



# MEMORANDUM

AGENDA ITEM #IV.E

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DATE: MAY 21, 2018  
TO: EXECUTIVE COMMITTEE MEMBERS  
FROM: STAFF  
SUBJECT: FY 2016-17 ANNUAL AUDIT

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Attached is the Audited Financial Statements for the year ended September 30, 2017. Representatives of S. Davis & Associates, P.A. will be available at the May 21, 2018 Executive Committee meeting.

## Recommendation

Approval of the Audited Financial Statements for the year ended September 30, 2017.



South Florida Regional Council  
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**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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## INDEPENDENT AUDITOR'S REPORT

To the Council Members of the  
South Florida Regional Planning Council

We have audited the accompanying financial statements of the governmental activities and each major fund, of the South Florida Regional Planning Council (the "Council"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of the Council as of September 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, the schedule of the Council's contributions to the Florida Retirement System Plan and the schedule of the Council's proportionate share of net pension liability for the Florida Retirement System Plan respectively, on pages 3 through 10, 38 through 42, 43 through 46, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2018 on our consideration the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "S. Davis & Associates, P.A." The signature is written in a cursive style and is positioned above a light blue horizontal line.

Hollywood, Florida  
May 10, 2018

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

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This section of the Council's financial statement presents management's analysis of the Council's financial performance during the year ended September 30, 2017. It is presented to enhance the usefulness of the Council's basic financial statements. Please read this narrative in conjunction with the financial statements, which follow this section.

**Financial Highlights**

- The assets and deferred outflows of the Council as reported in the government-wide financial statements exceeded the liabilities and deferred inflows as of September 30, 2017, by \$4,573,823 (net position). This amount represents a decrease of (\$485,554) as compared to an increase of \$463,096 in the prior year. This decrease was mainly due to an increase in the allowance for loan losses of \$448,276.
- The General Fund unassigned fund balance as of September 30, 2017 amounts to \$498,751 as compared to \$395,787 at the end of the previous year. This represents an increase of \$102,964 that was mainly due to a one-time transfer of \$200,000 from the EDA RLF fund.
- The Council has decided to exclude the Small Business Emergency Bridge Loan fund because, as of September 30, 2017, the current receivable balances for Broward, Dade and Monroe are in default. The Council has contacted the state office responsible for closing out this grant and transferring the defaulted loans. Therefore, the Council has excluded the accounts related to the Small Business Emergency Bridge Loan fund from the statement of net position. They are displayed in a separate column.

**Overview of the Financial Statements**

The Council's basic financial statements consist of: 1) *government-wide statements*, 2) *fund financial statements*, and 3) *notes to the financial statements*. Other supplementary information is also included in the report.

*Required Basic Financial Statements*

The Council utilizes a governmental fund for its financial reporting purposes. As the Council presents financial information using the governmental fund, the Council has elected to present its government-wide statements and fund statements in one set of statements with an adjusting column reconciling the two sets of statements.

The *government-wide financial statements* include the Statement of Net Position and the Statement of Activities, which provide information about the activities of the Council as a whole, and present a longer-term view of the Council's finances. These two statements report the net position of the Council and changes in it. You can think of the Council's net position - the difference between assets and deferred outflows minus liabilities and deferred inflows - as one way to measure financial health or financial position. Over time, increases

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

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**Overview of the Financial Statements (cont'd)**

or decreases in net position may serve as a useful indicator of whether the

financial position of the Council is improving or deteriorating. However, to assess the overall financial position of the Council, you will need to consider other non-financial factors, such as the condition of the Council's capital assets, the addition or termination of grants and other revenue sources, and the expansion or contraction of programs and services. The Council reports this information using the accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The statement of net position includes all the Council's assets and deferred outflows minus liabilities and deferred inflows and provides information about the nature and amounts of investments in resources (assets) and the obligations to Council creditors (liabilities).

All the current year's revenues and expenses are accounted for in the statement of activities. This statement presents information showing how the Council's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods (for example, uncollected contract and grant revenues, and earned, but unused vacation leave).

Both the *statement of net position* and the *statement of activities* of the government-wide financial statements distinguish functions of the Council that are supported by membership assessments, planning projects (federal, state and local grants/contracts), and revolving loan portfolios.

The Council's activities include administration function and long-range regional planning goals, and various revolving loan program service functions. The long-range regional planning goals function is comprised of a wide array of services including strategic plan development and comprehensive plan review, development of regional impact review and providing technical assistance and expertise in a number of fields including transportation, economic development, geographic information services, affordable housing, emergency preparedness, land use, and natural resources planning. All activities of the Council are governmental activities.

*Fund Financial Statements*

Fund financial statements tell how the Council's services were financed in the short term as well as what remains for future spending. The Council utilizes three funds to account for its activities: the general fund, special revenue planning project funds, and revolving loan funds. The general fund is used to account for all financial resources except those required to be accounted for in another fund. Special Revenue Fund is used to account

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

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**Overview of the Financial Statements (cont'd)**

for revenues derived from specific sources, which are usually required by law or regulation to be accounted for in separate funds. As of September 30, 2017, the Project Planning Funds and the Revolving Loan Funds, including the Consolidated Fund, EPA Brownfield revolving loan fund, and the Small Business Emergency Bridge Loan (OTTED) are included in this fund type. The SFRPI Fund reports the financial activity for the Southeast Florida Regional Prosperity Institute, Inc. ("SFRPI"), a component unit of the Council, and is reported as a fund for financial statement purposes. The fund statements provide a detailed short-term view of the Council's operations and the basic services it provides.

Governmental fund information helps you determine whether there are financial resources that can be spent in the near future to finance the Council's operations. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and Statement of Activities) and governmental funds in a reconciliation as discussed above.

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

**Financial Analysis**

*Government-Wide Analysis*

The Government-wide statements report the Council's net position and how they have changed. Table A-1 presents the net position of the Council which measures the Council's financial health, or position. Our analysis and a summary of the Council's statements of net position is presented in Table A-1.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

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**Financial Analysis (cont'd)**  
*Government-Wide Analysis (cont'd)*

**Table A-1**

**Condensed Statement of Net Position Excluding  
Small Business Emergency Bridge Loan (in thousands of dollars)**

|   | <b>2017</b>     | <b>2016</b>     |
|---|-----------------|-----------------|
| Current assets, net of loans receivable | \$ 3,483        | \$ 3,075        |
| Loans receivable, net                   | 2,079           | 3,030           |
| Capital assets, net of depreciation     | 21              | 198             |
| Non-current assets                      | 23              | 23              |
| <b>Total assets</b>                     | <b>\$ 5,606</b> | <b>\$ 6,326</b> |
| <br>                                    |                 |                 |
| Deferred outflows                       | \$ 449          | \$ 435          |
| <br>                                    |                 |                 |
| Current liabilities                     | \$ 103          | \$ 222          |
| Non-current liabilities                 | 1,234           | 436             |
| <b>Total liabilities</b>                | <b>\$ 1,337</b> | <b>\$ 658</b>   |
| <br>                                    |                 |                 |
| Deferred inflows                        | \$ 144          | \$ 44           |
| <br>                                    |                 |                 |
| Net position:                           |                 |                 |
| Net investment in capital assets        | \$ 21           | \$ 198          |
| Restricted                              | 4,931           | 5,460           |
| Deficiency in net assets/unrestricted   | (633)           | (408)           |
| <b>Total net position</b>               | <b>\$ 4,319</b> | <b>\$ 5,250</b> |

\* See Note 9 for details about the restatement of the beginning Net Position.

As noted earlier, net position may serve over time as a useful indicator of the Council's financial position. As of September 30, 2017, and 2016, the Council's total assets and deferred outflows exceeded its total liabilities and deferred inflows by \$4,573,823 and \$5,249,902, respectively, a decrease of \$676,079 from 2016. This decrease was mainly due to an increase in the allowance for loan losses of \$448,276, and a restatement of the net position as a result of understatement of accumulated depreciation in the amount of \$190,525 as explained in Note 9.

Unrestricted net position at September 30, 2017 and 2016 were approximately (\$378,432) and (\$407,709) respectively. The deficit net position is principally attributable to the Net Pension and HIS Liability totaling \$1,187,977 as of September 30, 2017. However, there was an improvement in the unrestricted net position of \$29,277 during the current fiscal year.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

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**Financial Analysis (cont'd)**

*Government-Wide Analysis (cont'd)*

Restricted net position decreased by \$529,009 or 9.7% to \$4,931,049. This decrease was mainly due to an increase in in the allowance for loan losses of \$448,276 as of September 30, 2017.

The Council's net investment in capital assets was \$21,206 and \$197,553 as of September 30, 2017, and 2016 respectively.

Table A-2 illustrates the revenues and expenses that caused the change in the Council's total net position.

**Table A-2**

**Condensed Statement of Activities (in thousands of dollars)**

|  | 2017     | 2016     |
|--|----------|----------|
| <b>REVENUES</b>                              |          |          |
| Membership assessments                       | \$ 818   | \$ 802   |
| Federal, state and local grants              | 918      | 1,233    |
| D.R.I. fees                                  | 8        | 196      |
| Interest                                     | 200      | 234      |
| Other Income                                 | 84       | 145      |
| Total Revenues                               | 2,028    | 2,610    |
| <b>EXPENDITURES</b>                          |          |          |
| <b>Current:</b>                              |          |          |
| Comprehensive planning:                      |          |          |
| Personnel services                           | 1,074    | 1,218    |
| Operating expenses                           | 530      | 785      |
| Outside consultant expense                   | 459      | 437      |
| Bad debt expense                             | 448      | (298)    |
| Depreciation and amortization                | 2        | 5        |
| Total Expenditures                           | 2,513    | 2,147    |
| Change in net position                       | (485)    | 463      |
| Net position, beginning of year *            | 5,988    | 5,715    |
| Net position, end of year                    | 5,502    | 6,178    |
| Less: Small Business Loan Fund Balance       | (928)    | (928)    |
| Net position, end of year with the exclusion | \$ 4,574 | \$ 5,250 |

\* See Note 9 for details about the restatement of the beginning Net Position.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

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**Financial Analysis (cont'd)**

*Government-Wide Analysis (cont'd)*

In 2017, total revenues of \$2,027,601 decreased by \$582,494 as compared to fiscal 2016. The decrease was mainly related to a reduction of \$314,805 in Federal, State, and local grants.

Total expenditures of \$2,513,157 for the year ended September 30, 2017 represents an increase of \$366,156. This increase is mainly due to an increase in the allowance for loan losses during fiscal year 2017, of \$448,276, coupled with a reduction in the allowance for loan losses of \$298,057 in fiscal year 2016.

**Capital Assets and Debt Administration**

For the years ended September 30, 2017 and 2016, the Council had \$21,206 and \$197,553 in fixed assets, respectively, net of accumulated depreciation. There was \$16,409 of additions to capital assets for the year ended September 30, 2017. Net Position was restated as a result of an understatement of accumulated depreciation in the amount of \$190,524 as explained in Note 9.

The Council does not have any long-term debt related to its capital assets and does not utilize debt as a matter of policy.

