

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**

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**GENERAL PURPOSE FINANCIAL STATEMENTS  
AND INDEPENDENT AUDITORS' REPORT THEREON  
(With Supplemental Information),  
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL BASED ON AN AUDIT  
PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS, OMB CIRCULAR A-133  
AND RULES OF THE STATE OF FLORIDA,  
AUDITOR GENERAL  
FOR THE YEAR ENDED SEPTEMBER 30, 2004**

**WATSON RICE LLP  
Certified Public Accountants  
And  
Consultants**

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
FINANCIAL STATEMENTS  
September 30, 2004**

**Table of Contents**

	<b><u>Page Number</u></b>
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-8
General Purpose Financial Statements:	
Balance Sheet/Statement of Assets	9
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities	10
Required Supplementary Information – Budgetary Comparison Schedule	11
Notes to Financial Statements	12-20
Supplemental Schedules of Revenues, Expenditures and Changes in Fund Balance by Project For the Fiscal Year Ended September 30, 2004	21-30
Independent Auditors' Report on Compliance and on Internal Control Based on an Audit Performed in Accordance With <i>Government Auditing Standards</i>	31-32
Independent Auditors' Report on Compliance and Internal Control Over Compliance Applicable to Each Major Federal Program and Major State Financial Assistance Project	33-34
Schedule of Expenditures of Federal Awards and State Financial Assistance Projects	35-36
Schedule of Findings and Questioned Costs	37-41
Independent Auditors' Management Letter As Required By The Rules of the State of Florida, Auditor General	42-46

## INDEPENDENT AUDITORS' REPORT

To the Council Members of  
South Florida Regional Planning Council  
Hollywood, Florida

We have audited the accompanying general purpose financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Florida Regional Planning Council, (the "Council") as of and for the year ended September 30, 2004. These general purpose financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2 to the financial statements, the Council implemented the following Governmental Accounting Standards Board statements for the fiscal year 2003-2004: Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*; Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*; Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 24*; and GASB Statement No. 38, *Certain Financial Statements Note Disclosures*. As required by Statement No. 34 the Council presents both the government-wide financial statements and fund-level financial statements.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Council as of September 30, 2004, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2005 on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management discussion and analysis and budgetary comparison schedule as listed in the table of contents are not a required part of the basic financial statements of the Council but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Projects is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General, and is not a required part of the general purpose financial statements of the Council. Also, the Supplemental Schedules of Revenues, Expenditures and Changes in Fund Balance by Project is presented for purposes of additional analysis and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in our audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

Hollywood, Florida  
February 11, 2005

*Winton Rice LLP*

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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This section of the Council's financial statement presents management's analysis of the Council's financial performance during the fiscal year ended on September 30, 2004. 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

- Excess of revenues and other financing sources over expenditures and other financing uses of about \$4.098 million; and,
- Increase in total net assets by about \$4.3 million.

### Overview of the Financial Statements

This is the first year that the report has been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *'Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments'*. The Statement requires that the basic financial statements include: 1) *government-wide statements*, 2) *fund financial statements*, and 3) *notes to the financial statements*. Other supplementary information is also included in the report.

The Council also implemented the following GASB statements for fiscal year 2003-2004: Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*; Statement No. 37, *Basic Financial Statements--and Management's Discussion and Analysis--for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 24*; and Statement No. 38, *Certain Financial Statements Note Disclosures*.

The management's discussion and analysis are intended to serve as an introduction to the Council's financial statements. The Council's financial statements contain two parts: the government-wide and the fund financial statements; and the notes to the financial statements. This report also contains required supplementary information in addition to the financial statements themselves.

### Required Basic Financial Statements

The Council utilizes a governmental fund for its financial reporting purposes. As the Council only presents financial information using a 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 different sets of statements.

## ***Government-wide Financial Statements***

The government-wide financial statements include the Statement of Net Assets 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 assets of the Council and changes in them. You can think of the Council's net assets—the difference between assets and liabilities—as one way to measure financial health or financial position. Over time, increases or decreases in net assets 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 assets includes all of the Council's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to Council creditors (liabilities).

All of 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 assets changed during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in 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 assets* and the *statement of activities* of the government-wide financial statements distinguish functions of the Council that are principally supported by federal, state and local grants and membership assessments. The Council's activities include administration function and long-range regional planning goals, and various revolving loan programs services function. The long-range regional planning goals function is comprised of a wide array of services including strategic and comprehensive plan development, 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 considered to be 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. Fund financial statements also report the Council's operations in more detail than the government-wide statements by providing

information at the individual fund level. The Council utilizes two funds to account for its activities, the general 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 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, 2004, the Revolving Loan Fund (RLF) is included in this fund type. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. 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 more or less 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 Assets and Statement of Activities) and governmental funds in a reconciliation as discussed above.

### **Notes to the Financial Statements**

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*

Our analysis of the Financial Statements of the Council begins below. The Statement of Net Assets and Statement of Activities report information about the Council's activities that will help answer questions about the financial health or the position of the Council. This is the first year that the Council is presenting government-wide statements, therefore no comparison to the prior year is being shown below.

### **Net Assets**

A summary of the Council's statement of net assets is presented in Table A-1.

**Table A-1**

*Condensed statement of net assets (in thousands of dollars)*

<b>ASSETS</b>	
Cash and cash equivalents	\$ 104
Investments	482
Receivables:	
Contract and grant receivables	1,085
Others	1
Deposits and other assets	8
Due from revolving loan fund	64
Restricted assets:	
Cash and cash equivalents	3,608
Loans receivable, net	5,632
Interest receivable on loans	46
Property and equipment - net	362
<b>Total Assets</b>	<b>11,392</b>
<b>LIABILITIES AND FUND BALANCES/NET ASSETS</b>	
<b>Liabilities</b>	
Accounts payable and other	
accrued expenses	73
Payable to pension plan	11
Accrued salaries	55
Compensated absences	118
Due to general fund	64
Deferred revenue	1,257
<b>Total Liabilities</b>	<b>1,578</b>
<b>Net Assets</b>	
Investment in capital assets, net of related debt	362
Restricted	8,644
Unrestricted	808
<b>Total Net Assets</b>	<b>\$ 9,814</b>

As noted earlier, net assets may serve over time as a useful indicator of the Council's financial position. As of September 30, 2004, the Council's total assets exceeded its total liabilities by \$9.8 million, an increase of \$4.3 million from the prior year. Restricted net assets increased by \$4.3 million or 100% when compared to 2003 figure of about \$4.3 million. The significant increase was due to the transfer of the administration of EDA Revolving Loan Fund from a nonprofit corporation to the Council. The outstanding balance of loans receivable and funds available to the program amounted to \$1.6 million and \$2 million, respectively, were transferred to the Council on May 1, 2004. Also in 2004, about \$0.7 million loan was extended by the Council to a limited partnership under the Department of Environmental Protection Agency revolving loan fund program.

