b>5,281,871</b>
<b>FUND BALANCES, END OF YEAR</b>	<b>\$ 2,003,512</b>	<b>\$ 298,154</b>	<b>\$ 2,281,595</b>	<b>\$ 276,862</b>	<b>\$ 4,860,123</b>

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, 2009

NET CHANGES IN FUND BALANCE - TOTAL  
GOVERNMENTAL FUNDS, PAGE 16 \$ (421,748)

Amounts reported for governmental activities in the statement of activities are difference 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	412,053
Less current year provision for depreciation	(706,696)

Impairment of a capital asset	(121,041)
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	111,855
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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	1,833
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 \$ (722,305)

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, 2009

**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, 2009

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 Transportation Fund accounts for the receipt of the Town's portion of the state revenue sharing of the gasoline and local option gas taxes.

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

The Capital Projects 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, 2009

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" 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. 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, 2009.

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, 2009 was 3.500 mills (\$ 3.50 per \$ 1,000 of taxable assessed valuation).

TOWN OF SOUTHWEST RANCHES, FLORIDA  
 NOTES TO BASIC FINANCIAL STATEMENTS  
 September 30, 2009

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>
Buildings	50
Infrastructure	10-40
Improvements other than buildings	10-20
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, 2009

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 nationally recognized statistical 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, 2009, the carrying amount of the Town’s bank deposits was \$ 4,137,291. 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 States 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, 2009

**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

The Town invests surplus funds in an external investment pool, the Local Governmental Surplus Funds Trust Fund (the "State Pool"). The State Pool is administered by the Florida State Board of Administration ("SBA"), who provides regulatory oversight. The SBA previously reported that the State Pool was exposed to potential risks due to indirect exposure in the sub-prime mortgage financial market. Consequently, the SBA placed some restrictions on how participants could access portions of their surplus funds and ultimately restructured the State Pool into two separate pools ("Florida PRIME" and "Fund B").

The Florida PRIME has adopted operating procedures consistent with the requirements for a 2a7-like fund. The Town's investment in the Florida PRIME is reported at amortized cost. The fair value of the position in the pool is equal to the value of the pool shares. The Florida PRIME is rated AAAM by Standard and Poors.

The Fund B is reported at fair value, determined by the fair value per share of the pool's underlying portfolio. Fund B is not rated by any nationally recognized statistical rating agency.

The Town had the following investments as of September 30, 2009:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Florida PRIME	Weighted average days to maturity is 33 days	\$ 445,875
Fund B	Weighted average life is 6.69 years	\$ 82,388

**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, 2009 was as follows:

	<u>Balance at October 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at September 30, 2009</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 33,086,540	\$ -	\$ -	\$ 33,086,540
Construction in progress	<u>4,760,598</u>	<u>391,478</u>	<u>(415,048)</u>	<u>4,737,028</u>
Total capital assets, not being depreciated	<u>37,847,138</u>	<u>391,478</u>	<u>(415,048)</u>	<u>37,823,568</u>

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2009

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

	Balance at October 1, 2008	Additions	Deletions	Balance at September 30, 2009
Capital assets, being depreciated:				
Infrastructure	18,348,236	-	-	18,348,236
Improvements other than buildings	2,874,523	-	-	2,874,523
Buildings	700,801	415,048	(121,041)	994,808
Furniture and equipment	492,549	20,575	-	513,124
Leasehold improvements	119,677	-	-	119,677
	<u>22,535,786</u>	<u>435,623</u>	<u>(121,041)</u>	<u>22,850,368</u>
Total capital assets being depreciated				
	<u>22,535,786</u>	<u>435,623</u>	<u>(121,041)</u>	<u>22,850,368</u>
Total capital assets	<u>60,382,924</u>	<u>827,101</u>	<u>(536,089)</u>	<u>60,673,936</u>
Less accumulated depreciation for:				
Infrastructure	8,117,305	479,824	-	8,597,129
Improvements other than buildings	713,981	158,088	-	872,069
Buildings	20,678	18,430	-	39,108
Furniture and equipment	173,143	46,500	-	219,643
Leasehold improvements	113,895	3,854	-	117,749
	<u>9,139,002</u>	<u>706,696</u>	<u>-</u>	<u>9,845,698</u>
Total accumulated depreciation				
	<u>9,139,002</u>	<u>706,696</u>	<u>-</u>	<u>9,845,698</u>
Total capital assets, being depreciated, net	<u>13,396,784</u>	<u>(271,073)</u>	<u>(121,041)</u>	<u>13,004,670</u>
Governmental activities capital assets, net	<u>\$ 51,243,922</u>	<u>\$ 120,405</u>	<u>\$ (536,089)</u>	<u>\$ 50,828,238</u>

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

Public works	\$ 475,274
Parks and recreation	175,433
General government	25,948
Public safety	30,041
	<u>706,696</u>
	<u>\$ 706,696</u>

**NOTE 5 - RECEIVABLES AND PAYABLES**

Receivables at September 30, 2009 were as follows:

	<u>Taxes and Fees</u>
Governmental activities:	
General Fund	\$ 327,506
Transportation Fund	16,012
	<u>343,518</u>
Total governmental activities	<u>\$ 343,518</u>



**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2009

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

Payables at September 30, 2009 were as follows:

		Vendors
Governmental activities:		
General Fund	\$	336,277
Transportation Fund		8,559
Capital Projects Fund		282
Total governmental activities	\$	345,118

**NOTE 6 - INTERFUND TRANSFERS**

Interfund transfers during fiscal year 2009 consisted of the following:

	Transfer In			
	Transportation Fund	Debt Service Fund	Capital Projects Fund	
General Fund	\$ 140,000	\$ 376,981	\$ 196,278	\$ 713,259

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, 2009 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 2009, the Town was in compliance with this covenant.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
September 30, 2009

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

The annual requirements to pay principal and interest on this obligation as of September 30, 2009 are as follows:

<u>Year Ending September 30.</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 105,000	\$ 216,200	\$ 321,200
2011	110,000	210,825	320,825
2012	115,000	205,200	320,200
2013	120,000	199,325	319,325
2014	125,000	193,044	318,044
2015-2019	745,000	852,969	1,597,969
2020-2024	950,000	644,176	1,594,176
2025-2029	1,210,000	377,000	1,587,000
2030-2032	<u>880,000</u>	<u>67,250</u>	<u>947,250</u>
	<u>\$ 4,360,000</u>	<u>\$ 2,965,989</u>	<u>\$ 7,325,989</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 0.41% to 3.91% and were applied and paid monthly on the outstanding note balance. Other loan costs include various administrative fees and draw down costs of \$ 2,000 for each \$ 1,000,000 of draw down. During the year, there were no draw downs. The outstanding balance under this agreement for the year ended September 30, 2009 is \$ 2,500,000 which is due on December 6, 2011.