*Individual Fund Analysis*

Since the Council only has governmental funds/activities, the explanations provided above for the Statement of Activities regarding changes in net position also substantially explain the change in fund balance as shown on the Statement of Revenues, Expenditures and Changes in Fund Balance.

**General Fund Budgetary Highlights**

Over the course of the fiscal year, the original budget was approved at the Council meetings in September 2016. There were no amendments during the year.

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

The Council's grants and contracts are contingent upon its renewal and its ability to obtain new grants and, therefore, its revenues may vary from year to year. In setting its budget for fiscal year 2017, various factors, such as delivering at least the same level of expertise and adding new programs and grants were considered.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
SEPTEMBER 30, 2017**

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**Requests for Information**

This financial report is designed to provide a general overview of the Council's finances for all those with interest in its financial position. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, 3440 Hollywood Boulevard, Suite 140, Hollywood, Florida 33021.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
BALANCE SHEET/ STATEMENT OF NET POSITION  
SEPTEMBER 30, 2017**

|   | Major Funds       |                              |                      |                     |                  |                     |                         |                     | Statement of<br>Net Position |
|---|-------------------|------------------------------|----------------------|---------------------|------------------|---------------------|-------------------------|---------------------|------------------------------|
|   | General<br>Fund   | Planning<br>Projects<br>Fund | Revolving Loan Funds |                     | SFPI<br>Fund     | Total<br>Funds      | OTTED Loan<br>Exclusion | Adjustments         |                              |
|   |                   |                              | EDA                  | Other               |                  |                     |                         |                     |                              |
| <b>ASSETS</b>   |                   |                              |                      |                     |                  |                     |                         |                     |                              |
| Cash and cash equivalents                             | \$ 185,756        | \$ -                         | \$ -                 | \$ -                | \$ 68,494        | \$ 254,250          | \$ -                    | \$ -                | \$ 254,250                   |
| Investments   | 10,563            | -                            | -                    | -                   | -                | 10,563              | -                       | -                   | 10,563                       |
| <b>Receivables</b>                                    |                   |                              |                      |                     |                  |                     |                         |                     |                              |
| Contract and grant receivables                        | 2,220             | 321,675                      | -                    | -                   | -                | 323,895             | -                       | -                   | 323,895                      |
| Deposits and other assets                             | 23,272            | -                            | -                    | -                   | -                | 23,272              | -                       | -                   | 23,272                       |
| Due from other funds                                  | 380,395           | -                            | 10,916               | -                   | 11,080           | 402,391             | -                       | (402,391)           | -                            |
| <b>Restricted assets:</b>                             |                   |                              |                      |                     |                  |                     |                         |                     |                              |
| Cash and cash equivalents                             | -                 | -                            | 2,016,389            | 1,021,692           | -                | 3,038,081           | 144,148                 | -                   | 2,893,933                    |
| Loans receivable, net                                 | -                 | -                            | 2,079,180            | 977,729             | -                | 3,056,909           | 977,729                 | -                   | 2,079,180                    |
| Property and equipment, net                           | -                 | -                            | -                    | -                   | -                | -                   | -                       | 21,206              | 21,206                       |
| <b>Total Assets</b>                                   | <u>\$ 602,206</u> | <u>\$ 321,675</u>            | <u>\$ 4,106,485</u>  | <u>\$ 1,999,421</u> | <u>\$ 79,574</u> | <u>\$ 7,109,361</u> | <u>\$ 1,121,877</u>     | <u>\$ (381,185)</u> | <u>\$ 5,606,299</u>          |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                 |                   |                              |                      |                     |                  |                     |                         |                     |                              |
| Deferred outflows related to pension                  |                   |                              |                      |                     |                  |                     |                         | \$ 448,639          | \$ 448,639                   |
| <b>LIABILITIES AND net position</b>                   |                   |                              |                      |                     |                  |                     |                         |                     |                              |
| <b>Liabilities:</b>                                   |                   |                              |                      |                     |                  |                     |                         |                     |                              |
| Accounts payable and other accrued expenses           | \$ 40,344         | \$ -                         | \$ 4,799             | \$ 193,725          | \$ -             | \$ 238,868          | \$ 193,725              | \$ -                | \$ 45,143                    |
| Accrued payroll                                       | 5,917             | 9,712                        | 586                  | 13                  | -                | 16,228              | -                       | -                   | 16,228                       |
| Compensated absences                                  | 46,114            | -                            | -                    | -                   | -                | 46,114              | -                       | -                   | 46,114                       |
| Unearned revenue                                      | -                 | -                            | -                    | -                   | 41,336           | 41,336              | -                       | -                   | 41,336                       |
| Due to other funds                                    | 11,080            | 311,963                      | 32,706               | 14,876              | 31,766           | 402,391             | -                       | (402,391)           | -                            |
| Net pension liability                                 | -                 | -                            | -                    | -                   | -                | -                   | -                       | 866,605             | 866,605                      |
| Net HIS liability                                     | -                 | -                            | -                    | -                   | -                | -                   | -                       | 321,372             | 321,372                      |
| <b>Total Liabilities</b>                              | <u>103,455</u>    | <u>321,675</u>               | <u>38,091</u>        | <u>208,614</u>      | <u>73,102</u>    | <u>744,937</u>      | <u>193,725</u>          | <u>785,586</u>      | <u>1,336,798</u>             |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                  |                   |                              |                      |                     |                  |                     |                         |                     |                              |
| Deferred inflows related to pension                   |                   |                              |                      |                     |                  |                     |                         | \$ 144,317          | \$ 144,317                   |
| <b>Fund Balances:</b>                                 |                   |                              |                      |                     |                  |                     |                         |                     |                              |
| Restricted for revolving loan program                 | -                 | -                            | 4,068,394            | 1,790,807           | -                | 5,859,201           | 928,152                 | (4,931,049)         | -                            |
| Unassigned  | 498,751           | -                            | -                    | -                   | 6,472            | 505,223             | -                       | (505,223)           | -                            |
| <b>Total fund balances</b>                            | <u>498,751</u>    | <u>-</u>                     | <u>4,068,394</u>     | <u>1,790,807</u>    | <u>6,472</u>     | <u>6,364,424</u>    | <u>928,152</u>          | <u>(5,436,272)</u>  | <u>-</u>                     |
| <b>Total Liabilities and Fund Balances</b>            | <u>\$ 602,206</u> | <u>\$ 321,675</u>            | <u>\$ 4,106,485</u>  | <u>\$ 1,999,421</u> | <u>\$ 79,574</u> | <u>\$ 7,109,361</u> | <u>\$ 1,121,877</u>     |                     |                              |
| <b>Net position:</b>                                  |                   |                              |                      |                     |                  |                     |                         |                     |                              |
| Net investment in capital assets                      |                   |                              |                      |                     |                  |                     |                         | 21,206              | 21,206                       |
| Restricted for loan program excluding OTTED Loan Fund |                   |                              |                      |                     |                  |                     |                         | 4,931,049           | 4,931,049                    |
| Unrestricted  |                   |                              |                      |                     |                  |                     |                         | (378,432)           | (378,432)                    |
| <b>Total Net Position</b>                             |                   |                              |                      |                     |                  |                     |                         | <u>\$ 4,573,823</u> | <u>\$ 4,573,823</u>          |

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

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/ STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2017**

|   | Major Funds       |                           |                      |                     | SFPI<br>Fund    | Total<br>Funds      | Adjustments         | Statement<br>Activities |
|---|-------------------|---------------------------|----------------------|---------------------|-----------------|---------------------|---------------------|-------------------------|
|   | General Fund      | Planning Projects<br>Fund | Revolving Loan Funds |                     |                 |                     |                     |                         |
|   |                   |                           | EDA                  | Other               |                 |                     |                     |                         |
| <b>REVENUES</b>   |                   |                           |                      |                     |                 |                     |                     |                         |
| Membership assessments  | \$ 817,567        | \$ -                      | \$ -                 | \$ -                | \$ -            | \$ 817,567          | \$ -                | \$ 817,567              |
| Federal, state and local grants   | -                 | 891,657                   | -                    | -                   | 26,292          | 917,949             | -                   | 917,949                 |
| D.R.I. fees   | -                 | 8,054                     | -                    | -                   | -               | 8,054               | -                   | 8,054                   |
| Interest  | 1,325             | -                         | 180,291              | 18,286              | -               | 199,902             | -                   | 199,902                 |
| Other Income  | 2,000             | 37,647                    | 42,174               | 309                 | 1,999           | 84,129              | -                   | 84,129                  |
| Total Revenues  | <u>820,892</u>    | <u>937,358</u>            | <u>222,465</u>       | <u>18,595</u>       | <u>28,291</u>   | <u>2,027,601</u>    | <u>-</u>            | <u>2,027,601</u>        |
| <b>EXPENDITURES</b>   |                   |                           |                      |                     |                 |                     |                     |                         |
| <b>Current:</b>   |                   |                           |                      |                     |                 |                     |                     |                         |
| Comprehensive planning:   |                   |                           |                      |                     |                 |                     |                     |                         |
| Personnel services  | 422,466           | 507,015                   | 55,816               | 9,137               | -               | 994,434             | 79,187              | 1,073,621               |
| Operating expenses  | 208,801           | 298,610                   | 29,543               | 6,598               | 2,500           | 546,052             | (16,409)            | 529,643                 |
| Outside consultant expense  | -                 | 438,646                   | 20,516               | 181                 | 40              | 459,383             | -                   | 459,383                 |
| Bad debt expense  | -                 | -                         | 448,276              | -                   | -               | 448,276             | -                   | 448,276                 |
| Depreciation and amortization   | -                 | -                         | -                    | -                   | -               | -                   | 2,232               | 2,232                   |
| Total Expenditures  | <u>631,267</u>    | <u>1,244,271</u>          | <u>554,151</u>       | <u>15,916</u>       | <u>2,540</u>    | <u>2,448,145</u>    | <u>65,010</u>       | <u>2,513,155</u>        |
| Excess (deficiency) of revenues over expenditures   | 189,625           | (306,913)                 | (331,686)            | 2,679               | 25,751          | (420,544)           | (65,010)            | (485,554)               |
| <b>Other financing sources (uses):</b>  |                   |                           |                      |                     |                 |                     |                     |                         |
| Operating Transfers in  | 220,252           | 306,913                   | -                    | -                   | -               | 527,165             | -                   | 527,165                 |
| Operating Transfers (out)   | (306,913)         | -                         | (200,000)            | -                   | (20,252)        | (527,165)           | -                   | (527,165)               |
| Total other financing sources (uses)  | <u>(86,661)</u>   | <u>306,913</u>            | <u>(200,000)</u>     | <u>-</u>            | <u>(20,252)</u> | <u>-</u>            | <u>-</u>            | <u>-</u>                |
| Excess (deficiency) of revenues and other financing<br>sources over expenditures and other financing<br>uses/change in net position | 102,964           | -                         | (531,686)            | 2,679               | 5,499           | (420,544)           | (65,010)            | (485,554)               |
| Fund balance/net position at beginning of year*   | 395,787           | -                         | 4,600,080            | 1,788,128           | 973             | 6,784,968           | (797,439)           | 5,987,529               |
| Fund balance/net position at end of year  | <u>\$ 498,751</u> | <u>\$ -</u>               | <u>\$ 4,068,394</u>  | <u>\$ 1,790,807</u> | <u>\$ 6,472</u> | <u>\$ 6,364,424</u> | <u>\$ (862,449)</u> | <u>\$ 5,501,975</u>     |
| Less: OTTED Loan Fund balance restricted  |                   |                           |                      |                     |                 |                     |                     | (928,152)               |
| Net position at end of year excluding OTTED Loan Fund   |                   |                           |                      |                     |                 |                     |                     | <u>\$ 4,573,823</u>     |

\* See Note 9 for details about the restatement of the beginning Net Position.