Unrestricted net assets remained at the same level in 2004 with an amount of about \$1.1 million. The Council used about \$420 thousand in 2004 as "matching funds" from its unrestricted net assets to cover expenditures incurred in development and review of



programs it administered. Among these programs is the DCA program. The Council's 2004 revenues were almost enough to cover the expenses for various programs where the Council was putting up its funds.

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

**Table A-2**

*Condensed statement of activities (in thousands of dollars)*

<b>Revenues</b>	
Membership assessments	\$ 734
Federal, state and local grants	7,286
D.R.I. fees	155
Interest	8
Other income	95
Total revenues	<u>8,278</u>
<b>Expenditures</b>	
Current:	
Comprehensive planning:	
Personnel services	1,914
Operating expenses	2,206
Depreciation and amortization	60
Total expenditures	<u>4,180</u>
<b>Excess of revenues over expenditures</b>	4,098
<b>Other financing sources (uses):</b>	
Operating transfers in	674
Operating transfers out	<u>(674)</u>
<b>Excess of revenues and other financing sources over expenditures and other financing uses</b>	4,098
<b>Fund balances/net assets at beginning of year</b>	<u>5,716</u>
<b>Fund balance/net assets at end of year</b>	<u>\$ 9,814</u>

The Council's total revenues increased by about \$5.6 million or 214.67%, from about \$2.6 million in 2003 to \$8.3 million in 2004. This was mainly due the loans receivable and available funds transferred from a nonprofit corporation as previously discussed. Also, this was due to various programs that spent more money in 2004 when compared to 2003. Most of the spending was for the outside consulting fees which amounted to about \$1.2 million that comprised the bulk of the increase in the total expenditures in 2004. The Council's total expenditures increased by about \$1.1 million or 37.91%. In addition to the consulting fees, the Council's personnel services increased by about \$39 thousand or 02.08% due to raises and new hires. These factors resulted to the Council's excess of

revenues and other financing sources over expenditures and other financing uses of about \$4.098 million at September 30, 2004.

### **Capital Assets and Debt Administration**

At the end of the year, the Council had about \$362 thousand in fixed assets net of accumulated depreciation of about \$60 thousand.

There was no major addition in 2004 to the Council's capital assets.

The Council does not have any long-term debt related to its capital assets and does not like to incur any 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 assets also substantially explain the change in fund balance as a result of the Statement of Revenues, Expenditures and Changes in Fund Balance, net of adjustments which are applicable only to the Statement of Activities' presentation.

### **General Fund Budgetary Highlights**

Over the course of the fiscal year, budgets were approved at the Council meetings on September 8, 2003, amended on June 7, 2004 and September 13, 2004. The amendments effectively approves any expenditure that had already been incurred that exceeded its original budgeted amount. The primary reasons for amending the original budget are to account for unanticipated changes and pass through grants in both revenues and expenditures and to prevent compliance violations under the grants.

### **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 2005, various factors such as, delivering at least the same level of expertise in 2004 and adding significant programs were being considered.

### **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 SHEETS/STATEMENT OF NET ASSETS**

**SEPTEMBER 30, 2004**

	Major Funds				Statement of
	General Fund	Revolving Loan Fund	Total	Adjustments	Net Assets
ASSETS					
Cash and cash equivalents	\$ 103,794	\$ -	\$ 103,794	\$ -	\$ 103,794
Investments	482,235	-	482,235	-	482,235
Receivables:					
Contract and grant receivables	1,085,185	-	1,085,185	-	1,085,185
Others	181	-	181	-	181
Deposits and other assets	8,019	-	8,019	-	8,019
Due from revolving loan fund	63,888	-	63,888	-	63,888
Restricted assets:					
Cash and cash equivalents	578,442	3,030,018	3,608,460	-	3,608,460
Loans receivable, net	-	5,632,087	5,632,087	-	5,632,087
Interest receivable on loans	-	45,750	45,750	-	45,750
Property and equipment - net	-	-	-	362,381	362,381
Total Assets	<u>\$ 2,321,744</u>	<u>\$ 8,707,855</u>	<u>\$ 11,029,599</u>	<u>362,381</u>	<u>11,391,980</u>
LIABILITIES AND FUND BALANCES/NET ASSETS					
Liabilities					
Accounts payable and other					
accrued expenses	\$ 72,626	\$ -	\$ 72,626	-	72,626
Payable to pension plan	10,638	-	10,638	-	10,638
Accrued salaries	55,292	-	55,292	-	55,292
Compensated absences	-	-	-	117,957	117,957
Due to general fund	-	63,888	63,888	-	63,888
Deferred revenue	<u>1,256,888</u>	<u>-</u>	<u>1,256,888</u>	<u>-</u>	<u>1,256,888</u>
Total Liabilities	<u>1,395,444</u>	<u>63,888</u>	<u>1,459,332</u>	<u>(117,957)</u>	<u>1,577,289</u>
Fund Balances					
Reserved for revolving loan program	-	8,643,967	8,643,967	(8,643,967)	-
Unreserved	<u>926,300</u>	<u>-</u>	<u>926,300</u>	<u>(926,300)</u>	<u>-</u>
Total Fund Balances	<u>\$ 2,321,744</u>	<u>\$ 8,707,855</u>	<u>9,570,267</u>	<u>(9,570,267)</u>	<u>-</u>
Total Liabilities and Fund Balances			<u>\$ 11,029,599</u>		
Net Assets					
Investment in capital assets, net of related debt				362,381	362,381
Restricted				8,643,967	8,643,967
Unrestricted				<u>808,343</u>	<u>808,343</u>
Total Net Assets				<u>\$ 9,814,691</u>	<u>\$ 9,814,691</u>

The accompanying notes to the financial statements are an integral part of this statement.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

	<u>Major Funds</u>		<u>Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
	<u>General Fund</u>	<u>Revolving Loan Fund</u>			
<b>Revenues</b>					
Membership assessments	\$ 734,417	\$ -	\$ 734,417	\$ -	\$ 734,417
Federal, state and local grants	2,546,246	4,739,495	7,285,741	-	7,285,741
D.R.I. fees	155,226	-	155,226	-	155,226
Interest	7,508	825	8,333	-	8,333
Other income	35,056	60,109	95,165	-	95,165
Total revenues	<u>3,478,453</u>	<u>4,800,429</u>	<u>8,278,882</u>	<u>-</u>	<u>8,278,882</u>
<b>Expenditures</b>					
Current:					
Comprehensive planning:					
Personnel services	1,631,649	282,677	1,914,326	-	1,914,326
Operating expenses	1,964,310	241,901	2,206,211	-	2,206,211
Depreciation and amortization	-	-	-	60,326	60,326
Capital expenditures	<u>39,267</u>	<u>-</u>	<u>39,267</u>	<u>(39,267)</u>	<u>-</u>
Total expenditures	<u>3,635,226</u>	<u>524,578</u>	<u>4,159,804</u>	<u>21,059</u>	<u>4,180,863</u>
Excess (deficiency) of revenues over expenditures	(156,773)	4,275,851	4,119,078	-	4,098,019
Other financing sources (uses):					
Operating transfers in	629,978	44,171	674,149	-	674,149
Operating transfers out	<u>(674,149)</u>	<u>-</u>	<u>(674,149)</u>	<u>-</u>	<u>674,149</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	(200,944)	4,320,022	4,119,078	-	4,098,019
Fund balance/net assets at beginning of year	<u>1,127,244</u>	<u>4,323,945</u>	<u>5,451,189</u>	<u>265,483</u>	<u>5,716,672</u>
Fund balance/net assets at end of year	<u>\$ 926,300</u>	<u>\$ 8,643,967</u>	<u>\$ 9,570,267</u>	<u>\$ 244,424</u>	<u>\$ 9,814,691</u>

The accompanying notes to financial statements are an integral part of this statement.

SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE

FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004

	General Fund			Revolving Loan Fund		
	Original	Final	Actual	Original	Final	Actual
<b>Revenues</b>						
Membership assessments	\$ 734,417	\$ 734,417	\$ 734,417	\$ -	\$ -	\$ -
Federal, state and local grants	2,103,217	4,252,961	2,546,246	870,000	595,118	4,739,495
D.R.I. Fees	200,000	200,000	155,226	-	-	-
Interest	13,000	13,000	7,508	-	-	825
Other Income	15,000	-	35,056	-	-	60,109
Total revenues	3,065,634	5,200,378	3,478,453	870,000	595,118	4,800,429
<b>Expenditures</b>						
Current:						
Comprehensive planning:						
Personnel services	2,021,627	1,946,882	1,631,649	205,817	205,817	282,677
Operating expenses	1,183,986	3,118,593	1,964,310	444,204	444,204	241,901
Capital expenditures	80,000	80,000	39,267	-	-	-
Total expenditures	3,285,613	5,145,475	3,635,226	650,021	650,021	524,578
<b>Excess (deficiency) of revenues over expenditures</b>	(219,979)	54,903	(156,773)	219,979	(54,903)	4,275,851
<b>Other financing sources (uses):</b>						
Operating transfers in	-	-	629,978	-	-	44,171
Operating transfers out	-	-	(674,149)	-	-	-
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	(219,979)	54,903	(200,944)	219,979	(54,903)	4,320,022
<b>Fund balance at beginning of year</b>	1,127,244	1,127,244	1,127,244	4,323,945	4,323,945	4,323,945
<b>Fund balance at end of year</b>	\$ 907,265	\$ 1,182,147	\$ 926,300	\$ 4,543,924	\$ 4,269,042	\$ 8,643,967

The accompanying notes to financial statements are an integral part of this statement.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2004**

**NOTE 1 - 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 comprehensive planning services in such areas as housing, recreation, 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 Council's general purpose financial statements include the accounts of all Council operations. The criteria for including organizations within the Council's reporting entity, as set forth in Governmental Accounting Standards Board (GASB) Opinion No. 14, "The Financial Reporting Entity", is financial accountability. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it. As a result of applying the reporting entity criteria contained in GASB No. 14, no component units exist which would require inclusion in the Council's financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Council conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the Council's significant accounting policies:

**Financial Statement Presentation**

These financial statements have been prepared in conformity with reporting guidelines established by GASB and were prepared in conformity with accounting principles generally accepted in the United States of America. As a result of adopting GASB 34, the following types of financial statements are reported by the Council:

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

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2004**

*Governmental Fund Type* – is 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:

- a.) General Fund – used to account for all financial resources except those required to be accounted for in another fund.
- b.) Special Revenue Fund – are used to account 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, 2004, the Revolving Loan Fund (RLF) is included in this fund type. RLF 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 who cannot obtain conventional financing. The EPA RLF is used to fund loans on qualified, suitable market-ready 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 Palm Beach Counties.

**Government-wide Statements** – The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets (statement of activities)) report information on all of 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 particular 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 comprehensive planning, all revenues and expenses are considered to be for this purpose and the accompanying financial statements do not segregate beyond this function.

The Council has only governmental activities and only 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.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2004**

**Basis of Accounting and Measurement Focus**

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.

***New Financial Standards Adopted:***

In fiscal year 2004, the Council implemented a new financial reporting model as required by the GASB statements:

- Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*;
- Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*;
- Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus, an amendment of GASB Statements No. 21 and 34*;
- Statement No. 38, *Certain Financial Statements Note Disclosures*.

Statement No. 34 (as amended by Statement No. 37) requires the presentation of government – wide financial statements, as well as a Management’s Discussion and Analysis with an analytical overview of the Council’s financial activities.

Implementation of Statement No. 38 resulted in certain note disclosures being added or amended, including descriptions of activities of major funds.

*Governmental Fund Financial Statements* – The Council uses the modified accrual basis of accounting under which revenues are recorded when measurable and available to finance operations during the current period. Revenues of the Council are recorded in the accounting period in which they are earned. Expenditures are recorded when obligations are incurred, except for expenditures related to compensated absences and 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.

***New Financial Standard Not Yet Adopted***

GASB Statement No. 40, Deposit and Risk Disclosures has been issued. The Council has not elected early implementation of GASB No. 40 and, therefore, has not determined the financial statement impact of this new pronouncement.



**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2004**

**Cost Allocation**

Expenses incurred in relation to specific grants or contracts are charged directly to grants or contracts. All other expenses are charged to general fund and allocated to active grants or contracts on the basis of direct salary charges to total direct salaries, plus allocated fringe benefits. This policy is consistent with the principles of Office of Management and Budget ("OMB") Circular A-87.

**Budget Policy**

Prior to October 1 of each year, the budget is legally adopted by the Council's Executive Committee. The budget is prepared based on the modified accrual basis of accounting which is the same basis of accounting used to reflect actual revenues and expenditures recognized on 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 - Budget and Actual, have been adjusted for budget revisions approved by the Council's Executive Committee. Appropriations lapse at the end of each fiscal year.

**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.

**Contract and other receivables**

Contract and other 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 expenditure.

**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 designed are identified as restricted assets on the balance sheet.

**Fixed Assets**

Fixed 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

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2004**

liability is incurred. These assets are then capitalized at cost in the statement of net assets. 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.

**Reserves for the Revolving Loan Program**

Reserves for the Revolving Loan Program is defined as total restricted assets intended to be used for providing loans to finance business development activities consistent with local economic strategies for the Special Economic Development and Assistance Program Long-Term Economic Deterioration Revolving Loan Fund, and Clean Cities programs.

**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 assets.

**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.

**Deferred Revenues**

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

**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 coverages 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 in order 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 and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2004**

expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**Income Taxes**

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

**Change in Classification**

Certain reclassifications have been made to the 2003 fund presentation to more fairly reflect accounting principles generally accepted for governmental units.