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

	<u>Balance October 1, 2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2009</u>	<u>Due Within One Year</u>
Notes payable	\$ 6,960,000	\$ -	\$ (100,000)	\$ 6,860,000	\$ 105,000
Add amortized reoffering premium	80,660	-	(4,989)	75,671	-
Less unamortized underwriters discount	(22,167)	-	1,371	(20,796)	-
Capital lease payable	<u>100,274</u>	<u>-</u>	<u>(11,855)</u>	<u>88,419</u>	<u>11,855</u>
	<u>\$ 7,118,767</u>	<u>\$ -</u>	<u>\$ (115,473)</u>	<u>\$ 7,003,294</u>	<u>\$ 116,855</u>

TOWN OF SOUTHWEST RANCHES, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2009

NOTE 8 - LEASES

Capital leases

The Town previously 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, 2009 were as follows:

<u>Year Ending September 30,</u>	<u>Principal</u>
2010	\$ 18,122
2011	18,122
2012	18,122
2013	18,122
2014	18,122
2015	<u>18,122</u>
Total minimum lease payments	108,732
Less interest portion	<u>20,313</u>
Present value of minimum lease payments	<u><u>\$ 88,419</u></u>

Operating leases

During the current year, the Town extended its Town Hall lease agreement with South Broward Drainage District for a five-year term. Under the agreement the Town is required to make quarterly payments of \$ 8,333 through June 2014.

In addition, during the current year the Town entered into multiple operating lease agreements for office equipment. The agreements are payable in monthly installments of \$ 576 through March 2012.

The future minimum lease payments as of September 30, 2009 were as follows

<u>Year Ending September 30,</u>	<u>Amount</u>
2010	\$ 40,245
2011	\$ 40,245
2012	\$ 36,788
2013	\$ 33,332
2014	\$ 25,000
Thereafter	\$ NONE

TOWN OF SOUTHWEST RANCHES, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2009

NOTE 9 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts, theft of, damage to and destruction of assets, errors and omissions and natural disasters for which the Town carries commercial insurance. There were no reductions in insurance coverage from coverages in the prior year. Settled claims did not exceed coverages for each of the past three years.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

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

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 \$ 1,965,310 for police services under this contract for the fiscal year ended September 30, 2009. 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 Broward County for Delivery of Emergency Medical and Fire Protection Services***

The Town previously entered into an agreement with the Sherriff of Broward County to provide emergency medical and fire protection services to the Town through September 30, 2013. The Town paid \$ 3,525,304 under this contract for the fiscal year ended September 30, 2009. The following years will not increase more than 5% over the total budgeted costs for the same items in the preceding year.

***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 \$ 80,329 under this agreement for the fiscal year ended September 30, 2009.

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

The Town previously entered into a service agreement with a provider through October 31, 2009 for plan review and inspection services. Subsequent to year-end, the agreement was extended through February 2010. 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, 2009, the Town paid \$ 530,657 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, which was set to expire September 30, 2009, was extended through October 1, 2010. For the year ended September 30, 2009, the Town paid \$ 445,691 for these services.

TOWN OF SOUTHWEST RANCHES, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2009

NOTE 10 - COMMITMENTS AND CONTINGENCIES (continued)

*Agreement for Code Compliance Services*

The Town previously entered into a service agreement with a provider for the provision of code compliance services. The Company will provide code compliance services and act as the Code Compliance Official of the Town. The agreement was extended in the current year through January 2012. For the year ended September 30, 2009, the Town paid \$ 212,119 for these services. Either party may terminate this agreement upon providing 90 days written notice.

*Agreement for Engineering Services*

The Town previously entered into an agreement with a consultant to provide engineering services. This agreement which was set to expire September 30, 2009 was, subsequent to year-end, extended through April 1, 2010. For the year ended September 30, 2009, the Town paid \$ 60,079 for these services.

*Town Administration Agreement*

During the current year, the Town entered into an agreement with a new Town Administrator for the administration of the Town. The agreement commenced on May 4, 2009, and has no definite term and shall continue until termination at \$ 134,000 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.

*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 offers a Deferred Compensation Plan to its employees. 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.

TOWN OF SOUTHWEST RANCHES, FLORIDA  
NOTES TO BASIC FINANCIAL STATEMENTS  
September 30, 2009

NOTE 12 - EXTRAORDINARY ITEM

During the current year, the Town suffered a loss on one of their historical buildings due to fire. The building was deemed to be a total loss and the carrying value of the building at the time of the loss was \$ 121,041. The Town received insurance proceeds in the amount of \$ 60,365, which is shown as "Other Financing Sources" in the "Statement of Revenues, Expenditures, and Change in Fund Balances - Governmental Funds." The net effect of this loss was recognized as an extraordinary loss of \$ 60,676, shown on the "Statement of Activities."

**REQUIRED SUPPLEMENTARY  
INFORMATION**

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Ad valorem taxes	\$ 4,483,000	\$ 4,483,000	\$ 4,527,435	\$ 44,435
Utility taxes	892,000	892,000	1,126,386	234,386
Franchise fees	2,925,208	2,925,208	2,961,462	36,254
Licenses and permits	1,100,000	1,100,000	757,059	(342,941)
Intergovernmental	677,600	677,600	546,154	(131,446)
Charges for services	250,000	250,000	77,139	(172,861)
Fines and forfeitures	85,000	85,000	73,595	(11,405)
Sale of trees	75,000	75,000	1,645	(73,355)
Investment income	150,000	150,000	36,840	(113,160)
Miscellaneous	206,000	206,000	355,261	149,261
	<u>10,843,808</u>	<u>10,843,808</u>	<u>10,462,976</u>	<u>(380,832)</u>
Total revenues				
<b>EXPENDITURES:</b>				
Current:				
General government:				
Town council	114,000	114,000	111,674	2,326
Town administrator	252,190	252,190	235,828	16,362
Finance	259,335	259,335	257,609	1,726
Town attorney	325,000	325,000	292,868	32,132
Town clerk	163,745	163,745	130,122	33,623
Administrative services	339,670	339,670	346,857	(7,187)
	<u>1,453,940</u>	<u>1,453,940</u>	<u>1,374,958</u>	<u>78,982</u>
Total general government				
Public safety:				
Police	1,965,310	1,965,310	1,965,310	-
Fire	3,705,500	3,705,500	3,614,049	91,451
	<u>5,670,810</u>	<u>5,670,810</u>	<u>5,579,359</u>	<u>91,451</u>
Total public safety				
Community services	1,850,360	1,850,360	1,446,553	403,807
Public works	1,242,328	1,242,328	1,425,587	(183,259)
Parks and recreation	413,251	413,251	326,710	86,541
Debt service:				
Principal	-	-	11,855	(11,855)
Interest	-	-	6,267	(6,267)
	<u>10,630,689</u>	<u>10,630,689</u>	<u>10,171,289</u>	<u>459,400</u>
Total expenditures				
Excess of revenues over expenditures	213,119	213,119	291,687	78,568