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

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 1 - Nature of Operations**

**Reporting entity**

South Florida Regional Planning Council (the "Council") is a regional governmental planning and coordinating agency formed in September 1969, in accordance with Chapter 186 of the Florida Statutes to provide policy analysis and comprehensive planning services in such areas as housing, emergency management, economic development, water management, transportation and other matters having direct regional impact. The membership of the Council presently consists of Broward, Miami-Dade and Monroe counties.

The Council maintains separate management control and accountability. The governing board of the Council is composed of elected officials from the member counties, elected officials from city governments in the geographic area covered by the Council, and gubernatorial appointees from the geographic area covered by the Council.

The financial reporting entity for which the accompanying financial statements are prepared includes the Council (primary government) and its component unit, which is an entity for which the Council is financially accountable. The Council is financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's body and either is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens, on the Council. The Council may also be financially accountable for organizations that are fiscally dependent on it.

**Component Unit**

The Southeast Florida Regional Prosperity Institute, Inc. ("SFRPI") was formed as a nonprofit Section 501(c)(3) corporation. SFRPI is dedicated to providing educational and implementation opportunities to the economic development field and stakeholder groups concerning access to capital, environmental justice, conflict resolution, visioning as well as community development and redevelopment practices affecting land use, transportation, emergency management, safe and sanitary housing, health and the built environment, and natural resource protection and management.

SFRPI is a component unit of the Council since SFRPI's Board of Directors consists of the current members of the Council, thereby providing Council to impose its will upon SFRPI. It qualifies as a blended component unit; therefore, data from SFRPI is combined with data of the Council. SFRPI does not issue stand-alone audited financial statements.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 2 - Summary of Significant Accounting Policies**

These financial statements have been prepared in conformity with reporting guidelines established by GASB and in conformity with accounting principles generally accepted in the United States of America. As a result of adopting GASB Statement No. 34 and GASB 63, the following types of financial statements are reported by the Council:

***Government-wide Statements*** – The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position (statement of activities)) report information on all the activities of the Council. Governments typically report activities as either governmental activities, which normally are supported by taxes and intergovernmental revenues, or business-type activities, which rely to a significant extent on fees and charges for support. The Council reports only governmental activities as it has no business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. 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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a function. Taxes and other items not properly included among program revenues are reported instead as general revenues. Since the Council's primary function (mission) is policy analysis and comprehensive planning, all revenues and expenses are for this purpose and the accompanying financial statements do not segregate beyond this function.

The Council has only governmental activities and one function. As such, the government-wide financial statements are presented together with the governmental fund financial statements, with an adjustment column presented to reconcile the two sets of statements.

***Fund Financial Statements*** – Separate financial statements are provided for the Council's Governmental Funds, as described below:

***Governmental Fund Type*** – used to account for all operations of the Council. The measurement focus of this fund type is based upon determination of changes in financial position or the financial flow measurement focus, rather than upon net income determination. Only current assets and current liabilities are generally included on its balance sheet. The operating statement presents sources (revenues and other financial sources) and uses (expenditures and other financial uses) of available spendable resources during the period. The following comprise the Council's major governmental funds:

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 2 - Summary of Significant Accounting Policies (cont'd)**

- a) **General Fund** – used to account for all financial resources except those required to be accounted for in another fund.
- b) **Planning Projects Fund** – used to account for resources derived from specific sources, which are usually required by law or regulation to be accounted for in separate funds.
- c) **The Revolving Loan Fund** – used to account for resources derived from the various Revolving Loan portfolios (“RLF”) are included in this fund type. The RLF fund is used to account for revolving loan funds from the Department of Commerce through the Economic Development Administration (“EDA”) and the Environmental Protection Agency (“EPA”). The EDA RLF is used to provide loans to small and medium size businesses located within Miami-Dade, Broward and Monroe Counties that have evidence demonstrating that credit is not otherwise available on terms and conditions that permit the completion or successful operation of the activity to be financed. The EPA RLF is used to fund loans on qualified, suitable market-ready Brownfield sites to appropriate developers and buyers (for-profit and non-profit developers or local governments). The loan fund will assist in the remediation activities required for site cleanup that will allow redevelopment projects to go forward. The primary target areas for loans are the eastern portion of Miami-Dade, Broward and the Palm Beach Counties.
- d) **SFRPI Fund** – used to account for the financial activity of Southeast Florida Regional Prosperity Institute, Inc. (“SFRPI”), a component unit of the Council. SFRPI is a not-for-profit corporation created by the Council. SFRPI provides educational and implementation opportunities to the economic development field and stakeholder groups concerning access to capital, environmental justice, conflict resolution, visioning as well as community development and redevelopment practices affecting land use, transportation, emergency management, safe and sanitary housing, health and the built environment, and natural resource protection and management.

**Measurement focus, basis of accounting and financial statement presentation**

Basis of accounting refers to the point at which revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

**Governmental Fund Financial Statements** – The Council uses the accrual basis of accounting under which revenues and expenses of the Council are recorded in the accounting period in which they are earned or incurred.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 2 - Summary of Significant Accounting Policies (cont'd)**

Expenditures are recorded when obligations are incurred, except for expenditures related to claims and judgments, which are recorded only when payment is due.

***Government-wide Financial Statements*** – 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 at the time liabilities are incurred, regardless of when the related cash flows take place. Intergovernmental and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in government funds. Currently, the Council utilizes three of the four designations for fund balance under this statement: net investment in capital assets, restricted, and unassigned. These designations are defined as follows:

***Net investment in capital assets*** fund balance category includes the purchase cost net of accumulated depreciation and or amortization of capital assets or leasehold improvements.

***Restricted*** fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external source providers, or through enabling legislation. The project planning funds and revolving loan funds are considered restricted as defined by the statement.

***Unassigned*** fund balance is classification for the government's general fund and includes all spendable amounts not contained in the other classifications. For fiscal year ended September 30, 2017, the unassigned fund balance in the Council's general fund will be used for the day to day operations of the Council.

**Cost allocation**

Expenses associated with specific grants or contracts are charged directly to the grants or contracts. All other expenses are allocated to active grants or contracts based on the sum of direct salary, allocated leave salary, and allocated fringe benefits. This policy is consistent with the principles of Office of Management and Budget ("OMB") Circular A-87 and Circular A-122.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 2 - Summary of Significant Accounting Policies (cont'd)**

**Budget policy**

Prior to October 1 of each year, the budget is legally adopted by the Council's Board. The budget is prepared based on the accrual basis of accounting which is the same basis of accounting used to reflect actual revenues and expenditures recognized in accordance with accounting principles generally accepted in the United States of America. The Council does not adopt individual budgets for each fund type. All budget amounts presented in the Combined Statements of Revenues, Expenditures and Changes in Fund Balance.

**Risk management**

It is the policy of the Council to purchase insurance for the risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council obtained workers' compensation, property, general liability and automobile insurance coverage through the Florida Municipal Insurance Trust Fund of the Florida League of Cities, Inc. The Council obtained, from third party insurers, employee group life and disability insurance.

**Encumbrances**

The Council does not utilize encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation.

**Accounting estimates**

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

**Cash and cash equivalents**

Cash and cash equivalents include amounts in demand deposit accounts and highly liquid investments (including restricted assets) with maturity of three months or less when purchased.

**Investments**

Investments are stated at fair value.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 2 - Summary of Significant Accounting Policies (cont'd)**

**Contract and grant receivables**

Contract and grant receivables are stated at gross value. In management's opinion, all receivables are collectible as of year-end.

**Loans receivable/allowance for loan losses**

Loans are stated at the amount of unpaid principal, reduced by an allowance for loan losses. The allowance for loan losses is established through a provision for loan losses charged as an expense.

**Restricted assets**

The use of certain assets is restricted to finance business development activities with local economic development strategies and for revolving loan fund activities. Assets so designated are identified as restricted assets on the balance sheet.

**Capital assets**

Capital assets, which include office furniture and equipment and leasehold improvements, are recorded as capital outlay expenditures in the General Fund at the time goods are received and a liability is incurred. These assets are then capitalized at cost in the statement of net position. Fixed assets are depreciated using the straight-line method over two to ten years for furniture and equipment, and the remaining lease period for leasehold improvements. The depreciation expense is recorded in the statement of activities.

**Compensated absences**

The Council's policy is to permit regular employees to accumulate earned and unused vacation pay benefits up to 160 hours of vacation time. The liability for accumulated vacation hours is reflected in the statement of net position.

**Due to and from other funds**

Interfund receivables and payables arise from Interfund transactions and are recorded by funds affected in the period in which transactions are executed.

**Unearned revenues**

Unearned revenues are payments received from grantor agencies before the related costs are incurred.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 2 - Summary of Significant Accounting Policies (cont'd)**

**Pensions**

In the governmental activities, Statement of Net Position, pension liabilities are recognized for the Authority's proportionate share of each pension plan's net pension liability. For purposes of measuring the net pension liability, deferred outflows of resources related to pensions, deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Florida Retirement System Pension Plan (Pension Plan) defined benefit plan and the Health Insurance Subsidy (HIS) defined benefit plan, and additions to and deductions from the Pension Plan's and the HIS's fiduciary net position, have been determined on the same basis as they are reported by the Pension Plan and HIS plans. Changes in the net pension liability during the period are recorded as pension expense, deferred outflows of resources, or deferred inflows of resources depending on the nature of the change. Those changes in the net pension liability that are recorded as deferred outflows of resources or deferred inflows of resources that arise from changes in actuarial assumptions or other inputs, changes in the proportionate share of the net pension liability, and differences between expected or actual experience, are amortized over the average expected remaining service lives of all employees that are provided with pensions through the pension plans, and recorded as a component of pension expense beginning with the period in which they arose. Differences between projected and actual investment earnings are reported as deferred outflows of resources or deferred inflows of resources, and are amortized as a component of pension expense using a systematic and rational method over a five-year period.