**NOTE 3 - DEPOSITS AND INVESTMENTS**

At September 30, 2004 the Council's deposits and investments consisted of the following:

<hr/>	
Cash and cash equivalents - Unrestricted	
Demand deposits, money market and petty cash	\$ 103,794
Pooled investment fund - Florida State Board of Administration	<u>\$ 482,235</u>
Cash and cash equivalents - Restricted	
Special Economic Development and Assistance (EDA) Programs	
Long-Term Economic Deterioration Revolving Loan Fund (RLF) I	\$793,888
Special EDA Programs Long Term Economic Deterioration RLF II	678,777
Special EDA Programs Long-Term Economic Deterioration	
RLF (Rescue)	1,477,145
Clean Cities Grants	22,507
Emergency Bridge Loan Proceeds	46,935
Brownfields Revolving Loan Fund	80,208
Watershed Grants	509,000
Total restricted cash and cash equivalents	<u>\$3,608,460</u>

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

Cash and cash equivalents are deposited in state approved funds. The Council invests excess funds with the Local Government Surplus Funds Investment Pool Trust Fund which is administered by the Florida State Board of Administration, under the regulatory oversight of the State of Florida and is available only to Florida county and local governments pursuant to Florida Statutes 218. The investments are valued using the pooled share price. Investments held in the pooled fund are held in the name of the State of Florida Board of Administration and are not registered with the Securities and Exchange Commission.

In addition to insurance provided by Federal Depository Insurance Corporation ("FDIC"), all demand deposits are held in banking institutions which participate in the state approved multiple financial institution collateral pool, as defined by GASB Statement No.3.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2004**

The Special Economic Development and Assistance Programs Long-Term Economic Deterioration Revolving Loan Funds, Clean Cities and Emergency Bridge Loan restricted cash represents funds available to be loaned to finance business development activities consistent with local economic development strategies.

Brownfields Revolving Loan Fund restricted cash represents funds available to be loaned to assist in remediation activities required for site cleanup.

**NOTE 4 - 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 amounted to \$2,745,569 and \$1,723,623, respectively, were likewise transferred to the Council.

From the date of the transfer through September 30, 2004, the Council has disbursed additional loans of \$3.2 million, fully collected loans with total principal amount of \$2.2 million and expended \$880 thousand for administrative costs related to the management of the revolving loan fund.

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 Rescue to the Council from a nonprofit corporation. The outstanding balance of loans receivable and funds available to the program amounted to \$1,571,858 and \$2,001,905, respectively, were transferred to the Council on May 1, 2004.

As of September 30, 2003, two loan accounts with a combined outstanding balance of \$114,255 were in default and the Council filed legal action against the borrowers. In January 2004, the Council received for each loan account, a final default judgment which provides the Council the right to collect the outstanding balances, including damages and attorneys' fees. In one of the accounts, the Council lost its claim over the collateral held on the loan since the collateral was a second mortgage on the property, and another lending institution which had the first mortgage foreclosed on the property. Although the outcome of the execution of the final default judgment has not been determined as of this date, management believes that the outstanding balance of the loans are doubtful as to collection. Thus, an allowance for probable losses equal to the total outstanding balance of \$114,255 was recognized in the books of the Council as of September 30, 2003. In 2004, the amount of \$49,188 was written-off from the Council's books.

**NOTE 5 - PROPERTY AND EQUIPMENT**

The following is the summary of changes in property and equipment for the year ended September 30, 2004:

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2004**

Description	Balance September 30, 2003	Additions	Retirement	Balance September 30, 2004
Office furniture and equipment	\$ 302,598	\$ -	\$ -	\$ 302,598
Leasehold improvements	80,842	39,267	-	120,109
	383,440	39,267	-	422,707
Less accumulated depreciation and amortization	-	(60,326)	-	(60,326)
	\$ 383,440	\$ (21,059)	\$ -	\$ 362,381

**NOTE 6 - EMPLOYEE BENEFIT PLANS**

The Council has a qualified defined contribution single employer pension plan (the "Plan") covering substantially all full time employees, which were employed by the Council prior to May 1986. The plan provides for annual contributions by the Council of at least 10% of the base compensation of each qualified employee. The Plan expense for the year ended September 30, 2004 was \$16,556. At September 30, 2004, the Council's total payroll for eligible employees covered by the Plan was approximately \$169,872.

The Council also participates in the Florida Retirement System (the "System"), a cost-sharing, multiple-employer public retirement system ("PERS"). The System was created in 1970 by consolidating several employee retirement systems. Benefits under the plan vest after ten years of service. Employees who retire at or after age 62 with ten years of credited service are entitled to an annual retirement benefit, payable monthly for life. The System also provides for death and disability benefits. These benefit provisions and all other requirements are established by State Statutes. All eligible employees, as defined by the State, who were hired after May 1, 1986 are covered by the System.

The System is noncontributory and is totally administered by the State of Florida. The payroll for Council employees covered by the System for the year ended September 30, 2004 was approximately \$1,348,531. The Council's total payroll for the year ended September 30, 2004, was approximately \$1,518,403. Participating employers are required by Statute, to pay monthly contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are adequate to accumulate sufficient assets to pay benefits when due. Under the System, the Council was required to contribute 7.39% as of July 1, 2003 of the gross salaries of employees to the plan. The Council's pension costs for the year ended September 30, 2004, as required and defined by the System, was approximately \$85,181. The Council's contribution represented approximately 6.32% of covered payroll for the year ended September 30, 2004.

The "pension benefit obligation" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among PERS and employers. The System does not make separate measurements of assets and pension benefit obligations for individual employers.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**NOTES TO FINANCIAL STATEMENTS**  
**September 30, 2004**

Contributions of all participating agencies throughout the State of Florida are pooled to fund accrued benefits under the System. The pension benefit obligation at June 30, 2003 for the System as a whole, estimated through an update of an actuarial valuation performed as of July 1, 2003, was approximately \$89.3 billion. The System's net assets available for plan benefits on that date were \$101.9 billion resulted in an overfunded pension obligation of \$12.6 billion. A portion of the surplus is being used as a contribution rate stabilization technique.

Significant actuarial assumptions used include (a) a rate of return on the investment of present and future assets of 8% per year compounded annually; (b) projected salary increases of 6.25% per year compounded annually, attributable to inflation; and (c) inflation rate at 3.5%. There were no significant changes made to benefit provisions since the last valuation.

Available ten year historical trend information showing the System's progress in accumulating sufficient assets to pay benefits when due is published in the State of Florida's Division of Retirement Comprehensive Annual Financial Report, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, FL 32399-1560, or by calling (850) 488-5706.