**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL FUND**  
 (continued)  
 For the Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers out	<u>(536,278)</u>	<u>(563,678)</u>	<u>(713,259)</u>	<u>(149,581)</u>
Total other financing sources (uses)	<u>(536,278)</u>	<u>(563,678)</u>	<u>(713,259)</u>	<u>(149,581)</u>
Net change in fund balance	(323,159)	(350,559)	(421,572)	(71,013)
 <b>FUND BALANCES, BEGINNING OF YEAR</b>	 <u>2,425,084</u>	 <u>2,425,084</u>	 <u>2,425,084</u>	 <u>-</u>
 <b>FUND BALANCES, END OF YEAR</b>	 \$ <u><u>2,101,925</u></u>	 \$ <u><u>2,074,525</u></u>	 \$ <u><u>2,003,512</u></u>	 \$ <u><u>(71,013)</u></u>

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

TOWN OF SOUTHWEST RANCHES, FLORIDA  
 BUDGETARY COMPARISON SCHEDULE -  
 TRANSPORTATION FUND  
 For the Year Ended September 30, 2009

	Budgeted Amounts		Actual Amounts	Variance
	Original	Final		
<b>REVENUES:</b>				
Intergovernmental:				
Local option gas tax	\$ 140,000	\$ 140,000	\$ 149,079	\$ 9,079
State revenue sharing	50,000	50,000	47,115	(2,885)
Total revenues	<u>190,000</u>	<u>190,000</u>	<u>196,194</u>	<u>6,194</u>
<b>EXPENDITURES:</b>				
Current:				
Roadways	<u>330,000</u>	<u>430,000</u>	<u>253,394</u>	<u>176,606</u>
Total expenditures	<u>330,000</u>	<u>430,000</u>	<u>253,394</u>	<u>176,606</u>
Excess (deficiency) of revenues over expenditures	(140,000)	(240,000)	(57,200)	182,800
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>-</u>
Total other financing sources	<u>140,000</u>	<u>140,000</u>	<u>140,000</u>	<u>-</u>
Net change in fund balance	-	(100,000)	82,800	182,800
FUND BALANCE, BEGINNING OF YEAR	<u>215,354</u>	<u>215,354</u>	<u>215,354</u>	<u>-</u>
FUND BALANCE, END OF YEAR	<u><u>\$ 215,354</u></u>	<u><u>\$ 115,354</u></u>	<u><u>\$ 298,154</u></u>	<u><u>\$ 182,800</u></u>

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

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**NOTES TO BUDGETARY COMPARISON SCHEDULES**  
September 30, 2009

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 Transportation Fund (a special revenue fund), Debt Service Fund and Capital Project Fund on a basis consistent with accounting principles generally accepted in the United States of America.
- 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, 2009 at the following department level, which is the legally controlled level of appropriations:

	<u>Final Budget</u>	<u>Actual</u>	<u>Amount in Excess of Final Budget</u>
Administrative services	\$ 339,670	\$ 346,857	\$ 7,187
Public works	1,242,328	1,425,587	183,259
Debt service	-	18,122	18,122
Transfers out	563,678	713,259	149,581

**OTHER  
FINANCIAL INFORMATION**

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE -**  
**DEBT SERVICE FUND**  
For the Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Investment income	\$ 15,000	\$ 15,000	\$ 16,502	\$ 1,502
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>16,502</u>	<u>1,502</u>
<b>EXPENDITURES:</b>				
Debt service:				
Principal	90,000	90,000	100,000	(10,000)
Interest and fiscal charges	<u>325,000</u>	<u>325,000</u>	<u>276,981</u>	<u>48,019</u>
Total expenditures	<u>415,000</u>	<u>415,000</u>	<u>376,981</u>	<u>38,019</u>
Excess (deficiency) of revenues over expenditures	(400,000)	(400,000)	(360,479)	39,521
<b>OTHER FINANCING SOURCES:</b>				
Transfers in	<u>200,000</u>	<u>200,000</u>	<u>376,981</u>	<u>176,981</u>
Total other financing sources	<u>200,000</u>	<u>200,000</u>	<u>376,981</u>	<u>176,981</u>
Net change in fund balance	(200,000)	(200,000)	16,502	216,502
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>2,265,093</u>	<u>2,265,093</u>	<u>2,265,093</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u>\$ 2,065,093</u>	<u>\$ 2,065,093</u>	<u>\$ 2,281,595</u>	<u>\$ 216,502</u>

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**BUDGETARY COMPARISON SCHEDULE -**  
**CAPITAL PROJECTS FUND**  
For the Year Ended September 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES:</b>				
Grants	\$ 816,000	\$ 816,000	\$ 11,342	\$ (804,658)
Miscellaneous	<u>-</u>	<u>-</u>	<u>25,002</u>	<u>25,002</u>
Total revenues	<u>816,000</u>	<u>816,000</u>	<u>36,344</u>	<u>(779,656)</u>
<b>EXPENDITURES:</b>				
Current:				
Capital outlay	<u>2,512,278</u>	<u>2,539,678</u>	<u>392,465</u>	<u>2,147,213</u>
Total expenditures	<u>2,512,278</u>	<u>2,539,678</u>	<u>392,465</u>	<u>2,147,213</u>
Excess (deficiency) of revenues over expenditures	(1,696,278)	(1,723,678)	(356,121)	1,367,557
<b>OTHER FINANCING SOURCES:</b>				
Insurance proceeds	-	-	60,365	60,365
Loan proceeds	1,500,000	1,500,000	-	(1,500,000)
Transfers in	<u>196,278</u>	<u>223,678</u>	<u>196,278</u>	<u>(27,400)</u>
Total other financing sources	<u>196,278</u>	<u>223,678</u>	<u>256,643</u>	<u>(1,467,035)</u>
Net change in fund balance	(1,500,000)	(1,500,000)	(99,478)	(99,478)
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>376,340</u>	<u>376,340</u>	<u>376,340</u>	<u>-</u>
<b>FUND BALANCE, END OF YEAR</b>	<u><u>\$ (1,123,660)</u></u>	<u><u>\$ (1,123,660)</u></u>	<u><u>\$ 276,862</u></u>	<u><u>\$ (99,478)</u></u>

# STATISTICAL SECTION

(NOT COVERED BY INDEPENDENT AUDITORS' REPORT)

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**STATISTICAL SECTION**  
For the Year Ended September 30, 2009

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.	37-44
<b>REVENUE CAPACITY</b>	
These schedules contain information to help the reader assess the Town's most significant local revenue source - the property tax.	45-48
<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.	49-53
<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.	54-55
<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.	56-58



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

	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>GOVERNMENTAL ACTIVITIES:</b>			
Invested in capital assets, net of related debt	\$ 3,433,636	\$ 3,515,277	\$ 11,367,768
Restricted	240,357	392,119	180,820
Unrestricted	<u>879,925</u>	<u>4,465,382</u>	<u>5,122,974</u>
 Total governmental activities net assets	 <u>\$ 4,553,918</u>	 <u>\$ 8,372,778</u>	 <u>\$ 16,671,562</u>