**Income taxes**

The Council is exempt from federal and state income taxes; accordingly, no provision for income taxes is included in the financial statements.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 3- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities**

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

|  |             |
|--|-------------|
| Net change in fund balances – total governmental funds | \$(420,544) |
|--|-------------|

|   |        |
|---|--------|
| Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of capital assets purchased are allocated over their estimated useful lives and reported as depreciation expense. | 16,409 |
|---|--------|

|   |         |
|---|---------|
| Depreciation expense for the fiscal year ended September 30, 2017 | (2,232) |
|---|---------|

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

|                         |          |
|-------------------------|----------|
| Net pension obligations | (79,187) |
|-------------------------|----------|

|  |                           |
|--|---------------------------|
| Changes in net position of governmental activities | <u><u>\$(485,554)</u></u> |
|--|---------------------------|

**Note 4 - Cash and Investments**

At September 30, 2017, the Council's cash and investments consisted of the following:

|  |                            |
|--|----------------------------|
| Cash and cash equivalents – Unrestricted                       |                            |
| Demand deposits and petty cash                                 | \$ 185,756                 |
| Pooled investment fund – Florida State Board of Administration | 10,563                     |
| Small Business Emergency Bridge Loan Fund                      | 129,003                    |
| EPA Brownfield Revolving Loan Fund                             | 892,688                    |
| EDA Consolidated Loan Fund                                     | <u>2,016,389</u>           |
| Total restricted cash and cash equivalents                     | <u><u>\$ 3,234,400</u></u> |

The carrying value of the above cash and investments equals fair value.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 4 - Cash and Investments (cont'd)**

**Deposits**

The Council's deposits are held in financial institutions with Federal depository insurance that are approved by the State Treasurer to hold public funds.

**Investments**

The Council does not have an investment policy with specific provisions to limit exposure to credit risk, custodial credit risk, concentration of credit risk, interest rate risk, or foreign currency risk. Excess funds are invested with the Local Government Surplus Funds Investment Pool Trust Fund ("Florida Prime"), which is administered by the Florida State Board of Administration (SBA) and governed by Chapters 215 and 218 of the Florida Statutes, and Chapter 19-7 of the Florida Administrative Code (collectively, "applicable Florida Law").

At September 30, 2017, South Florida Regional Council had a balance of \$10,583 invested in the State Board of Administration's Florida Prime Fund.

The Office of the Auditor General performs an operational audit of the activities and investments of the SBA. Investments in the pooled fund are held in the name of the SBA and are not registered with the Securities and Exchange Commission.

Florida PRIME is not a registrant with the Securities and Exchange Commission (SEC); however, SBA has adopted operating procedures consistent with those required of an SEC Rule 2a-7-like fund. A 2a-7-like external investment pool is one that is not registered with the SEC as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with SEC Rule 2a-7, which governs the operation of SEC regulated money market funds.

**Restricted cash**

The EDA Consolidated Loan and EPA Brownfield Loan restricted cash represents funds available to be loaned to finance business development activities consistent with local economic development strategies. Small Business Emergency Bridge Loan restricted cash represents funds withheld for the State, to be refunded at program completion, and limited administrative costs for the Council's facilitation of this program.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 5 - Loans Receivable/Allowance for Loan Losses**

In August 2000, the U.S. Department of Commerce, through the EDA, transferred the administration of Special Economic Development and Assistance Programs, Long-term Economic Deterioration (RLF I) to the Council from a local nonprofit organization. The outstanding balance of loans receivable and funds available to the program was \$2,745,569 and \$1,723,623, respectively, were likewise transferred to the Council.

On February 23, 2004, the U.S. Department of Commerce, through the EDA, signed an Offer to Amend Grant Agreement to transfer the administration of Special EDA Assistance Program Long-term Economic Deterioration (RLF II) and (RLF Rescue) to the Council from a nonprofit corporation. The outstanding balance of loans receivable and funds available to the program were \$1,571,858 and \$2,001,905, respectively, were transferred to the Council on May 1, 2004.

In October 2008, the U.S. Department of Commerce, through the EDA, transferred the administration of Special Economic Development and Assistance Programs, Long-term Economic Deterioration (RLF III) to the Council from the City of Homestead. The outstanding balance of loans receivable and funds available to the program was \$179,523 and \$877,359, respectively, and were likewise transferred to the Council.

On September 22, 2010, an offer to consolidate the existing RLF awards was reached between the Council and the U.S. Department of Commerce, Economic Development Administration (EDA). The Consolidated financial award restated was \$10,997,147 in federal award, \$1,290,088 contributed by the original recipients for an estimated total of \$12,287,235. In October 2010, the Council consolidated RLF I, RLF II, RLF III and RLF Rescue into one fund (RLF Consolidated).

As of September 30, 2017, EDA RLF Consolidated fund had an outstanding loan balance principal of \$ 2,016,389 net of allowance for doubtful accounts. The administrative costs (excluding bad debt expense) related to the management of RLF Consolidated loan program was \$105,875 for the year ended September 30, 2017.

As of September 30, 2017, \$1,212,869 was setup as an allowance for loan losses. It is the Council staff's plan to restructure these loans in hope to get them paid in full.

On November 8, 2005, the Council entered into an agreement with the State of Florida Office of Tourism, Trade and Economic Development to administer a loan program for small businesses affected by Hurricane Wilma. Eleven Million (\$11,000,000) dollars were released to the Council for small business loans not to exceed twenty-five thousand (\$25,000) per business.

The funds were allocated as follows: five million dollars (\$5,000,000) for Broward, five million dollars (\$5,000,000) for Dade County and one million dollars (\$1,000,000) for

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 5 - Loans Receivable/Allowance for Loan Losses (cont'd)**

Monroe. Eight million, four hundred seventy-two thousand, two hundred and four dollars (\$8,472,204) were disbursed to small businesses affected by hurricane Wilma from the three counties and the unused portion of the funds went back to the State including interest earned less administrative cost. As of September 30, 2017, the cash balance was \$144,148, and the receivable balances were as follows: Broward County Businesses \$ 488,867 Miami-Dade County Businesses \$428,362 and Monroe County Businesses \$60,500. As of September 30, 2017, all the receivable balances are in default, final judgments have been filed against all these obligors. The Council is in the process of transferring these loans/judgments to the State of Florida for final disposition and closure. Therefore, the Council excluded the entire fund balance of \$ 928,152 from the statement of net position as of September 30, 2017.

**Note 6 - Capital Assets**

The following is the summary of changes in capital assets for the year ended September 30, 2017:

| <b>Description</b>                                | <b>Restated *<br/>October 1, 2016</b> | <b>Additions</b> | <b>Retirement</b> | <b>Balance<br/>September<br/>30, 2017</b> |
|---|---------------------------------------|------------------|-------------------|---|
| Office furniture and equipment                    | \$ 266,647                            | \$ 16,409        | \$ (227,455)      | \$ 55,601                                 |
| Leasehold improvements                            | <u>80,842</u>                         | <u>-</u>         | <u>-</u>          | <u>80,842</u>                             |
| Sub-total   | 347,489                               | 16,409           | (227,455)         | 136,443                                   |
| Less accumulated depreciation<br>and amortization | <u>(340,459)</u>                      | <u>(2,232)</u>   | <u>227,455</u>    | <u>(115,237)</u>                          |
| Net   | <u>\$ 7,030</u>                       | <u>\$ 14,177</u> | <u>\$ -</u>       | <u>\$ 21,206</u>                          |

Depreciation expense was \$2,232 in the fiscal year ended September 30, 2017.

\* The beginning accumulated depreciation was restated (see note 9).

**Note 7 - Interfund**

Interfund transfers made during fiscal year 2017 are as follows:

| <b><u>Transfers Out</u></b> | <b><u>Transfers In</u></b>               |                                |                     |
|-----------------------------|--|--------------------------------|---------------------|
|                             | <b><u>Planning<br/>Projects Fund</u></b> | <b><u>General<br/>Fund</u></b> | <b><u>Total</u></b> |
| General fund                | \$ 306,913                               | \$ -                           | \$ 306,813          |
| RLF EDA Fund                | -  | 200,000                        | 200,000             |
| SFPI                        | <u>-</u>                                 | <u>20,252</u>                  | <u>20,252</u>       |
| Total transfers out         | <u>\$ 306,913</u>                        | <u>\$ 220,252</u>              | <u>\$ 527,165</u>   |

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 8 - Employee Benefit Plans**

All Council's employees participate in the Florida Retirement System (FRS). As provided by Chapters 121 and 112, Florida Statutes, the FRS provides two cost sharing, multiple employer defined benefit plans administered by the Florida Department of Management Services, Division of Retirement, including the Pension Plan and the Retiree Health Insurance Subsidy (HIS Plan). Under Section 121.4501, Florida Statutes, the FRS also provides a defined contribution plan (Investment Plan) alternative to the Pension Plan, which is administered by the State Board of Administration (SBA). Generally, membership in the FRS is compulsory for all employees working in a regularly established position for a state agency, county government, district school board, state university, community college, or a participating city or special district within the State of Florida. The FRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Florida Legislature establishes and may amend the contribution requirements and benefit terms of all FRS plans.

The plan administrator for FRS prepares and publishes its own stand-alone comprehensive annual financial report, including financial statements and required supplementary information. Copies of this report can be obtained from the Department of Management Services, Division of Retirement, Bureau of Research and Member Communications, P.O. Box 9000, Tallahassee, Florida 32315-9000; or at the Division's website ([www.frs.myflorida.com](http://www.frs.myflorida.com)).

**Pension Plan**

Plan Description - The Pension Plan is a cost-sharing multiple-employer defined benefit pension plan, with a Deferred Retirement Option Program (DROP) for eligible employees.

The general classes of membership for the Council are as follows:

Regular Class - Members of the FRS who do not qualify for membership in the other classes.

Senior Management Service Class (SMSC) - Members in senior management level positions

Employees enrolled in the Pension Plan prior to July 1, 2011, vest after six years of creditable service, and employees enrolled in the Pension Plan on or after July 1, 2011, vest after eight years of creditable service. Regular Class and SMSC members initially enrolled in the Pension Plan before July 1, 2011, once vested, are eligible for normal retirement benefits at age 62 or at any age after 30 years of creditable service. Members in these classes initially enrolled in the Pension Plan on or after July 1, 2011, once vested, are eligible for normal retirement benefits at age 65 or any time after 33 years of creditable service.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 8 - Employee Benefit Plans (cont'd)**  
**Pension Plan (cont'd)**

Early retirement may be taken any time after vesting within 20 years of normal retirement age; however, there is a 5.0% benefit reduction for each year prior to the normal retirement age.

DROP is available under the Pension Plan when the member first reaches eligibility for normal retirement. The DROP allows a member to retire while continuing employment for up to 60 months. While in the DROP, the member's retirement benefits accumulate in the FRS Trust Fund increased by a cost-of-living adjustment each July, and earn monthly interest equivalent to an annual rate of 1.30%. DROP participants with an effective DROP commencement date before July 1, 2011, earn monthly interest equivalent to an annual rate of 6.50%.

**Benefits Provided** - Benefits under the Pension Plan are computed based on age and/or years of service, average final compensation, and service credit. Credit for each year of service is expressed as a percentage of the average final compensation. For members initially enrolled before July 1, 2011, the average final compensation is the average of the five highest fiscal years' earnings; for members initially enrolled on or after July 1, 2011, the average final compensation is the average of the eight highest fiscal years' earnings. The total percentage value of the benefit received is determined by calculating the total value of all service, which is based on the retirement plan and/or class to which the member belonged when the service credit was earned. The following chart shows the percentage value for each year of service credit earned.