**NOTE 7 - COMMITMENTS**

The Council conducts its operations from leased premises. The lease, which expires June 30, 2008, calls for a minimum annual rental, increased annually by \$.50 per rentable square foot. Total rent expense for the year ended September 30, 2004 was \$270,249. Future annual rental payments, including common area maintenance and real estate taxes, required under the lease are as follows:

Year ending September 30,	Amount
2005	\$ 234,887
2006	239,658
2007	244,429
2008	249,200
Total	\$ 968,174

**NOTE 8 - CONTINGENCIES**

The Council participates in a number of Federal and State grant programs. These programs 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 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.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BY PROJECT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

GENERAL FUND				
	DRI/RPC	Brownfields Partnership	SWFRPC EPA	FHWA State Road 7
<b>REVENUES:</b>				
MEMBERSHIP ASSESSMENTS	\$ 734,417	\$ -	\$ -	\$ -
FEDERAL, STATE AND LOCAL GRANTS	23,136	403	-	412,032
D.R.I. FEES	155,226	-	-	-
INTEREST	6,233	-	-	-
OTHER INCOME / REQUIRED MATCH	8,532	-	7,500	-
TRANSFER (TO)/FROM GENERAL ACCOUNTS	(674,149)	-	1,512	-
<b>TOTAL REVENUES</b>	<b>253,395</b>	<b>403</b>	<b>9,012</b>	<b>412,032</b>
<b>EXPENDITURES:</b>				
<b>CURRENT:</b>				
COMPREHENSIVE PLANNING:				
PERSONNEL SERVICES:				
SALARIES	132,465	1,677	3,746	69,355
EMPLOYEE FRINGE BENEFITS	33,690	411	1,249	17,344
INDIRECT COSTS	50,800	639	1,528	26,519
<b>TOTAL</b>	<b>216,955</b>	<b>2,727</b>	<b>6,523</b>	<b>113,218</b>
OPERATING EXPENSES:				
OUTSIDE CONSULTING FEES	65,059	(4,682)	-	258,875
SUPPLIES	785	-	-	-
PRINTING & REPRODUCTION	2,815	-	-	-
COMPUTER USAGE & EQUIPMENT LEASE	-	1,308	-	-
TELEPHONE & POSTAGE	145	62	-	234
TRAVEL	3,195	90	342	656
PUBLICATIONS & ADVERTISING	2,783	-	-	1,279
DUES, FEES & CONFERENCES	680	-	-	499
INDIRECT COSTS	71,450	898	2,147	37,271
LOAN WRITTEN OFF	-	-	-	-
PROVISION FOR PROBABLE LOAN LOSSES	-	-	-	-
MISCELLANEOUS	60,859	-	-	-
<b>TOTAL</b>	<b>207,771</b>	<b>(2,324)</b>	<b>2,489</b>	<b>298,814</b>
<b>CAPITAL EXPENDITURES</b>	<b>39,267</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>463,993</b>	<b>403</b>	<b>9,012</b>	<b>412,032</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(210,598)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>1,121,268</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 910,670</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BY PROJECT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

	GENERAL FUND			
	DCA Contracts	DCA HMEP	EDA Bridge Loan	Infrastructure Analysis WMD
<b>REVENUES:</b>				
MEMBERSHIP ASSESSMENTS	\$ -	\$ -	\$ -	\$ -
FEDERAL, STATE AND LOCAL GRANTS	183,967	21,131	(1,487)	122,221
D.R.I. FEES	-	-	-	-
INTEREST	-	-	-	-
OTHER INCOME / REQUIRED MATCH	-	2,294	44	-
TRANSFER (TO)/FROM GENERAL ACCOUNTS	420,535	-	-	-
<b>TOTAL REVENUES</b>	<b>604,502</b>	<b>23,425</b>	<b>(1,443)</b>	<b>122,221</b>
<b>EXPENDITURES:</b>				
<b>CURRENT:</b>				
COMPREHENSIVE PLANNING:				
PERSONNEL SERVICES:				
SALARIES	267,931	5,795	-	54,751
EMPLOYEE FRINGE BENEFITS	70,086	1,419	-	15,208
INDIRECT COSTS	103,389	2,207	-	21,399
<b>TOTAL</b>	<b>441,406</b>	<b>9,421</b>	<b>-</b>	<b>91,358</b>
<b>OPERATING EXPENSES:</b>				
OUTSIDE CONSULTING FEES	2,500	10,405	78	-
SUPPLIES	313	-	-	15
PRINTING & REPRODUCTION	7,467	-	-	-
COMPUTER USAGE & EQUIPMENT LEASE	-	-	-	-
TELEPHONE & POSTAGE	221	31	-	-
TRAVEL	4,924	57	-	478
PUBLICATIONS & ADVERTISING	1,833	-	-	-
DUES, FEES & CONFERENCES	530	410	-	295
INDIRECT COSTS	145,308	3,101	-	30,075
LOAN WRITTEN OFF	-	-	-	-
PROVISION FOR PROBABLE LOAN LOSSES	-	-	-	-
MISCELLANEOUS	-	-	75	-
<b>TOTAL</b>	<b>163,096</b>	<b>14,004</b>	<b>153</b>	<b>30,863</b>
<b>CAPITAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>604,502</b>	<b>23,425</b>	<b>153</b>	<b>122,221</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>(1,596)</b>	<b>-</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (1,596)</b>	<b>\$ -</b>



**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BY PROJECT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

	GENERAL FUND			
	Regional Domestic Security Task Force	Community Based Network	Catanese Center FAU	South Dade Watershed SFWMd
<b>REVENUES:</b>				
MEMBERSHIP ASSESSMENTS	\$ -	\$ -	\$ -	\$ -
FEDERAL, STATE AND LOCAL GRANTS	77,064	113,170	96,928	48,688
D.R.I. FEES	-	-	-	-
INTEREST	-	-	-	1,247
OTHER INCOME / REQUIRED MATCH	-	-	16,387	37
TRANSFER (TO)/FROM GENERAL ACCOUNTS	8,959	1,701	-	78,177
<b>TOTAL REVENUES</b>	<b>86,023</b>	<b>114,871</b>	<b>113,315</b>	<b>128,149</b>
<b>EXPENDITURES:</b>				
<b>CURRENT:</b>				
COMPREHENSIVE PLANNING:				
PERSONNEL SERVICES:				
SALARIES	21,282	42,698	36,387	58,379
EMPLOYEE FRINGE BENEFITS	5,307	10,762	9,386	14,295
INDIRECT COSTS	8,133	16,351	14,001	22,229
<b>TOTAL</b>	<b>34,722</b>	<b>69,811</b>	<b>59,774</b>	<b>94,903</b>
<b>OPERATING EXPENSES:</b>				
OUTSIDE CONSULTING FEES	5,922	2,841	1,620	-
SUPPLIES	21,943	2,042	35	523
PRINTING & REPRODUCTION	-	3,528	-	-
COMPUTER USAGE & EQUIPMENT LEASE	4,993	250	-	-
TELEPHONE & POSTAGE	-	138	19	317
TRAVEL	4,964	484	1,190	790
PUBLICATIONS & ADVERTISING	-	144	-	-
DUES, FEES & CONFERENCES	1,607	12,652	2,000	375
INDIRECT COSTS	11,430	22,981	19,677	31,241
LOAN WRITTEN OFF	-	-	-	-
PROVISION FOR PROBABLE LOAN LOSSES	-	-	-	-
MISCELLANEOUS	442	-	29,000	-
<b>TOTAL</b>	<b>51,301</b>	<b>45,060</b>	<b>53,541</b>	<b>33,246</b>
<b>CAPITAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>86,023</b>	<b>114,871</b>	<b>113,315</b>	<b>128,149</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BY PROJECT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