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

Table 1

Fiscal year				
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 38,284,247	\$ 40,644,914	\$ 41,185,533	\$ 44,125,155	\$ 43,824,944
80,406	140,535	99,855	215,354	315,335
<u>6,735,512</u>	<u>6,324,451</u>	<u>6,234,847</u>	<u>5,008,737</u>	<u>4,486,662</u>
<u>\$ 45,100,165</u>	<u>\$ 47,109,900</u>	<u>\$ 47,520,235</u>	<u>\$ 49,349,246</u>	<u>\$ 48,626,941</u>

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

	2002	2003	2004
<b>EXPENSES:</b>			
Governmental activities:			
General government	\$ 877,242	\$ 392,119	\$ 835,810
Public safety	1,947,075	-	2,111,633
Community services	687,405	-	1,023,169
Public works	135,620	-	938,493
Parks and recreation	2,959	-	132,391
Nondepartmental	28,131	-	140,085
Interest and other debt service costs	258,654	-	394,403
Roadways and hurricane related expenses	-	4,465,382	-
Total governmental activities expenses	\$ 3,937,086	\$ 4,857,501	\$ 5,575,984
<b>PROGRAM REVENUES:</b>			
Governmental activities:			
Charges for services			
General government	\$ 270,239	\$ -	\$ -
Public safety	525,240	499,817	510,517
Community services	-	234,345	354,718
Parks and recreation	-	-	-
Public works	-	728,150	588,690
Operating grants and contributions	-	-	-
Capital grants and contributions	-	-	7,967,899
Total governmental activities program revenues	\$ 795,479	\$ 1,462,312	\$ 9,421,824
<b>NET REVENUES (EXPENSES):</b>			
Governmental activities	\$ (3,141,607)	\$ (3,395,189)	\$ 3,845,840
<b>GENERAL REVENUES AND OTHER</b>			
<b>CHANGES IN NET ASSETS:</b>			
Governmental activities:			
Property taxes	\$ 1,801,116	\$ 1,956,415	\$ 2,122,694
Utility taxes	620,734	657,677	479,391
Franchise taxes	351,056	391,293	542,625
Intergovernmental	768,905	665,240	956,848
Investment income	104,542	143,596	351,386
Miscellaneous	-	-	-
Special item, gain on sale of land held for investment	-	-	-
Extraordinary item, impairment of asset	-	-	-
Total governmental activities general revenues and other changes in net assets	\$ 3,646,353	\$ 3,814,221	\$ 4,452,944
<b>CHANGE IN NET ASSETS:</b>			
Governmental activities	\$ 504,746	\$ 419,032	\$ 8,298,784

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

Table 2

	Fiscal year				
	2005	2006	2007	2008	2009
\$	1,783,732	\$ 1,407,916	\$ 1,635,441	\$ 1,516,047	\$ 1,380,331
	2,271,390	2,466,655	2,516,793	3,610,699	5,609,400
	1,018,218	1,200,384	1,796,043	2,036,933	1,446,553
	1,992,753	1,269,187	1,089,096	1,640,272	1,900,861
	240,120	484,684	430,541	507,966	502,143
	262,431	29,897	33,204	-	-
	431,092	632,381	498,034	340,250	280,961
	-	12,107,067	326,384	261,536	253,394
\$	<u>7,999,736</u>	<u>\$ 19,598,171</u>	<u>\$ 8,325,536</u>	<u>\$ 9,913,703</u>	<u>\$ 11,373,643</u>
\$	-	\$ 239,541	\$ 288,755	\$ 116,332	\$ 142,592
	513,438	1,006,275	609,733	1,044,649	1,100,308
	296,036	306,516	860,578	942,262	1,024,625
	-	291,084	133,980	50,925	1,645
	613,610	651,572	628,844	1,296,891	1,303,431
	1,044,829	10,414,610	188,280	1,899,800	196,192
	<u>9,932,927</u>	<u>603,445</u>	<u>93,628</u>	<u>116,152</u>	<u>11,342</u>
\$	<u>12,400,840</u>	<u>\$ 13,513,043</u>	<u>\$ 2,803,798</u>	<u>\$ 5,467,011</u>	<u>\$ 3,780,135</u>
\$	<u>4,401,104</u>	<u>\$ (6,085,128)</u>	<u>\$ (5,521,738)</u>	<u>\$ (4,446,692)</u>	<u>\$ (7,593,508)</u>
\$	2,503,780	\$ 2,969,270	\$ 3,488,788	\$ 3,920,509	\$ 4,527,435
	496,246	521,151	583,190	589,629	593,397
	667,075	808,273	853,267	1,046,849	1,167,851
	(261,264)	652,622	583,506	552,210	546,154
	455,003	227,190	300,938	141,347	53,342
	-	9,693	132,727	25,159	43,700
	-	2,906,664	-	-	-
	-	-	-	-	(60,676)
\$	<u>3,860,840</u>	<u>\$ 8,094,863</u>	<u>\$ 5,942,416</u>	<u>\$ 6,275,703</u>	<u>\$ 6,871,203</u>
\$	<u>8,261,944</u>	<u>\$ 2,009,735</u>	<u>\$ 420,678</u>	<u>\$ 1,829,011</u>	<u>\$ (722,305)</u>

\* In fiscal year 2006 roadways and hurricane-related expenses and grants show significant increases due to cleanup and repair costs resulting from Hurricanes Katrina and Wilma and related reimbursements from Federal and state sources.

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>GENERAL FUND:</b>				
Reserved	\$ -	\$ 1,310,245	\$ 492,944	\$ 1,115,853
Unreserved	<u>723,900</u>	<u>941,996</u>	<u>2,349,106</u>	<u>3,216,108</u>
Total General Fund	<u>\$ 723,900</u>	<u>\$ 2,252,241</u>	<u>\$ 2,842,050</u>	<u>\$ 4,331,961</u>
<b>ALL OTHER GOVERNMENTAL FUNDS:</b>				
Reserved	\$ 187,513	\$ 240,357	\$ 2,070,151	\$ 946,754
Unreserved, reported in:				
Special Revenue Funds	-	-	-	83,710
Capital Projects Funds	-	-	-	-
Debt Service Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 187,513</u>	<u>\$ 240,357</u>	<u>\$ 2,070,151</u>	<u>\$ 1,030,464</u>

Note: The Town incorporated on June 6, 2000 so information prior to 2001 is not applicable.