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

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 8 - Employee Benefit Plans (cont'd)**  
**Pension Plan (cont'd)**

The benefits received by retirees and beneficiaries are increased by a cost-of-living adjustment (COLA) each July. If the member was initially enrolled in the Pension Plan before July 1, 2011, and all service credit was accrued before that time, the annual COLA is 3.0% per year. If the member was initially enrolled on or after July 1, 2011, there is an individually calculated COLA. The annual COLA is a proportion of 3.0% determined by dividing the sum of the pre-July 2011 service credit by the total service credit at retirement multiplied by 3.0%. Pension Plan members initially enrolled on or after July 1, 2011, will not have a COLA after retirement.

Contributions - Effective July 1, 2011, all enrolled members of the Pension Plan, other than DROP participants, are required to contribute 3.0% of their salary to the Pension Plan. In addition to member contributions, governmental employers are required to make contributions to the Pension Plan based on state-wide contribution rates established by the Florida Legislature. These rates are updated as of July 1, of each year.

The employer contribution rates by job class for the periods from October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017, respectively, were as follows: Regular – 7.52% and 7.92%, Senior Management Service – 21.77% and 22.71% and DROP participants 12.99% and 13.26%. These employer contribution rates include the HIS Plan contribution rates of 1.66% and 1.66%, or the administrative cost assessment of .04% and .06%. The .06% administrative/educational fee does not apply to DROP participants.

For the fiscal year ending September 30, 2017, pension contributions, including employee contributions of \$25,288, to the Pension Plan for the Council totaled \$102,322.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2017, the Council reported a liability of \$1,188,977 for its proportionate share of the Pension Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2017. The Council's proportionate share of the net pension liability was based on the Council's 2016-2017 fiscal year contributions relative to the 2016-2017 fiscal year contributions of all participating members. At June 30, 2017, the Council's proportionate share was .002930% which was a decrease of 0.00027% from its proportionate share measured as of June 30, 2016.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 8 - Employee Benefit Plans (cont'd)**  
**Pension Plan (cont'd)**

For the fiscal year ended September 30, 2017, the Council reported employer contributions of \$78,921. In addition, the Council reported deferred outflows of resources and deferred inflows of resources related to the Pension Plan from the following sources:

**Deferred Inflows**

|   |                    |
|---|--------------------|
| Change in Proportion                      | \$ (44,737)        |
| Change in Proportion (reverse prior year) | 11,716             |
| Experience                                | (4,801)            |
| Experience (reverse prior year)           | 7,530              |
| Investments                               | (21,477)           |
| Total                                     | <u>\$ (51,768)</u> |

**Deferred Outflows**

|   |                  |
|---|------------------|
| Contributions Subsequent to Measurement Date of 6/30/17 | \$ 16,006        |
| Assumptions   | 291,241          |
| Assumptions (reverse prior year)                        | (48,930)         |
| Change in Proportion                                    | 34,653           |
| Change in Proportion (reverse prior year)               | (48,695)         |
| Contributions Subsequent to Prior Measurement Date      | (22,160)         |
| Experience  | 79,534           |
| Experience (reverse prior year)                         | (61,927)         |
| Investments (reverse prior year)                        | (209,063)        |
| Total   | <u>\$ 30,659</u> |

The deferred outflows of resources related to the Pension Plan for the Council resulting from contributions to the Pension Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the Pension Plan will be recognized in pension expense as follows:

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 8 - Employee Benefit Plans (cont'd)**  
**Pension Plan (cont'd)**

| <b>Fiscal Year Ending September 30th</b> |                    |
|--|--------------------|
| 9/30/2018                                | \$ 4,697           |
| 9/30/2019                                | 4,697              |
| 9/30/2020                                | (4,346)            |
| 9/30/2021                                | (6,314)            |
| 9/30/2022                                | (6,170)            |
| Thereafter                               | (2,648)            |
| Total                                    | <u>\$ (10,083)</u> |

Actuarial Assumptions - The total pension liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions:

|                           |                                    |
|---------------------------|------------------------------------|
| Inflation                 | 2.60%                              |
| Salary increases          | 3.25% average, including inflation |
| Investment rate of return | 7.10%                              |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions used in the July 1, 2016, valuation was based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013. Assumption changes adopted by the FRS Assumptions Conference were incorporated into July 1, 2015 Valuation.

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

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 8 - Employee Benefit Plans (cont'd)  
Pension Plan (cont'd)**

| Asset Class           | Target<br>Allocation* | Annual<br>Arithmetic<br>Return | Compound<br>Annual<br>(Geometric)<br>Return | Standard<br>Deviation |
|-----------------------|-----------------------|--------------------------------|---|-----------------------|
| Cash                  | 1%                    | 3.00%                          | 3.00%                                       | 1.70%                 |
| Fixed Income          | 18%                   | 4.70%                          | 4.60%                                       | 4.60%                 |
| Global Equity         | 53%                   | 8.10%                          | 6.80%                                       | 17.20%                |
| Real Estate           | 10%                   | 6.40%                          | 5.80%                                       | 12.00%                |
| Private Equity        | 6%                    | 11.50%                         | 7.80%                                       | 30.00%                |
| Strategic Investments | 12%                   | 6.10%                          | 5.60%                                       | 11.10%                |
| Assumed Inflation     |                       | Mean                           | 2.60%                                       | 1.90%                 |

\*As outlined in the Pension Plan's investment policy.

Discount Rate - The discount rate used to measure the total pension liability was 7.10%. The Pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the discount rate for calculation the total pension liability is equal to the long-term expected rate of return.

Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Council's proportionate share of the net pension liability calculated using the discount rate of 7.10%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.10%) or one percentage point higher (8.10%) than the current rate:

|   | 1%<br>Decrease | Current<br>Discount<br>Rate | 1%<br>Increase |
|---|----------------|-----------------------------|----------------|
|   | 6.10%          | 7.10%                       | 8.10%          |
| Council's proportionate share of<br>the net pension Liability | 1,568,503      | 866,605                     | 283,869        |

Pension Plan Fiduciary Net Position - Detailed information regarding the Pension Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 8 - Employee Benefit Plans (cont'd)**  
**Pension Plan (cont'd)**

Payables to the Pension Plan - At September 30, 2017, the Council reported payables in the amount of \$6,781 outstanding contributions to the Pension Plan required for the fiscal year ended September 30, 2017.

**HIS Plan**

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

Benefits Provided - For the fiscal year ended September 30, 2017, eligible retirees and beneficiaries received a monthly HIS Plan payment of \$5 for each year of creditable service completed at the time of retirement, with a minimum HIS Plan payment of \$30 and a maximum HIS Plan payment of \$150 per month. To be eligible to receive these benefits, a retiree under a State-administered retirement system must provide proof of health insurance coverage, which may include Medicare.

Contributions - The HIS Plan is funded by required contributions from FRS participating employers as set by the Florida Legislature. Employer contributions are a percentage of gross compensation for all active FRS members. For the fiscal year ended September 30, 2017, the HIS Plan contribution rate for the period October 1, 2016 through June 30, 2017 and from July 1, 2017 through September 30, 2017 was 1.66% and 1.66%, respectively. HIS Plan contributions are deposited in a separate trust fund from which payments are authorized. HIS Plan benefits are not guaranteed and are subject to annual legislative appropriation. In the event, legislative appropriation or available funds fail to provide full subsidy benefits to all participants, benefits may be reduced or cancelled.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At September 30, 2017, the Council reported a liability of \$321,372 for its proportionate share of the HIS Plan's net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017. The Council's proportionate share of the net pension liability was based on the Council's 2016-2017 fiscal year contributions relative to the 2016-2017 fiscal year contributions of all participating members. At June 30, 2017, the Council's proportionate share was 0.003006% which was a decrease of 0.00031% from its proportionate share measured as of June 30, 2016.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 8 - Employee Benefit Plans (cont'd)**  
**HIS Plan (cont'd)**

For the fiscal year ended September 30, 2017, the Council reported employer contributions of \$15,661. In addition, the Council reported changes to deferred outflows of resources and deferred in flows of resources related to the HIS Plan from the following sources:

**Deferred Inflows**

|   |                           |
|---|---------------------------|
| Assumptions                               | \$ (27,789)               |
| Change in Proportion                      | (44,843)                  |
| Change in Proportion (reverse prior year) | 24,282                    |
| Experience                                | (669)                     |
| Experience (reverse prior year)           | 880                       |
| <b>Total</b>                              | <b><u>\$ (48,140)</u></b> |

**Deferred Outflows**

|   |                           |
|---|---------------------------|
| Contributions Subsequent to Measurement Date of 6/30/17 | \$ 3,556                  |
| Assumptions   | 45,174                    |
| Assumptions (reverse prior year)                        | (60,652)                  |
| Change in Proportion                                    | 4,791                     |
| Change in Proportion (reverse prior year)               | (5,912)                   |
| Contributions Subsequent to Prior Measurement Date      | (4,193)                   |
| Investments   | 178                       |
| Investments (reverse prior year)                        | (195)                     |
| <b>Total</b>  | <b><u>\$ (17,253)</u></b> |

The deferred outflows of resources related to the HIS Plan, totaling \$4,604 for the Council, resulting from contributions to the HIS Plan subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the fiscal year ended September 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to the HIS Plan will be recognized in pension expense as follows:

**Fiscal Year Ending September 30th**

|              |                           |
|--------------|---------------------------|
| 9/30/2018    | \$ (8,909)                |
| 9/30/2019    | (8,909)                   |
| 9/30/2020    | (8,909)                   |
| 9/30/2021    | (4,284)                   |
| 9/30/2022    | (3,960)                   |
| Thereafter   | (5,082)                   |
| <b>Total</b> | <b><u>\$ (40,053)</u></b> |

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 8 - Employee Benefit Plans (cont'd)**  
**HIS Plan (cont'd)**

Actuarial Assumptions – Actuarial valuations for the HIS Plans are concluded biennially. The July 1, 2015 HIS Plan valuation is the most recent actuarial valuation and was used to develop the liabilities for June 30, 2017. Liabilities originally calculated as the actuarial valuation date have been recalculated as of June 30, 2017, using standard actuarial roll-forward technique. The total pension liability as of June 30, 2017, was determined using the following actuarial assumptions:

|                           |  |
|---------------------------|--|
| Inflation                 | 2.60%  |
| Salary increases          | 3.25% average, including inflation                             |
| Investment rate of return | 3.58% net pension plan investment expense, including inflation |

Mortality rates were based on the Generational RP-2000 with Projection Scale BB tables.

The actuarial assumptions that determined the total pension liability as of June 30, 2017, were based on the results of an actuarial experience study for the period July 1, 2008 through June 30, 2013.

Discount Rate - The discount rate used to measure the total pension liability at June 30, 2016 was 3.58%. In general, the discount rate for calculating the total pension liability is equal to the single rate equivalent to discounting at the long-term expected rate of return for benefit payments prior to the projected depletion date. Because the HIS Plan benefit is essentially funded on a pay-as-you-go basis, the depletion date is considered to be immediate, and the single equivalent discount rate is equal to the municipal bond rate selected by the HIS Plan sponsor. The Bond Buyer General Obligation 20-Bond Municipal Bond Index was adopted as the applicable municipal bond index. The discount rate used in the 2017 valuation was updated from 2.85% to 3.58%, reflecting the changed in the Bond Buyer General Obligation 20-Bond Municipal Index as of June 30, 2017.