	<b>GENERAL FUND</b>			
	<b>Watershed Study</b>	<b>TITLE III LEPC</b>	<b>Broward MPOs</b>	<b>Dade MPOs</b>
<b>REVENUES:</b>				
MEMBERSHIP ASSESSMENTS	\$ -	\$ -	\$ -	\$ -
FEDERAL, STATE AND LOCAL GRANTS	730,450	7,616	63,080	70,867
D.R.I. FEES	-	-	-	-
INTEREST	-	-	-	-
OTHER INCOME / REQUIRED MATCH	-	-	-	-
TRANSFER (TO)/FROM GENERAL ACCOUNTS		6	21,964	2,138
<b>TOTAL REVENUES</b>	<b>730,450</b>	<b>7,622</b>	<b>85,044</b>	<b>73,005</b>
<b>EXPENDITURES:</b>				
<b>CURRENT:</b>				
COMPREHENSIVE PLANNING:				
PERSONNEL SERVICES:				
SALARIES	-	3,205	37,839	32,369
EMPLOYEE FRINGE BENEFITS	-	785	9,548	8,142
INDIRECT COSTS	-	1,220	14,494	12,392
<b>TOTAL</b>	<b>-</b>	<b>5,210</b>	<b>61,881</b>	<b>52,903</b>
OPERATING EXPENSES:				
OUTSIDE CONSULTING FEES	730,450	-	-	-
SUPPLIES	-	-	172	172
PRINTING & REPRODUCTION	-	-	-	-
COMPUTER USAGE & EQUIPMENT LEASE	-	-	959	959
TELEPHONE & POSTAGE	-	-	8	8
TRAVEL	-	364	1,109	1,003
PUBLICATIONS & ADVERTISING	-	-	-	-
DUES, FEES & CONFERENCES	-	-	544	544
INDIRECT COSTS	-	1,715	20,371	17,416
LOAN WRITTEN OFF	-	-	-	-
PROVISION FOR PROBABLE LOAN LOSSES	-	-	-	-
MISCELLANEOUS	-	333	-	-
<b>TOTAL</b>	<b>730,450</b>	<b>2,412</b>	<b>23,163</b>	<b>20,102</b>
<b>CAPITAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>730,450</b>	<b>7,622</b>	<b>85,044</b>	<b>73,005</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BY PROJECT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

	GENERAL FUND			
	Coordinating Council of Broward	NFRC St. Johns	DCA Clean Cities	CITI Clean Cities FDOT
<b>REVENUES:</b>				
MEMBERSHIP ASSESSMENTS	\$ -	\$ -	\$ -	\$ -
FEDERAL, STATE AND LOCAL GRANTS	32,408	7,500	26,125	56,710
D.R.I. FEES	-	-	-	-
INTEREST	-	-	-	-
OTHER INCOME / REQUIRED MATCH	-	-	190	-
TRANSFER (TO)/FROM GENERAL ACCOUNTS	7,692	5,864	3,705	(867)
<b>TOTAL REVENUES</b>	<b>40,100</b>	<b>13,364</b>	<b>30,020</b>	<b>55,843</b>
<b>EXPENDITURES:</b>				
<b>CURRENT:</b>				
COMPREHENSIVE PLANNING:				
PERSONNEL SERVICES:				
SALARIES	18,444	5,904	11,544	5,068
EMPLOYEE FRINGE BENEFITS	4,546	1,446	2,826	1,240
INDIRECT COSTS	7,032	2,248	4,395	1,929
<b>TOTAL</b>	<b>30,022</b>	<b>9,598</b>	<b>18,765</b>	<b>8,237</b>
OPERATING EXPENSES:				
OUTSIDE CONSULTING FEES	-	-	-	22,320
SUPPLIES	-	-	-	-
PRINTING & REPRODUCTION	-	-	-	-
COMPUTER USAGE & EQUIPMENT LEASE	-	-	-	-
TELEPHONE & POSTAGE	-	-	-	-
TRAVEL	2	-	70	42
PUBLICATIONS & ADVERTISING	193	606	2,263	32
DUES, FEES & CONFERENCES	-	-	-	-
INDIRECT COSTS	-	-	244	-
LOAN WRITTEN OFF	9,883	3,160	6,178	2,712
PROVISION FOR PROBABLE LOAN LOSSES	-	-	-	-
MISCELLANEOUS	-	-	2,500	-
<b>TOTAL</b>	<b>10,078</b>	<b>3,766</b>	<b>11,255</b>	<b>25,106</b>
<b>CAPITAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>40,100</b>	<b>13,364</b>	<b>30,020</b>	<b>33,343</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>22,500</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,500</b>

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BY PROJECT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

	GENERAL FUND			
	CITI Broward County DPEP	DCA TITLE III	Opa-Locka DCA	Florida Keys Carrying Capacity SFWMD
<b>REVENUES:</b>				
MEMBERSHIP ASSESSMENTS	\$ -	\$ -	\$ -	\$ -
FEDERAL, STATE AND LOCAL GRANTS	14,576	35,202	26,155	21,433
D.R.I. FEES	-	-	-	-
INTEREST	-	-	-	-
OTHER INCOME / REQUIRED MATCH	-	-	-	-
TRANSFER (TO)/FROM GENERAL ACCOUNTS	-	243	(11,044)	-
<b>TOTAL REVENUES</b>	<b>14,576</b>	<b>35,445</b>	<b>15,111</b>	<b>21,433</b>
<b>EXPENDITURES:</b>				
<b>CURRENT:</b>				
COMPREHENSIVE PLANNING:				
PERSONNEL SERVICES:				
SALARIES	4,956	14,736	6,977	9,212
EMPLOYEE FRINGE BENEFITS	1,214	3,630	1,707	2,593
INDIRECT COSTS	1,887	5,618	2,657	3,611
<b>TOTAL</b>	<b>8,057</b>	<b>23,984</b>	<b>11,341</b>	<b>15,416</b>
OPERATING EXPENSES:				
OUTSIDE CONSULTING FEES	14,880	-	-	-
SUPPLIES	-	-	-	-
PRINTING & REPRODUCTION	-	-	-	-
COMPUTER USAGE & EQUIPMENT LEASE	-	-	-	-
TELEPHONE & POSTAGE	50	16	29	-
TRAVEL	48	3,511	7	942
PUBLICATIONS & ADVERTISING	-	39	-	-
DUES, FEES & CONFERENCES	139	-	-	-
INDIRECT COSTS	2,652	7,895	3,734	5,075
LOAN WRITTEN OFF	-	-	-	-
PROVISION FOR PROBABLE LOAN LOSSES	-	-	-	-
MISCELLANEOUS	-	-	-	-
<b>TOTAL</b>	<b>17,769</b>	<b>11,461</b>	<b>3,770</b>	<b>6,017</b>
<b>CAPITAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>25,826</b>	<b>35,445</b>	<b>15,111</b>	<b>21,433</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(11,250)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ (11,250)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BY PROJECT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