Table 3

Fiscal year				
<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 592,440	\$ 286,878	\$ 226,480	\$ 249,718	\$ 186,184
<u>4,354,075</u>	<u>2,136,993</u>	<u>2,394,680</u>	<u>2,175,366</u>	<u>1,817,328</u>
<u>\$ 4,946,515</u>	<u>\$ 2,423,871</u>	<u>\$ 2,621,160</u>	<u>\$ 2,425,084</u>	<u>\$ 2,003,512</u>
\$ 1,899,795	\$ -	\$ -	\$ -	\$ -
26,166	140,535	99,855	215,354	298,154
-	307,120	171,502	376,340	276,862
<u>-</u>	<u>4,000,000</u>	<u>3,537,227</u>	<u>2,265,093</u>	<u>2,281,595</u>
<u>\$ 1,925,961</u>	<u>\$ 4,447,655</u>	<u>\$ 3,808,584</u>	<u>\$ 2,856,787</u>	<u>\$ 2,856,611</u>

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**CHANGES IN FUND BALANCES**  
**LAST NINE FISCAL YEARS**  
**(ACCRUAL BASIS OF ACCOUNTING)**

	2001	2002	2003	2004
<b>REVENUES:</b>				
Ad valorem taxes	\$ 2,147,639	\$ 1,801,116	\$ 1,956,415	\$ 2,122,694
Utility taxes	402,890	620,734	657,677	613,281
Franchise fees	351,016	832,434	1,582,039	1,473,785
Licenses and permits	130,123	270,239	234,345	354,718
Intergovernmental	810,224	768,905	665,240	956,848
Charges for services	-	-	-	-
Fines and forfeitures	15,015	43,862	37,221	34,157
Public safety fee	-	-	-	-
Grants	-	683,772	3,125,694	7,637,359
Investment income	35,669	53,034	84,326	46,755
Donated property	-	-	-	-
Sale of trees	-	-	-	-
Miscellaneous	28,204	47,350	59,270	304,631
Total revenues	<u>3,920,780</u>	<u>5,121,446</u>	<u>8,402,227</u>	<u>13,544,228</u>
<b>EXPENDITURES:</b>				
Current:				
General government	592,945	813,146	712,464	788,257
Public safety	1,840,665	1,947,075	2,024,690	2,111,633
Community services	235,900	687,405	767,903	1,023,169
Public works	14,845	135,620	614,965	938,493
Parks and recreation	46,386	-	-	46,715
Roadways and hurricane related expenses	-	-	-	-
Nondepartmental	58,920	28,131	54,929	106,927
Capital outlay	3,975,000	3,014,917	1,377,338	9,269,515
Debt service:				
Principal	19,868	3,780,132	90,000	7,213,000
Interest and fiscal charges	24,838	198,399	340,335	427,248
Total expenditures	<u>6,809,367</u>	<u>10,604,825</u>	<u>5,982,624</u>	<u>21,924,957</u>
Excess (deficiency) of revenues over expenditures	<u>(2,888,587)</u>	<u>(5,483,379)</u>	<u>2,419,603</u>	<u>(8,380,729)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from borrowings	3,800,000	7,068,216	-	7,735,000
Transfers in	-	-	-	8,736,201
Transfers out	-	-	-	(7,640,248)
Insurance proceeds	-	-	-	-
Special item, proceeds from sale of land held for investment	-	-	-	-
Total other financing sources	<u>3,800,000</u>	<u>7,068,216</u>	<u>-</u>	<u>8,830,953</u>
Net change in fund balances	<u>\$ 911,413</u>	<u>\$ 1,584,837</u>	<u>\$ 2,419,603</u>	<u>\$ 450,224</u>
Debt service as a percentage of noncapital expenditures	1.58%	52.42%	9.34%	60.37%

Note: The Town incorporated on June 6, 2000 so information prior to 2001 is not applicable.

Table 4

		Fiscal year							
		2005	2006	2007	2008	2009			
\$	2,503,780	\$	2,969,270	\$	3,488,788	\$	3,920,509	\$	4,527,435
	726,384		774,202		817,053		944,019		1,126,386
	1,535,458		1,681,917		1,757,981		3,033,999		2,961,462
	296,036		306,517		860,578		758,289		757,059
	783,565		861,911		769,933		729,245		742,348
	-		-		-		-		77,139
	28,527		37,095		40,416		39,912		73,595
	-		500,000		100,000		-		-
	9,932,927		10,458,766		93,628		1,838,916		11,342
	154,437		227,190		300,938		141,347		53,342
	-		350,000		-		-		-
	-		291,084		133,980		50,925		1,645
	300,566		243,290		382,919		285,552		380,263
	<u>16,261,680</u>		<u>18,701,242</u>		<u>8,746,214</u>		<u>11,742,713</u>		<u>10,712,016</u>
	1,274,071		2,879,193		2,156,924		1,487,226		1,374,958
	2,271,390		2,463,714		2,513,851		3,595,357		5,579,359
	1,018,218		1,200,384		1,796,043		2,036,933		1,446,553
	1,992,753		798,002		613,822		1,164,999		1,425,587
	83,528		669,365		256,775		333,343		326,710
	-		12,107,067		326,384		261,536		253,394
	202,414		29,897		33,204		-		-
	10,364,292		1,207,509		408,574		561,314		392,465
	6,111,000		12,121,000		702,568		3,106,158		111,855
	493,963		632,725		503,851		343,720		283,248
	<u>23,811,629</u>		<u>34,108,856</u>		<u>9,311,996</u>		<u>12,890,586</u>		<u>11,194,129</u>
	<u>(7,549,949)</u>		<u>(15,407,614)</u>		<u>(565,782)</u>		<u>(1,147,873)</u>		<u>(482,113)</u>
	9,060,000		12,500,000		124,000		-		-
	6,887,473		1,853,858		1,163,929		1,285,562		713,259
	(6,887,473)		(1,853,858)		(1,163,929)		(1,285,562)		(713,259)
	-		-		-		-		60,365
	-		2,906,664		-		-		-
	<u>9,060,000</u>		<u>15,406,664</u>		<u>124,000</u>		<u>-</u>		<u>60,365</u>
\$	<u>1,510,051</u>	\$	<u>(950)</u>	\$	<u>(441,782)</u>	\$	<u>(1,147,873)</u>	\$	<u>(421,748)</u>
	49.12%		38.76%		14.46%		27.98%		3.66%

\* In fiscal year 2006 roadways and hurricane-related expenses and grants show significant increases due to cleanup and repair costs resulting from Hurricanes Katrina and Wilma and related reimbursements from Federal and state sources.