Sensitivity of the Proportionate Share of the Net Position Liability to Changes in the Discount Rate - The following represents the Council's proportionate share of the net pension liability calculated as of September 30, 2017, using the discount rate of 3.58%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 2.58% or one percentage point higher 4.58% than the current rate:

|   | <u>1%<br/>Decrease</u> | <u>Current<br/>Discount<br/>Rate</u> | <u>1%<br/>Increase</u> |
|---|------------------------|--------------------------------------|------------------------|
|   | 2.58%                  | 3.58%                                | 4.58%                  |
| Council's proportionate share of<br>the net pension Liability | 366,728                | 321,372                              | 283,593                |

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 8 - Employee Benefit Plans (cont'd)**

**HIS Plan (cont'd)**

HIS Plan Fiduciary Net Position - Detailed information regarding the HIS Plan's fiduciary net position is available in the separately issued FRS Pension Plan and Other State-Administered Systems Comprehensive Annual Financial Report.

Payables to the HIS Plan - At September 30, 2017, the Council reported payables in the amount of \$954 for outstanding contributions to the HIS Plan required for the fiscal year ended September 30, 2017.

**Investment Plan**

The SBA administers the defined contribution plan officially titled the FRS Investment Plan. The Investment Plan is reported in the SBA's annual financial statements and in the State of Florida Comprehensive Annual Financial Report.

As provided in Section 121.4501, Florida Statutes, eligible FRS members may elect to participate in the Investment Plan in lieu of the defined benefit pension plan. Council employees participating in DROP are not eligible to participate in the Investment Plan. Employer and employee contributions, including amounts contributed to individual member's accounts, are defined by law, but the ultimate benefit depends in part on the performance of investment funds. Benefit terms, including contribution requirements, for the Investment Plan are established and may be amended by the Florida Legislature. The Investment Plan is funded with the same employer and employee contribution rates that are based on salary and membership class, as the Pension Plan. Contributions are directed to individual member accounts, and the individual members allocate contributions and account balances among various approved investment choices. Costs of administering the Investment Plan, including the FRS Financial Guidance Program, are funded through an employer contribution of 0.04% of payroll and by forfeited benefits of plan members.

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

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 8 - Employee Benefit Plans (cont'd)**  
**Investment Plan (cont'd)**

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

**Note 9 – Restatement of Net Position**

The Council has restated the net position for the fiscal year ended September 30, 2017 to correctly state the property and equipment balance at said date.

The effect on prior year's Statement of Net Position was a reduction of Net Position as follows:

|   |                            |
|---|----------------------------|
| Net Position, October 1, 2016, as previously reported | \$ 6,178,054               |
| Restatement   | <u>(190,525)</u>           |
| Net Position, October 1, 2016, as restated            | <u><u>\$ 5,987,529</u></u> |

The restatement was due to an understatement of accumulated depreciation on fixed assets.

**Note 10 - Long-Term Liabilities**

A summary of changes in long-term liabilities for the fiscal year ended September 30, 2017, are as follows:

|                       | <b>09/30/2016</b>   | <b>Increase</b>  | <b>Decrease</b>  | <b>09/30/2017</b>   |
|-----------------------|---------------------|------------------|------------------|---------------------|
| Compensated absences  | \$ 49,810           | \$ -             | \$ 3,696         | \$ 46,114           |
| Net pension liability | 808,793             | 57,812           | -                | 866,605             |
| Net HIS liability     | 386,499             | -                | 65,127           | 321,372             |
| Total                 | <u>\$ 1,245,102</u> | <u>\$ 57,812</u> | <u>\$ 68,823</u> | <u>\$ 1,234,091</u> |

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 11 - Commitments**

The Council conducts its operations from leased office space. During fiscal 2015 the Council renegotiated the terms of the existing lease and has agreed to a three year lease extension until February 28, 2018. The amended lease reduces the total leased space and reduces the total annual lease commitment for the Council. Total rental expense for the year ended September 30, 2017 was \$189,140. Future annual rental payments, including approximate common area maintenance cost and real estate taxes required under the amended lease and the extension period are included as follows:

| <u>Year ending September 30,</u> | <u>Amount</u>    |
|----------------------------------|------------------|
| 2018                             | \$ <u>82,372</u> |
| Total                            | \$ <u>82,372</u> |

**Note 12 - Contingencies**

The Council participates in a number of Federal programs and State projects. These programs and projects are subject to financial and compliance audits by the grantors or their respective representatives. The possible disallowance of any item charged to the program or project or request for the return of any unexpended funds cannot be determined at this time. No provision for any liability that may result has been made in the financial statements.

**Note 13 - Subsequent Events**

Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are issued or are available to be issued. Subsequent events should be disclosed in the financial statements if exclusion of such disclosure would cause the financial statements to be misleading.

On March 2, 2018 the Council entered into a 5 year operating lease for office space. The annual base rent during the lease period is the following:

| <b>Lease<br/>Year</b> | <b>Annual<br/>Base</b> |
|-----------------------|------------------------|
| 1                     | \$62,766               |
| 2                     | \$65,277               |
| 3                     | \$67,888               |
| 4                     | \$70,603               |
| 5                     | \$73,427               |

In addition to base rent, the lease requires fixed common area maintenance (CAM) of \$13,618 for the first lease year, increasing by 4% for each successive year.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 13 - Subsequent Events (cont'd)**

Management has evaluated subsequent events through May 10, 2018, the date the financial statements were available to be issued, and does not believe that there are any other events or transactions that require disclosure.

**Note 14 - Southeast Florida Regional Prosperity Institute, Inc ("SFRPI")**

As described in Note 1, the Southeast Florida Regional Prosperity Institute, Inc ("SFRPI") is a component unit of the Council. Summary financial data as of September 30, 2017 for the Institute is as follows:

**Assets:**

|                      |                         |
|----------------------|-------------------------|
| Cash                 | \$ 68,494               |
| Due from other funds | <u>11,080</u>           |
| Total Assets         | <u><u>\$ 79,574</u></u> |

**Liabilities:**

|                    |                      |
|--------------------|----------------------|
| Unearned revenue   | \$ 41,336            |
| Due to other funds | <u>31,766</u>        |
| Total Liabilities  | <u><u>73,102</u></u> |

**Fund Balance:**

|                                    |                         |
|------------------------------------|-------------------------|
| Unassigned                         | <u>6,472</u>            |
| Total Fund Balance                 | <u><u>6,472</u></u>     |
| Total Liabilities and Fund Balance | <u><u>\$ 79,574</u></u> |

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2017**

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**Note 14 - Southeast Florida Regional Prosperity Institute, Inc ("SFRPI")**  
**(cont'd)**

|  |                        |
|--|------------------------|
| Total Revenue  | \$ 28,291              |
| Total Expenditures   | <u>(2,540)</u>         |
| Excess Revenue over Expenditures                                 | <u>25,751</u>          |
| Other financing uses:  |                        |
| Operating Transfers out  | <u>(20,252)</u>        |
| Total other financing uses                                       | <u>(20,252)</u>        |
| Excess of revenues over expenditures<br>and other financing uses | 5,499                  |
| Fund Balance at the beginning of year                            | <u>973</u>             |
| Fund Balance at the end of year                                  | <u><u>\$ 6,472</u></u> |

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SEPTEMBER 30, 2017**

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>    | <u>Variance to<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|------------------|---|
| <b>REVENUES</b>                                   |                            |                         |                  |   |
| Total Revenues                                    | \$820,567                  | \$820,567               | \$820,892        | \$ 325  |
| <b>EXPENDITURES</b>                               |                            |                         |                  |   |
| Total Expenditures                                | 818,291                    | 818,291                 | 631,267          | 187,024   |
| Excess (deficiency) of revenues over expenditures | 2,276                      | 2,276                   | 189,625          | 187,349   |
| Other financing sources (uses)                    |                            |                         |                  |   |
| Operating Transfers in                            | -                          | -                       | 220,252          | 220,252   |
| Operating Transfers (out)                         | -                          | -                       | <u>(306,913)</u> | <u>(306,913)</u>  |
| Total other financing sources (uses)              | <u>-</u>                   | <u>-</u>                | <u>(86,661)</u>  | <u>(86,661)</u>   |
| Net change in fund balance                        | 2,276                      | 2,276                   | 102,964          | 100,688   |
| Fund balance at beginning of year                 | <u>395,787</u>             | <u>395,787</u>          | <u>395,787</u>   | -   |
| Fund balance at end of year                       | <u>\$398,063</u>           | <u>\$398,063</u>        | <u>\$498,751</u> | <u>\$ 100,688</u>   |

See notes to budgetary comparison schedule.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
 BUDGETARY COMPARISON SCHEDULE  
 PLANNING PROJECTS FUND  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>  | <u>Variance to<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|----------------|---|
| <b>REVENUES</b>                                   |                            |                         |                |   |
| Total Revenues                                    | \$ 1,168,556               | \$ 1,168,556            | \$ 937,358     | \$ (231,198)  |
| <b>EXPENDITURES</b>                               |                            |                         |                |   |
| Total Expenditures                                | 1,168,556                  | 1,168,556               | 1,244,271      | (75,715)  |
| Excess (deficiency) of revenues over expenditures | -                          | -                       | (306,913)      | (306,913)   |
| Other financing sources (uses)                    |                            |                         |                |   |
| Operating Transfers in                            | -                          | -                       | 306,913        | 306,913   |
| Operating Transfers (out)                         | -                          | -                       | -              | -   |
| Total other financing sources (uses)              | <u>-</u>                   | <u>-</u>                | <u>306,913</u> | <u>306,913</u>  |
| Net change in fund balance                        | -                          | -                       | -              | -   |
| Fund balance at beginning of year                 | <u>-</u>                   | <u>-</u>                | <u>-</u>       | <u>-</u>  |
| Fund balance at end of year                       | <u>\$ -</u>                | <u>\$ -</u>             | <u>\$ -</u>    | <u>\$ -</u>   |

See notes to budgetary comparison schedule.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
EDA REVOLVING LOAN FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance to<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------------|---|
| <b>REVENUES</b>                                   |                            |                         |                     |   |
| Total Revenues                                    | \$ 200,000                 | \$ 200,000              | \$ 222,465          | \$ 22,465   |
| <b>EXPENDITURES</b>                               |                            |                         |                     |   |
| Total Expenditures                                | 200,000                    | 200,000                 | 554,151             | (354,151)   |
| Excess (deficiency) of revenues over expenditures | -                          | -                       | (331,686)           | (331,686)   |
| Other financing sources (uses)                    |                            |                         |                     |   |
| Operating Transfers in                            | -                          | -                       | -                   | -   |
| Operating Transfers (out)                         | -                          | -                       | (200,000)           | (200,000)   |
| Total other financing sources (uses)              | -                          | -                       | (200,000)           | (200,000)   |
| Net change in fund balance                        | -                          | -                       | (531,686)           | (531,686)   |
| Fund balance at beginning of year                 | <u>4,600,080</u>           | <u>4,600,080</u>        | <u>4,600,080</u>    | -   |
| Fund balance at end of year                       | <u>\$ 4,600,080</u>        | <u>\$ 4,600,080</u>     | <u>\$ 4,068,394</u> | <u>\$ (531,686)</u>   |