	GENERAL FUND			
	BRHPC	REMI Software Agreement	The Institute of Community Collaboration	Clean City
<b>REVENUES:</b>				
MEMBERSHIP ASSESSMENTS	\$ -	\$ -	\$ -	\$ -
FEDERAL, STATE AND LOCAL GRANTS	8,748	151,550	193,830	-
D.R.I. FEES	-	-	-	-
INTEREST	-	-	-	28
OTHER INCOME / REQUIRED MATCH	25	-	-	47
TRANSFER (TO)/FROM GENERAL ACCOUNTS	5,341	84,052	-	-
<b>TOTAL REVENUES</b>	<b>14,114</b>	<b>235,602</b>	<b>193,830</b>	<b>75</b>
<b>EXPENDITURES:</b>				
<b>CURRENT:</b>				
COMPREHENSIVE PLANNING:				
PERSONNEL SERVICES:				
SALARIES	6,492	60,403	84,034	-
EMPLOYEE FRINGE BENEFITS	1,590	14,838	20,577	-
INDIRECT COSTS	2,472	23,014	31,997	-
<b>TOTAL</b>	<b>10,554</b>	<b>98,255</b>	<b>136,608</b>	<b>-</b>
OPERATING EXPENSES:				
OUTSIDE CONSULTING FEES	-	81,466	4,258	-
SUPPLIES	-	173	3,411	-
PRINTING & REPRODUCTION	-	-	-	-
COMPUTER USAGE & EQUIPMENT LEASE	-	23,233	-	-
TELEPHONE & POSTAGE	-	10	133	-
TRAVEL	86	120	4,319	-
PUBLICATIONS & ADVERTISING	-	-	-	-
DUES, FEES & CONFERENCES	-	-	-	-
INDIRECT COSTS	3,474	32,345	44,970	-
LOAN WRITTEN OFF	-	-	-	-
PROVISION FOR PROBABLE LOAN LOSSES	-	-	-	-
MISCELLANEOUS	-	-	131	75
<b>TOTAL</b>	<b>3,560</b>	<b>137,347</b>	<b>57,222</b>	<b>75</b>
<b>CAPITAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>14,114</b>	<b>235,602</b>	<b>193,830</b>	<b>75</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,976</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 5,976</b>

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BY PROJECT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

	<u>GENERAL FUND</u>	
	<u>Tampa Bay Regional Planning Council</u>	<u>SUB-TOTAL</u>
<b>REVENUES:</b>		
MEMBERSHIP ASSESSMENTS	\$ -	\$ 734,417
FEDERAL, STATE AND LOCAL GRANTS	2,743	2,546,246
D.R.I. FEES	-	155,226
INTEREST	-	7,508
OTHER INCOME / REQUIRED MATCH	-	35,056
TRANSFER (TO)/FROM GENERAL ACCOUNTS	-	(44,171)
<b>TOTAL REVENUES</b>	<u>2,743</u>	<u>3,434,282</u>
<b>EXPENDITURES:</b>		
<b>CURRENT:</b>		
COMPREHENSIVE PLANNING:		
PERSONNEL SERVICES:		
SALARIES	-	995,649
EMPLOYEE FRINGE BENEFITS	-	253,839
INDIRECT COSTS	-	382,161
<b>TOTAL</b>	<u>-</u>	<u>1,631,649</u>
<b>OPERATING EXPENSES:</b>		
OUTSIDE CONSULTING FEES	-	1,195,992
SUPPLIES	-	29,584
PRINTING & REPRODUCTION	-	13,810
COMPUTER USAGE & EQUIPMENT LEASE	-	31,702
TELEPHONE & POSTAGE	2,476	4,011
TRAVEL	-	31,773
PUBLICATIONS & ADVERTISING	-	6,078
DUES, FEES & CONFERENCES	-	20,519
INDIRECT COSTS	-	537,159
LOAN WRITTEN OFF	-	-
PROVISION FOR PROBABLE LOAN LOSSES	-	-
MISCELLANEOUS	267	93,682
<b>TOTAL</b>	<u>2,743</u>	<u>1,964,310</u>
<b>CAPITAL EXPENDITURES</b>	-	39,267
<b>TOTAL EXPENDITURES</b>	<u>2,743</u>	<u>3,635,226</u>
<b>CHANGE IN FUND BALANCE</b>	-	(200,944)
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	-	1,127,244
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ -</u>	<u>\$ 926,300</u>

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BY PROJECT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

	REVOLVING LOAN FUND			
	Revolving Loan Fund EDA	Revolving Loan Fund II EDA	Revolving Loan Fund Rescue EDA	Revolving Loan Fund EPA
<b>REVENUES:</b>				
MEMBERSHIP ASSESSMENTS	\$ -	\$ -	\$ -	\$ -
FEDERAL, STATE AND LOCAL GRANTS	189,005	1,170,356	2,451,230	864,756
D.R.I. FEES	-	-	-	-
INTEREST	-	-	-	825
OTHER INCOME / REQUIRED MATCH	-	-	-	600
TRANSFER (TO)/FROM GENERAL ACCOUNTS	-	-	-	19,700
<b>TOTAL REVENUES</b>	<b>189,005</b>	<b>1,170,356</b>	<b>2,451,230</b>	<b>885,881</b>
<b>EXPENDITURES:</b>				
<b>CURRENT:</b>				
COMPREHENSIVE PLANNING:				
PERSONNEL SERVICES:				
SALARIES	55,847	10,237	15,383	27,013
EMPLOYEE FRINGE BENEFITS	13,711	2,506	3,767	6,626
INDIRECT COSTS	21,275	3,898	5,857	10,289
<b>TOTAL</b>	<b>90,833</b>	<b>16,641</b>	<b>25,007</b>	<b>43,928</b>
OPERATING EXPENSES:				
OUTSIDE CONSULTING FEES	21,183	4,111	2,837	19,285
SUPPLIES	1,483	309	309	1,260
PRINTING & REPRODUCTION	-	-	-	-
COMPUTER USAGE & EQUIPMENT LEASE	627	135	270	1,180
TELEPHONE & POSTAGE	1,228	62	177	170
TRAVEL	1,126	-	-	4,264
PUBLICATIONS & ADVERTISING	961	-	750	-
DUES, FEES & CONFERENCES	3,498	-	-	200
INDIRECT COSTS	29,902	5,478	8,232	14,461
LOAN WRITTEN OFF	53,308	(400)	(16,100)	-
PROVISION FOR PROBABLE LOAN LOSSES	(5,101)	14,628	29,248	-
MISCELLANEOUS	262	363	323	12
<b>TOTAL</b>	<b>108,477</b>	<b>24,686</b>	<b>26,046</b>	<b>40,832</b>
<b>CAPITAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL EXPENDITURES</b>	<b>199,310</b>	<b>41,327</b>	<b>51,053</b>	<b>84,760</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(10,305)</b>	<b>1,129,029</b>	<b>2,400,177</b>	<b>801,121</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>4,323,945</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ 4,313,640</b>	<b>\$ 1,129,029</b>	<b>\$ 2,400,177</b>	<b>\$ 801,121</b>