Table 5

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

Fiscal Year	Real Property				Other *	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							
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%	
2008	1,133,026,110	48,149,810	113,362,770	174,232,920	171,546,310	1,297,225,300	3.0000	2,503,738,910	51.81%	
2009	1,200,693,110	49,966,330	129,990,160	158,761,040	240,605,870	1,298,804,770	3.5000	2,451,643,250	52.98%	

**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 NINE FISCAL YEARS**

Fiscal Year	City Direct Rate	Total City Direct Rate	Overlapping County District Rates					
			Broward County	Broward School District	South Florida Water Management District	Florida Inland Navigation District	Child Services Council	South Broward Hospital District
2001	\$ 3.8933	\$ 3.8933	\$ 7.5250	\$ 8.9553	\$ 0.6970	\$ 0.0410	\$ -	1.9939
2002	3.0000	3.0000	7.4005	8.7541	0.6970	0.0385	0.3055	1.8694
2003	3.0000	3.0000	7.3650	8.8825	0.6970	0.0385	0.3316	1.7336
2004	3.0000	3.0000	7.1880	8.4176	0.6970	0.0385	0.3920	1.7336
2005	3.0000	3.0000	7.0230	8.2695	0.6970	0.0385	0.4231	1.5761
2006	3.0000	3.0000	6.7830	8.0623	0.6970	0.0385	0.4231	1.4500
2007	3.0000	3.0000	6.0661	7.8687	0.6970	0.0385	0.4073	1.3300
2008	3.0000	3.0000	5.2868	7.6484	0.6240	0.0345	0.3572	1.1643
2009	3.5000	3.5000	5.3145	7.4170	0.6240	0.0345	0.3754	1.1913

**Source:** Broward County Property Appraiser's Office

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

Table 7

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

Taxpayer	2009			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Florida Power and Light Co.	\$ 34,950,811	1	2.69%	\$ 28,599,855	1	3.99%
Lowes Home Centers, Inc.	15,240,060	2	1.17%	15,579,200	2	2.17%
Landmark Custom Ranches, LLC	14,252,670	3	1.10%	7,332,730	5	1.02%
U.S. Retail Income Fund VLP	14,238,300	4	1.10%	13,177,420	3	-
SCI Funeral Services of Florida, Inc.	7,984,960	5	0.61%	8,544,320	4	1.19%
U-Store-It LP	7,374,960	6	0.63%	-	-	-
Raymond and Baidwatte Moses	5,675,820	7	0.44%	-	-	-
Nathan and Jacqueline Finkel	5,103,660	8	0.39%	3,274,250	7	0.46%
Stone Creek at Sunshine Ranches, LLC	4,624,090	9	0.36%	3,189,290	9	0.44%
Jerome James	4,380,180	10	0.34%	-	-	-
Republica Musicana, Inc.	-	-	-	4,287,250	6	0.60%
Tom and Denise Foley	-	-	-	3,267,080	8	0.46%
Edward and Mary Lieberman	-	-	-	3,183,910	10	0.44%
<b>Total</b>	<b>\$ 113,825,511</b>		<b>8.82%</b>	<b>\$ 90,435,305</b>		<b>10.77%</b>

**Source:** Broward County Revenue Collector's Office

**Note:** Information prior to 2004 not available.

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

Fiscal Year	Taxes Levied	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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	1,989,269	100.00%	*	1,989,269	100.00%
2004	2,257,314	2,257,314	100.00%	*	2,257,314	100.00%
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%
2008	4,033,970	4,031,568	99.94%	*	4,031,568	99.94%
2009	4,656,926	4,656,926	100.00%	*	4,656,926	100.00%

Note: The Town incorporated on June 6, 2000 so information prior to 2001 is not applicable.

Source: Broward County Property Appraiser's Office

\* Information is not available

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

Fiscal Year	Governmental Activities						Total Primary Government	Estimated Population	Per Capital
	General Obligation Bonds	Florida Municipal Loan Council Revenue Bonds	Florida Local Government Finance Commission Loans	Bank Notes	Capital Leases				
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	
2008	-	4,540,660	2,500,000	-	100,274	7,140,934	8,489	841	
2009	-	4,435,671	2,500,000	-	88,419	7,024,090	8,570	820	

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

**Note:** The percentage of personal income to outstanding debt is not available because personal income data is not available.

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

<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	4,640,349	5,500,000	10,140,349	0.46%	1,199
2008	4,540,660	2,500,000	7,040,660	0.28%	829
2009	4,435,671	2,500,000	6,935,671	0.28%	809

**Note:** Details regarding the Town's outstanding debt can be found in the note 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, 2009  
 (Dollars in thousands)

	<u>Direct Debt Outstanding</u>	<u>Estimated Percentage Applicable to Southwest Ranches *</u>	<u>Estimated Amount Applicable to Southwest Ranches</u>
<b>GOVERNMENT UNIT:</b>			
Broward County	\$ 443,997	1.38%	\$ 6,127
Broward School District	2,051,715	1.38%	<u>28,314</u>
Total direct and overlapping debt			\$ <u><u>34,441</u></u>

**Sources:** Broward County CAFR and Broward County School District CAFR.

\* Assessed taxable property value data used to estimate applicable percentages was provided by Broward County Property Appraiser.

TOWN OF SOUTHWEST RANCHES, FLORIDA  
LEGAL DEBT MARGIN INFORMATION  
September 30, 2009

The Town Charter does not set a debt limit.



TOWN OF SOUTHWEST RANCHES, FLORIDA  
PLEDGED REVENUE COVERAGE  
September 30, 2009

From 2004 through 2009, 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 NINE FISCAL YEARS**

<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	1,649,688	\$ 51,984,968	31,512	5.2%
2002	7,352	1,668,970	53,794,241	32,232	6.0%
2003	7,415	1,698,741	55,463,893	32,650	5.9%
2004	7,443	1,723,339	59,558,595	34,560	4.5%
2005	7,447	1,739,487	65,062,032	37,403	3.5%
2006	7,415	1,748,153	69,476,844	39,743	3.1%
2007	8,461	1,753,272	72,180,455	41,169	3.8%
2008	8,489	1,756,087	(1)	(1)	6.1%
2009	8,570	1,744,922	(1)	(1)	9.8%

**Sources:** Town of Southwest Ranches population obtained from Florida Legislative Committee on Intergovernmental Relations. Broward County population, personal income and unemployment rate obtained from Broward County, Florida CAFR.

**Note:** Personal income data represents Broward County, Florida since Town data is not available.

\* Personal income in thousands of dollars.

(1) Information unavailable

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**PRINCIPAL EMPLOYERS**  
 Current Year and Two Years Ago

2009		2007	
Estimated Number of Employees	Employer	Estimated Number of Employees	Employer
100-200	Lowe's Home Centers, Inc. Publix Supermarkets	100-150	Lowe's Home Centers, Inc. Publix Supermarkets
10-45	Romeus Cuban Restaurant Starbucks Coffee Company Original Pancake House Rotelli Restaurant Applebee's Neighborhood Grill McDonald's Apple Montessori School	50-75	Applebee's Neighborhood Grill McDonald's Apple Montessori School
		10-49	Romeus Cuban Restaurant Starbucks Coffee Company Original Pancake House Rotelli Restaurant 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. Information prior to 2007 is not available.