See notes to budgetary comparison schedule.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
OTHER REVOLVING LOAN FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>       | <u>Variance to<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</u> |
|---|----------------------------|-------------------------|---------------------|---|
| <b>REVENUES</b>                                   |                            |                         |                     |   |
| Total Revenues                                    | \$ 50,000                  | \$ 50,000               | \$ 18,595           | \$ (31,405)   |
| <b>EXPENDITURES</b>                               |                            |                         |                     |   |
| Total Expenditures                                | 50,000                     | 50,000                  | 15,916              | 34,084  |
| Excess (deficiency) of revenues over expenditures | -                          | -                       | 2,679               | 2,679   |
| Other financing sources (uses)                    |                            |                         |                     |   |
| Operating Transfers in                            | -                          | -                       | -                   | -   |
| Operating Transfers (out)                         | -                          | -                       | -                   | -   |
| Total other financing sources (uses)              | <u>-</u>                   | <u>-</u>                | <u>-</u>            | <u>-</u>  |
| Net change in fund balance                        | -                          | -                       | 2,679               | 2,679   |
| Fund balance at beginning of year                 | <u>1,788,128</u>           | <u>1,788,128</u>        | <u>1,788,128</u>    | -   |
| Fund balance at end of year                       | <u>\$ 1,788,128</u>        | <u>\$ 1,788,128</u>     | <u>\$ 1,790,807</u> | <u>\$ 2,679</u>   |

See notes to budgetary comparison schedule.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
BUDGETARY COMPARISON SCHEDULE  
SFRPI FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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|   | <u>Original<br/>Budget</u> | <u>Final<br/>Budget</u> | <u>Actual</u>   | <b>Variance to<br/>Final Budget<br/>Favorable<br/>(Unfavorable)</b> |
|---|----------------------------|-------------------------|-----------------|---|
| <b>REVENUES</b>                                   |                            |                         |                 |   |
| Total Revenues                                    | \$ -                       | \$ -                    | \$28,291        | \$ 28,291   |
| <b>EXPENDITURES</b>                               |                            |                         |                 |   |
| Total Expenditures                                | -                          | -                       | 2,540           | (2,540)   |
| Excess (deficiency) of revenues over expenditures | -                          | -                       | 25,751          | 25,751  |
| Other financing sources (uses)                    |                            |                         |                 |   |
| Operating Transfers in                            | -                          | -                       | -               | -   |
| Operating Transfers (out)                         | <u>-</u>                   | <u>-</u>                | <u>(20,252)</u> | <u>(20,252)</u>   |
| Total other financing sources (uses)              | <u>-</u>                   | <u>-</u>                | <u>(20,252)</u> | <u>(20,252)</u>   |
| Net change in fund balance                        | -                          | -                       | 5,499           | 5,499   |
| Fund balance at beginning of year                 | <u>973</u>                 | <u>973</u>              | <u>973</u>      | <u>-</u>  |
| Fund balance at end of year                       | <u>\$ 973</u>              | <u>\$ 973</u>           | <u>\$ 6,472</u> | <u>\$ 5,499</u>   |

See notes to budgetary comparison schedule.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
SCHEDULE OF CONTRIBUTIONS  
FLORIDA RETIREMENT SYSTEM PENSION PLAN  
LAST TEN FISCAL YEARS**

---

|   | <u>2017</u>    | <u>2016</u>      | <u>2015</u>    | <u>2014*</u>     |
|---|----------------|------------------|----------------|------------------|
| Contractually required contribution                                     | \$ 77,034      | \$ 82,188        | \$ 80,347      | \$ 57,810        |
| Contributions in relation to the contractually<br>required contribution | (77,034)       | (82,188)         | \$ (80,347)    | \$ (57,810)      |
| Contribution deficiency (excess)  | <u>\$ -</u>    | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>      |
| <br>Council's covered-employee payroll                                  | <br>\$ 919,650 | <br>\$ 1,038,774 | <br>\$ 953,750 | <br>\$ 1,070,059 |
| Contributions as a percentage of covered-employee<br>payroll            | 8.38%          | 7.91%            | 8.42%          | 5.40%            |

**Note:** The amounts presented for each fiscal year were determined as of September 30th.

\* Information is not available prior to fiscal year 2014.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FLORIDA RETIREMENT SYSTEM PENSION PLAN  
LAST TEN FISCAL YEARS**

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|  | <u>2017</u> | <u>2016</u> | <u>2015</u>  | <u>2014*</u> |
|--|-------------|-------------|--------------|--------------|
| Council's proportion of the net pension liability  | 0.002930%   | 0.003203%   | 0.003152%    | 0.003262%    |
| Council's proportionate share of the net pension liability (asset)   | \$ 866,605  | \$ 808,793  | \$ 407,138   | \$ 199,039   |
| Council's covered-employee payroll   | \$ 919,650  | \$ 999,016  | \$ 1,038,770 | \$ 953,049   |
| Council's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 94.23%      | 80.96%      | 39.19%       | 20.88%       |
| Plan fiduciary net position as a percentage of the total pension liability                                 | 83.89%      | 84.88%      | 92.00%       | 96.09%       |

**Note: The amounts presented for each fiscal year were determined as of September 30th.**

**\* Information is not available prior to fiscal year 2014.**

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
SCHEDULE OF CONTRIBUTIONS  
FLORIDA RETIREMENT SYSTEM HEALTH INSURANCE SUBSIDY  
LAST TEN FISCAL YEARS**

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|   | <b>2017</b>    | <b>2016</b>      | <b>2015</b>    | <b>2014*</b>     |
|---|----------------|------------------|----------------|------------------|
| Contractually required contribution                                     | \$ 15,661      | \$ 17,275        | \$ 12,598      | \$ 9,064         |
| Contributions in relation to the contractually<br>required contribution | (15,661)       | (17,275)         | \$ (12,598)    | \$ (9,064)       |
| Contribution deficiency (excess)  | <u>\$ -</u>    | <u>\$ -</u>      | <u>\$ -</u>    | <u>\$ -</u>      |
| <br>Council's covered-employee payroll                                  | <br>\$ 919,650 | <br>\$ 1,038,774 | <br>\$ 953,750 | <br>\$ 1,070,059 |
| Contributions as a percentage of covered-employee<br>payroll            | 1.70%          | 1.66%            | 1.32%          | 0.85%            |

**Note: The amounts presented for each fiscal year were determined as of September 30th.**

**\* Information is not available prior to fiscal year 2014.**

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
FLORIDA RETIREMENT SYSTEM HEALTH INSURANCE SUBSIDY  
LAST TEN FISCAL YEARS**

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|  | <b>2017</b> | <b>2016</b> | <b>2015</b>  | <b>2014</b>  |
|--|-------------|-------------|--------------|--------------|
| Council's proportion of the net pension liability  | 0.003006%   | 0.003316%   | 0.003310%    | 0.038232%    |
| Council's proportionate share of the net pension liability (asset)   | \$ 321,372  | \$ 386,499  | \$ 337,576   | \$ 3,574,813 |
| Council's covered-employee payroll   | \$ 919,650  | \$ 999,016  | \$ 1,038,770 | \$ 953,049   |
| Council's proportionate share of the net pension liability as a percentage of its covered-employee payroll | 34.95%      | 38.69%      | 32.50%       | 375.09%      |
| Plan fiduciary net position as a percentage of the total pension liability                                 | 1.64%       | 0.97%       | 0.50%        | 0.99%        |

**Note: The amounts presented for each fiscal year were determined as of September 30th.**

**\* Information is not available prior to fiscal year 2014.**

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
SEPTEMBER 30, 2017**

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**Note 1- Budgetary Requirements**

The South Florida Regional Planning Council (“the Council”) prepares an annual operating budget for the general and special revenue funds which are reflected in these financial statements. The Council’s budgeting process is based on estimates of revenues and expenditures and requires that all budgets be approved by the Board of the Council (the “Board”). Subsequent amendments to the budget, if any, are approved by the Board.

Budgets are prepared on the same basis of accounting as required for Governmental Fund Types. Any remaining fund balances remain with the Council at the end of the year.

For the year ended September 30, 2017 the Council’s General Fund revenues were \$820,892 or \$325 better than budget. The Project Planning fund revenues were \$ 937,358 or \$281,198 less than budgeted. Total Expenditures were \$1,244,271 or \$25,715 more than budget due to local match and timing for reimbursements.

**Note 2 – Pension Information**

The discount rate used to measure the pension liability of the HIS plan at June 30, 2016 was decreased from 2.85% to 3.58%, reflecting the change in the Bond Buyer General Obligation 20-Bond Municipal Bond Index as of June 30, 2017.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**

**COMPLIANCE SECTION**

**SEPTEMBER 30, 2017**

**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 Council Members of  
South Florida Regional Planning Council

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of South Florida Regional Planning Council (the "Council"), as of and for the year ended September 30, 2017, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated May 10, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

There were certain matters noted and discussed with the management of the Council and are described in the accompanying schedule of findings and questioned costs in Section VI as items 2017-01 and 2017-02.

## **Compliance and Other Matters**

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

## **Management's Response to Findings**

Management's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Management's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



*S. Davis & Associates, P.A.*

Hollywood, Florida  
May 10, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR A MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED  
BY THE UNIFORM GUIDANCE**

To the Council Members of the  
South Florida Regional Planning Council

**Report on Compliance for a Major Federal Program**

We have audited the South Florida Regional Planning Council's (the "Council") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Council's major federal program for the year ended September 30, 2017. The Council's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Council's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Council's compliance.

### ***Opinion on the Major Federal Program***

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Council's major federal program for the year ended September 30, 2017.

### **Report on Internal Control over Compliance**

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Hollywood, Florida  
May 10, 2018

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of auditor's report issued:

**Unmodified**

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be a material weaknesses?  Yes  None Reported
- Noncompliance material to financial statements noted?  Yes  No

***Federal Awards***

Internal Control over major program:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified that are not considered to be a material weakness?  Yes  None Reported

Type of auditor's report issued on compliance for major program:

**Unmodified**

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?  Yes  No

Identification of major program:

**CFDA Number(s)    Name of Federal Program**

11.307            U.S. Department of Commerce - Economic Adjustment Assistance

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as a low-risk auditee?

Yes     No

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**Section II - Financial Statement Current Year Findings and Questioned Costs**

There were no findings and questioned costs noted during the current year.

**Section III - Financial Statement Prior Year Findings and Questioned Costs**

There were no findings and questioned costs noted during the prior year.

**Section IV - Federal Award Current Year Findings and Questioned Costs**

There were no findings and questioned costs noted during the current year.

**Section V - Federal Award Prior Year Findings and Questioned Costs**

There were no findings and questioned costs noted during the prior year.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**Section VI – Other Matters**

**2017-1 Revolving Loan Fund (RLF) Program –  
Loan Agreements With Past Due Maturity Dates**

**Observation**

During our review of the RLF loan agreements, we noted four of the loan agreements had past due maturity dates as of September 30, 2017 and through the date of our report.

**Recommendation**

We recommend the Council amend loan payment terms (i.e., amount, time repayment extension) in writing, executed by the Council and Borrower for RLF loan agreements with past due maturity dates.