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

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
CITY COMMISSION	5	5	5	5	5	5	5
GENERAL GOVERNMENT							
City management	-	-	-	-	3	3	3
CONTRACTED EMPLOYEES							
General government:							
Management services	3	4	5	5	4	4	5
Community services *	4	4	6	5	4	3	4
Fire rescue and EMS	3	3	3	3	3	3	12
Emergency medical services	2	3	3	3	3	3	9
Police protection	<u>11</u>	<u>11</u>	<u>11</u>	<u>11</u>	<u>13</u>	<u>15</u>	<u>15</u>
Total	<u><u>28</u></u>	<u><u>30</u></u>	<u><u>33</u></u>	<u><u>32</u></u>	<u><u>35</u></u>	<u><u>36</u></u>	<u><u>53</u></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 SEVEN FISCAL YEARS**

Function/Program	2003	2004	2005	2006	2007	2008	2009
<b>GENERAL GOVERNMENT:</b>							
Building permits issued by:							
Broward County (1)	-	-	1,032	2,203	762	-	-
CAP Government Services, Inc. (3)	-	-	-	-	466	473	540
Total building permits	-	-	1,032	2,203	1,228	473	540
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	*	3,256
Total building inspections	4854	4847	4516	6187	7939		
Occupational licenses (6)	*	*	*	*	*	335	*
Certificates of use (6)	6	26	31	35	23	33	20
<b>FIRE:</b>							
Emergency responses (4)	785	425	362	354	265	228	739
Inspections	*	*	*	*	*	*	30
<b>POLICE:</b>							
Physical arrests (2)	420	297	262	375	207	183	126
Parking violations (2)	40	32	61	19	9	12	10
Traffic violations (2)	2,852	2,962	2,561	2,618	2,564	2,839	2,779
<b>REFUSE COLLECTION:</b>							
Refuse collected (tons per day) (5)	*	30.00	51.00	63.60	** 7.70	14.72	36.40
Recyclables collected (tons per day) (5)	1.46	1.49	1.37	1.02	** 0.67	2.84	2.35
Bulk collected (tons per day) (5)	*	7.80	20.00	25.20	** 15.00	61.77	65.75
<b>OTHER PUBLIC WORKS:</b>							
Street resurfacing (in miles) (5)	-	-	-	0.5	-	-	0.50
Potholes repaired (5)	360	360	360	360	360	360	360
<b>WATER:</b>							
New connections (7)	3	5	6	2	4	10	2
Average daily consumption (thousands of gallons) (7)	0.3	1.2	3.6	4	5.5	8.75	9.85
Peak monthly consumption (thousands of gallons) (7)	82	80	209	175	247	396	425

**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.

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

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

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

**TOWN OF SOUTHWEST RANCHES, FLORIDA**

**REPORTS REQUIRED UNDER GOVERNMENT AUDITING  
STANDARDS AND THE RULES OF THE AUDITOR  
GENERAL OF THE STATE OF FLORIDA**

**FISCAL YEAR ENDED SEPTEMBER 30, 2009**

TOWN OF SOUTHWEST RANCHES, FLORIDA  
COMPLIANCE SECTION  
For the Year Ended September 30, 2009

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# **COMPLIANCE SECTION**



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

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

We have audited the financial statements of the 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, 2009, which collectively comprise the Town of Southwest Ranches, Florida's basic financial statements and have issued our report thereon dated March 31, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Southwest Ranches, Florida's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Southwest Ranches, Florida's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Town of Southwest Ranches, Florida's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Town of Southwest Ranches, Florida's ability of initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Town of Southwest Ranches, Florida's financial statements that is more than inconsequential will not be prevented or detected by Town of Southwest Ranches, Florida's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Town of Southwest Ranches, Florida's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

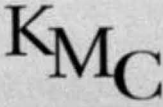
As part of obtaining reasonable assurance about whether Town of Southwest Ranches, Florida's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards, which is described in the Schedule of Findings and Recommendations as item 2001-3.

We noted certain matters that we reported to Town management in the Schedule of Findings and Recommendations on pages 6 through 8.

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

  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
March 31, 2010



**KEEFE, McCULLOUGH & CO., LLP**  
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**INDEPENDENT AUDITORS' REPORT TO TOWN MANAGEMENT**

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

We have audited the basic financial statements of Town of Southwest Ranches, Florida (the "Town"), as of and for the year ended September 30, 2009, and have issued our report thereon dated March 31, 2010.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. We have issued our Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards and Schedule of Findings and Recommendations. Disclosures in that report and schedule, which are dated March 31, 2010, should be considered in conjunction with this management letter.

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

Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial report. The recommendations made in the preceding annual financial report have been corrected except 2001-3, 2006-1, 2006-2, and 2008-2 as noted in the Schedule of Findings and Recommendations.

Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415., Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Town of Southwest Ranches, Florida complied with Section 218.415, Florida Statutes.

Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management, accounting procedures, and internal controls. In connection with our audit, our recommendations to improve financial management are included in the Schedule of Findings and Recommendations on pages 6 through 8.

Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements or abuse that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did not have any such findings.

Town of Southwest Ranches, Florida

Section 10.554(1)(i)5., Rules of the Auditor General, provides that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.

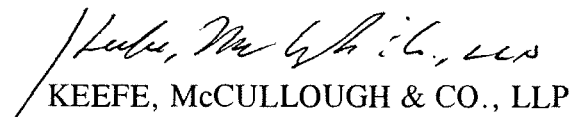
Section 10.554(1)(i)6., Rules of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in this management letter, unless disclosed in the notes to the financial statements. The Town of Southwest Ranches, Florida was incorporated on June 6, 2000. The Town does not have any component units.

Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local governmental entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that the Town did not meet any of the conditions described in Section 218.503(1), Florida Statutes.

Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Town for the fiscal year ended September 30, 2009, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a), Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2009. In connection with our audit, we determined that these two reports were in agreement.

Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Town's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by same.

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

  
KEEFE, McCULLOUGH & CO., LLP

Fort Lauderdale, Florida  
March 31, 2010

TOWN OF SOUTHWEST RANCHES, FLORIDA  
 SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
 September 30, 2009

**PRIOR YEAR INTERNAL CONTROL COMMENTS AND RECOMMENDATIONS**

The following is a summary of the status of prior year findings and recommendations with the details directly below the summary:

	<u>Implemented</u>	<u>Partially Implemented</u>	<u>Not Implemented</u>
<u>Noncompliance:</u>			
2001-3 Expenditures Incurred over Appropriations			X
<u>Other Matters:</u>			
2006-1 Capital Assets Inventory		X	
2006-2 Accounting Procedures Manual			X
2008-1 Review of Bank Reconciliations	X		
2008-2 Tree Inventory			X
2008-3 Pooled Cash Account	X		

**NONCOMPLIANCE:**

**2001-3 Expenditures Incurred Over Appropriations**

Condition:

In accordance with the 2001 Florida Statutes Title XII Chapter 166.241(3) and the Town Charter Section 3.09, a municipality's budget must regulate expenditures and it is unlawful for any officer of a municipal government to expend or contract for expenditures in any fiscal year except in pursuance of budgeted appropriations. The Town's expenditures exceeded appropriations by various Departments of all funds except for the Capital Project Fund.

Recommendation:

We recommend that the Town comply with the Florida Statutes regarding compliance with budgeted appropriations. If expenditures exceed appropriations, then the Town should amend the budget for supplemental appropriations by ordinance or resolution, as appropriate.

Status:

The Town has not implemented this recommendation. For the year ended September 30, 2009, the Town exceeded its budget for the administrative services and public works departments, debt service and transfers out in the General Fund.

Management's Response:

The budget to actuals will be reviewed at year end in order to determine if a budget amendment needs to be adopted within 60 days following the end of the fiscal year. During fiscal year 2009/10, the Town will implement procedures to ensure compliance with budgeted appropriations. These steps will include reorganization of the Department's support resources and other steps, as necessary.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
September 30, 2009

**OTHER MATTERS:**

**2006-1 Capital Assets**

We previously noted that the Town did not perform an annual physical inventory of capital assets. We recommended that periodic physical counts of property, especially removable equipment items, be taken and compared to the detailed capital asset subsidiary ledger. We also recommended affixing identifying tags with numbers as assigned in the subsidiary ledger to aid in making this comparison. The Town did perform a physical inventory of removable equipment in January 2009. We recommend that the Town continue implementing this recommendation by performing the following:

- Tag all removable equipment with a value of \$1,000 or greater.
- Reconcile the physical count to the capital asset subsidiary ledger.
- Develop and adopt written policies and procedures to ensure fixed assets are properly monitored and accounted for. Such policies should include strict guidelines for tracking equipment and real property acquired with grant funding. The property control system should provide for identification of federal, state or local percentage of participation in the acquisition of equipment and real property.

Management's Response:

The Town will endeavor to complete this process. The Finance Administrator has started on the real property acquired by grant funding.

**2006-2 Develop an Accounting Procedures Manual**

We previously noted that the Town does not have an accounting procedures manual. Written procedures, instructions and assignments of duties will prevent or reduce misunderstandings, errors, inefficient or wasted effort, duplicated or omitted procedures and other situations that can result in inaccurate accounting records or untimely financial reports. A well-devised accounting manual can also help to ensure that all similar transactions are treated consistently, that accounting principles used are proper and that records are produced in the form desired by management. A good accounting manual should aid in the training of new contracted employees and possibly allow for delegation to other employees of some accounting functions management currently performs.

We recognize that the preparation of the manual will be a very time-consuming task so that implementation may take several years. However, we believe that action should be taken by the Town to establish priorities and a timetable for the completion of the manual.

Management's Response:

This is a time consuming project. The Town has started this project but priorities need to be assigned and a time table established. The Town may need to utilize outside resources to complete this task.

**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
September 30, 2009

**OTHER MATTERS (continued):**

**2008-02 Tree Inventory**

During our testing of tree inventory, we noted that year end physical inventory was again not performed. The Town should implement procedures to perform year-end counts that would allow them to properly state their tree inventory, tree sales and expenses on an annual basis. In addition, a significant discrepancy in the counts that were performed subsequent to year end from September 30, 2008 and 2009 occurred. We recommend that the Town perform an annual inventory count at fiscal year end in order to verify actual existence and classification of tree inventory. In addition, we recommend that the Town review and look for ways to strengthen its controls over tree sales.

Management's Response:

In the past, the responsibility for the tree inventory was given to the vendor that managed the nursery. For the current year and going forward, the Town will have an independent count of the tree inventory performed by someone other than the vendor who manages the nursery for accountability.

**CURRENT YEAR INTERNAL CONTROL COMMENTS AND RECOMMENDATIONS**

**2009-01 Personnel Manual and Employee Files**

During our audit we noted that the Town does not have a personnel manual and that some employees were not familiar with some basic Town personnel policies and procedures. We recommend that an employee or personnel manual be developed, distributed to employees, and periodically updated as necessary. A comprehensive and up-to-date personnel manual can help communicate, and encourage adherence to, Town policies; prevent possible confusion, inconsistent treatment, or misunderstandings among personnel; and provide a measure of liability protection to the Town in case of employee legal challenges of Town actions. We recommend that the Town have its legal counsel review a draft of the handbook before it is distributed to employees. Finally, we believe that employees should be required to sign an acknowledgment that they have received and read the handbook.

During the audit, we also noted that personnel files are not being kept current and in some instances were incomplete. Comprehensive personnel files compile data for all employees in one area. We recommend that the following items be in an employee's personnel file and be maintained by an individual who does not have payroll preparation responsibilities:

- Signed and dated application of employment.
- Form I-9 Employment Eligibility Verification.
- Date of hire.
- Approved pay rate (updated as changes occur).
- Signed W-4 form.
- Insurance and other benefits election forms.
- Beneficiary designation form.
- Employee's current address and phone number.
- Next of kin's or other emergency contact's name, address, and current daytime phone number.
- Employee evaluations.
- Benefit election forms for terminated or retired employees.



**TOWN OF SOUTHWEST RANCHES, FLORIDA**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS**  
September 30, 2009

**CURRENT YEAR INTERNAL CONTROL COMMENTS AND RECOMMENDATIONS**  
**(continued)**

**2009-01 Personnel Manual and Employee Files (continued)**

Management's Response:

The personnel manual is currently with our attorneys for the final reading. We expect to be able to give the manual to all employees within the month. The employee files have been looked at and gone over. There was only one employee with documents missing and that has been corrected. In addition, the human resource function will be given a new oversight in the organization.

**2009-02 Local Government Financial Reporting Requirements**

Public Depositor Annual Report – Each public depositor shall confirm annually that public deposit information as of the close of business on September 30 has been provided by each qualified public depository and is in agreement with public depositor records. The annual report (Form DFS-J1-1009) shall be submitted not later than November 30 to the Chief Financial Officer of the State of Florida. If a public depositor does not comply with this requirement on each public deposit account, the protection from loss provided in Florida Statute 280.18 is not effective as to that public deposit account. The Public Deposit Annual Report due in November 2009 was not filed in a timely manner. We recommend that this report be filed in a timely manner in order to ensure protection from loss.

Annual Financial Report – Each local governmental entity is required to submit to the Florida Department of Financial Services a copy of its audit report and an annual financial report within 45 days after the completion of the audit report but no later than 12 months after the end of the fiscal year. Failure to file in a timely manner can result in the Legislative Auditing Committee directing the Department of Revenue and the Department of Financial Services to withhold any funds not pledged for debt service satisfaction which are payable to such entity until the entity complies with the law. The 2007-08 audit report was not received by the Auditor General in a timely manner. We recommend that this report be filed in a timely manner in order to ensure that the State does not withhold any payments to the Town.

Management's Response:

The Finance Administrator was not aware of the filing of the Public Depositor Annual Report until the auditor made her aware of it. This report will be filed timely in the future.

This was the first year that the Annual Financial Report had to be filed electronically. The report was compiled on line on time but there was no electronic signature for the report. The submit button was never pushed so the report was not timely filed. The Town now has an electronic signature and this issue will not occur in the future.