**Management Response**

Management is aware of this issue and is moving forward aggressively with a review of the entire loan portfolio to take corrective action. This review includes assessment of each loan including terms, financial information, collateral, and site visits with borrowers. It is anticipated that corrective action will fall under three categories: 1. Write off loans that will never be collected due to business closure or insufficient collateral; 2. Refer to legal counsel loans that need to be renegotiated or litigated if appropriate; and 3. Continue management of performing loans.

The loans in question expired during the period 2012 - 2016. This coincided with the tenure of the Council's previous administration (2011 – 2015) and management by the previous loan program manager (retired in 2015). Following her retirement, the loan program was managed by the former Finance Director. He performed two jobs (loan program management / finance and budget) from 2015 – February 2017 due to Council resource constraints which precluded the hiring of a full-time loan program manager.

These borrowers have been contacted and advised of the need to pay the outstanding balance of their loans and/or contact the office to enter into a new loan agreement. Based on their response, the appropriate steps will be taken.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**Section VI – Other Matters (cont'd)**

**2017-2 Timely Reconciliation of Receivable and Payable Account Balances**

**Observation**

During our audit of accounts receivable and accounts payable balances, we proposed audit adjustments to correct the year end balances. We also noted certain receivable balances with invoices dated between October 2015 to September 2017 for which there were no evidence of follow up collection efforts at the time of our review. This condition could result in an overstatement of receivable and payable amounts recorded in the balance sheet (fund basis statements) and the statement of net positions (government wide statements).

**Recommendation**

Give careful attention to the review and propriety of the amounts recorded to the receivable and payable accounts. Additionally, we suggest that the accounts be reviewed on a quarterly basis to identify amounts that may require follow up action or adjustment.

**Management Response**

Management is aware of this issue and has been working throughout the reporting period and beyond with its new Finance Director to bring all accounts up to date following the departure of the former Finance Director. This work, detailed and tedious, has been completed. It should be noted that from March – December 2017, the Council had a part-time Finance Director which was hired pursuant to a professional services contract.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

| FEDERAL AWARDS   | CFDA#  | Contract #                 | Expenditures      | Loans<br>Receivable | Balance<br>(including cash)<br>held by trustee) | (1) Loans<br>Written Off | Total<br>Expenditures | Federal Share                            |
|--|--------|----------------------------|-------------------|---------------------|---|--------------------------|-----------------------|--|
| <u>U.S. Dept. of Commerce - Economic Development Administration</u>  |        |                            |                   |                     |   |                          |                       |  |
| Economic Adjustment Assistance "EDA CONSOLIDATED"  | 11.307 | 04-89-03952                | \$ 105,875        | \$ 3,292,038        | \$ 2,016,389                                    | \$ -                     | \$ 5,414,302          | \$4,845,800 <sup>(2)</sup><br>89.5 % (2) |
| Comprehensive Development Strategy (CEDS)  | 11.302 | 04-8-307026                | 104,856           |                     |   |                          | 104,856               | 54,250                                   |
| <u>U.S. Dept. of Commerce - National Oceanic &amp; Atmospheric Administration</u>  |        |                            |                   |                     |   |                          |                       |  |
| Coastal Zone Management Administration Awards<br>Passed through the Florida Department of Economic Opportunity                         | 11.419 | CO905                      | 67,459            |                     |   |                          | 67,459                | 67,459                                   |
| Map future expansion of the costal high hazard area  | 11.473 | G-12172-00                 | 11,183            |                     |   |                          | 11,183                | 11,183                                   |
| <u>U.S. Department of Energy</u>   |        |                            |                   |                     |   |                          |                       |  |
| Conservation Research and Development<br>Passed through Leonardo Technologies, Inc<br>Clean Cities Coalition Programmatic Support      | 81.000 | DE-EE0007386               | 57,665            |                     |   |                          | 57,665                | 34,750                                   |
| Passed University of Central Florida<br>Creating an Alternative Fuel Vehicle Training Network  | 81.086 | DE-EE0007019               | 15,067            |                     |   |                          | 15,067                | 8,000                                    |
| <u>U.S. Department of Health and Human Services</u>  |        |                            |                   |                     |   |                          |                       |  |
| Passed through the State of Florida Department of Health<br>Partnership to Improve Community Health                                    | 93.331 | Interlocal Agreement       | 768               |                     |   |                          | 768                   | 768                                      |
| <u>U.S. Department of Homeland Security</u>  |        |                            |                   |                     |   |                          |                       |  |
| Homeland Security Grant<br>Passed through Miami Urban Area Security Initiative (UASI) Grant  | 97.067 | Memorandum of<br>Agreement | 215,730           |                     |   |                          | 215,730               | 215,730                                  |
| Passed through the State Homeland Security Grant Program (SHSGP)   | 97.067 | Memorandum of<br>Agreement | 157,306           |                     |   |                          | 157,306               | 143,410                                  |
| <u>U.S. Department of Transportation</u>   |        |                            |                   |                     |   |                          |                       |  |
| Passed through the State of Fl Division of Emergency Management<br>Interagency Hazardous Materials Public Sector Training and Planning | 20.703 | 17-DT-W3-13-00-21-272      | 13,658            |                     |   |                          | 13,658                | -  |
| Interagency Hazardous Materials Public Sector Training and Planning  | 20.703 | 17-CP-11-13-00-21-179      | 42,703            |                     |   |                          | 42,703                | 42,703                                   |
| Interagency Hazardous Materials Public Sector Training and Planning  | 20.703 | 16-DT-T4-13-00-21-229      | 1,829             |                     |   |                          | 1,829                 | -  |
| <u>US Department of Transportation - Federal Highway Administration</u>  |        |                            |                   |                     |   |                          |                       |  |
| Passed through South Fl Regional Transportation Authority SFRTA<br>Highway Planning and Construction                                   | 20.500 | D20 15-TODP-0008           | 77,607            | -                   | -   | -                        | 77,607                | 31,147                                   |
| Total Federal Awards   |        |                            | <u>\$ 871,706</u> | <u>\$ 3,292,038</u> | <u>\$ 2,016,389</u>                             | <u>\$ -</u>              | <u>\$ 6,180,133</u>   | <u>\$ 5,659,143</u>                      |

(1) There were no loans written off during the fiscal year ended September 30, 2017.

(2) Federal Share for the Economic Adjustment Program equals total expenditures incurred during the fiscal year multiplied by the federal share which is 89.5%.

The accompanying notes are an integral part of this schedule.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
 NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the expenditure activity of all federal awards of The South Florida Regional Planning Council (the “Council”) for the year ended September 30, 2017. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the expenditures of the Council, it is not intended to and does not present the financial position, changes in net position or cash flows of the Council. Some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. The Council’s reporting entity is defined in Note 1 of the Council’s basic financial statements. All federal awards received directly from federal and indirectly through state agencies, as well as amounts passed through other government agencies are included in the accompanying schedule of expenditures of federal awards.

**Note 2 - Summary of Significant Accounting Policies**

The accompanying Schedule is presented using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3 - Loans Receivable**

The Schedule of Expenditures of Federal Awards (SEFA) for EDA RLF grant (CFDA 11.307) shows as a separate line item calculated as follows:

1. Balance of RLF loans outstanding at the end of the fiscal year, *plus*
2. Cash and investment balance in the RLF at the end of the fiscal year, *plus*
3. Administrative expenses paid out of RLF income during the fiscal year; *plus*
4. The unpaid principal of all loans written off during the fiscal year; *and then multiply this sum (1+ 2 +3+4) by*
5. The Federal share of the RLF. The Federal share is defined as the Federal participation rate (or the Federal grant rate) as specified in the grant award.

The balance of the loan receivables outstanding at September 30, 2017 are as follows:

| <b><u>CFDA<br/>Number</u></b> | <b><u>Loan Description</u></b>         | <b><u>Balance</u></b> |
|-------------------------------|--|-----------------------|
| 11.307                        | Economic Adjustment Assistance Program | <u>\$ 3,292,038</u>   |

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2017**

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**Note 4 – Indirect Cost Rate**

The Council has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 5 - Contingencies**

Grant monies received and disbursed by the Council are for specific purposes and are subject to review by the grantor agencies. Such audits may result in requests for reimbursement due to disallowed expenditures. Based upon prior experience, the Council does not believe that such disallowances, if any, would have a material effect on the financial position of the Council. As of May 10, 2018, management is not aware of any material questioned or disallowed costs as a result of grant audits in process or completed; however, the possible disallowance by a governmental agency of any item charged to a program or project cannot be determined at this time.

## **Management Letter in Accordance with Rules of the Auditor General of the State of Florida**

To the Council Members of  
South Florida Regional Planning Council

### **Report on the Financial Statements**

We have audited the financial statements of the South Florida Regional Planning Council (the "Council") as of and for the fiscal year ended September 30, 2017, and have issued our report thereon dated May 10, 2018.

### **Auditor's Responsibility**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.550, Rules of the Auditor General.

### **Other Reports and Schedule**

We have issued our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*; Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance; Schedule of Findings and Questioned Costs; and Independent Accountant's Report on an examination conducted in accordance with *AICPA Professional Standards*, AT-C Section 315, regarding compliance requirements in accordance with Chapter 10.550, Rules of the Auditor General. Disclosures in those reports and schedule, which are dated May 10, 2018, should be considered in conjunction with this management letter.

### **Prior Audit Findings**

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 financial audit report. There were no such findings or recommendations.

### **Official Title and Legal Authority**

Section 10.554(1)(i)4., 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 the management letter, unless disclosed in the notes to the financial statements. The name or official title and legal authority of the primary government and component unit are disclosed in the notes to the financial statements.

### **Annual Financial Report**

Sections 10.554(1)(i)5.b. and 10.556(7), Rules of the Auditor General, require us to apply appropriate procedures and communicate the results of our determination as to whether the annual financial report for the Council for the fiscal year ended September 30, 2015, 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, 2017. In connection with our audit, we determined that these two reports were in agreement.

### **Other Matters**

Section 10.554(1)(i)2., Rules of the Auditor General, requires that we communicate any recommendations to improve financial management. In connection with our audit, we have disclosed such recommendations in the Schedule of Findings and Questioned Costs.

Section 10.554(1)(i)3., Rules of the Auditor General, requires us to communicate noncompliance with provisions of contracts or grant agreements, or abuse, that have occurred, or are likely to have occurred, that have an effect on the financial statements that is less than material but which warrants the attention of those charged with governance. In connection with our audit, we did not have any such findings.

### **Purpose of this Letter**

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



*S. Davis & Associates, P.A.*

Hollywood, Florida  
May 10, 2018

## INDEPENDENT ACCOUNTANT'S REPORT

To the Council Members of  
South Florida Regional Planning Council

We have examined the South Florida Regional Planning Council (the "Council"), compliance with the requirements of Section 218.415, Florida Statutes, during the fiscal year ended September 30, 2017. Management is responsible for the Council's compliance with those requirements. Our responsibility is to express an opinion on the Council's compliance based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion. Our examination does not provide a legal determination on the Council's compliance with specified requirements.

In our opinion, the Council complied, in all material respects, with the aforementioned requirements for the fiscal year ended September 30, 2017.

*S. Davis & Associates, P.A.*

Hollywood, Florida  
May 10, 2018