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BY PROJECT**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2004**

	<u>REVOLVING LOAN FUND</u>		
	<u>EDA</u> <u>Administration</u>	<u>SUB-TOTAL</u>	<u>GRAND</u> <u>TOTAL</u>
<b>REVENUES:</b>			
MEMBERSHIP ASSESSMENTS	\$ -	\$ -	\$ 734,417
FEDERAL, STATE AND LOCAL GRANTS	64,148	4,739,495	7,285,741
D.R.I. FEES	-	-	155,226
INTEREST	-	825	8,333
OTHER INCOME / REQUIRED MATCH	59,509	60,109	95,165
TRANSFER (TO)/FROM GENERAL ACCOUNTS	24,471	44,171	-
<b>TOTAL REVENUES</b>	<b>148,128</b>	<b>4,844,600</b>	<b>8,278,882</b>
<b>EXPENDITURES:</b>			
<b>CURRENT:</b>			
COMPREHENSIVE PLANNING:			
PERSONNEL SERVICES:			
SALARIES	64,296	172,776	1,168,425
EMPLOYEE FRINGE BENEFITS	17,081	43,691	297,530
INDIRECT COSTS	24,891	66,210	448,371
<b>TOTAL</b>	<b>106,268</b>	<b>282,677</b>	<b>1,914,326</b>
OPERATING EXPENSES:			
OUTSIDE CONSULTING FEES	-	47,416	1,243,408
SUPPLIES	-	3,361	32,945
PRINTING & REPRODUCTION	-	-	13,810
COMPUTER USAGE & EQUIPMENT LEASE	-	2,212	33,914
TELEPHONE & POSTAGE	120	1,757	5,768
TRAVEL	6,408	11,798	43,571
PUBLICATIONS & ADVERTISING	-	1,711	7,789
DUES, FEES & CONFERENCES	349	4,047	24,566
INDIRECT COSTS	34,983	93,056	630,215
LOAN WRITTEN OFF	-	36,808	36,808
PROVISION FOR PROBABLE LOAN LOSSES	-	38,775	38,775
MISCELLANEOUS	-	960	94,642
<b>TOTAL</b>	<b>41,860</b>	<b>241,901</b>	<b>2,206,211</b>
<b>CAPITAL EXPENDITURES</b>	<b>-</b>	<b>-</b>	<b>39,267</b>
<b>TOTAL EXPENDITURES</b>	<b>148,128</b>	<b>524,578</b>	<b>4,159,804</b>
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>4,320,022</b>	<b>4,119,078</b>
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<b>-</b>	<b>4,323,945</b>	<b>5,451,189</b>
<b>FUND BALANCE AT END OF YEAR</b>	<b>\$ -</b>	<b>\$ 8,643,967</b>	<b>\$ 9,570,267</b>





**Watson Rice LLP**

Certified Public Accountants and Consultants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING 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 the general purpose financial statements of the South Florida Regional Planning Council (the "Council") as of and for the year ended September 30, 2004, and have issued our report thereon dated February 11, 2005. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the Council's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item C-04-1.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Council's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. A reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item PY-03-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the above reportable condition is a material weakness. We also noted others matters involving the internal control over financial reporting, which we have reported to the management of the Council in a separate letter dated February 11, 2005.

This report is intended solely for the information and use of the members of the Council, management, officials of the State of Florida, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Hollywood, Florida  
February 11, 2005

*Walter Rice LLC*



**Watson Rice LLP**

Certified Public Accountants and Consultants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND INTERNAL  
CONTROL OVER COMPLIANCE APPLICABLE TO EACH MAJOR  
FEDERAL PROGRAM AND STATE PROJECT**

To the Council Members of  
South Florida Regional Planning Council  
Hollywood, Florida

**Compliance**

We have audited the compliance of the South Florida Regional Planning Council (the "Council") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* and the requirements described in the *Executive Office of the Governor's State Projects Compliance Supplement*, that are applicable to its major federal program and state project for the year ended September 30, 2004. The Council's major federal programs and major state projects are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulation, contracts and grants applicable to its major federal program and state project is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

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; OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and Chapter 10.550, Rules of the Auditor General. Those standards, OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General, 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 or state financial assistance project 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 opinion. Our audit does not provide a legal determination of the Council's compliance with those requirements.

In our opinion, the Council complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs and state projects for the year ended September 30, 2004. However, the results of our auditing procedures, disclosed an instance of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item C-04-1.

**Internal Control over Compliance**

The management of the Council is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to major federal programs and state projects. In planning and performing our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on the major federal program and the major state project in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and Chapter 10.550, Rules of the Auditor General.

We noted a matter involving the internal control over compliance and its operations that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Council's ability to administer a major federal program and state project in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item PY-03-2.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program and major state project being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We believe that the reportable condition reported above is a material weakness.

This report is intended solely for the information and use of the members of the Council, management, officials of the State of Florida, and federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

Hollywood, Florida  
February 11, 2005

*Walter Price LLP*

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS**  
For Fiscal Year Ended September 30, 2004

	CFDA#/ CSFA#	Contract #	Grant Amount	Expenditures	Loans Receivable	Cash Balance (including cash held by trustee)
<b>FEDERAL AWARDS:</b>						
US Dept. of Commerce - Economic Development Administration						
EDA Revolving Loan Grant	11.307	04-59-03951-01	\$ 3,877,175	\$ 199,310	\$ 3,638,470	\$ 793,888
EDA Revolving Loan Grant II	11.307	04-59-03952	1,165,138	41,527	487,604	678,777
EDA Revolving Loan Grant Rescue	11.307	04-39-18019-01	2,431,679	51,053	974,932	1,477,145
Subtotal for CFDA 11.307			7,473,992	291,890	5,101,006	2,949,810
US Department of Transportation - Federal Highway Administration						
Passed through Miami-Dade County-MPO	20.205		75,000	70,867	-	-
July 1, 2003 to June 30, 2004			25,000	6,827	-	-
July 1, 2004 to June 30, 2005			100,000	77,694	-	-
Subtotal for Miami-Dade County -MPO						
Federal Highway Administration						
State Road 7 Strategic Master Plan	20.205	4150491-14-01 and 02	1,993,500	402,140	-	-
Passed through Broward County-MPO	20.205		68,000	63,080	-	-
July 1, 2003 to June 30, 2004			50,000	5,292	-	-
July 1, 2004 to June 30, 2005			50,000	1,191	-	-
Subtotal for Broward County -MPO			168,000	69,563	-	-
Subtotal for CFDA 20.205			2,261,500	549,397	-	-
US Environmental Protection Agency						
Eastward Hol Brownfields	66.811	BP984511-98-2	600,000	403	-	-
Browfields Revolving Loan Fund	66.811	BL974-34201-0	2,200,000	64,548	720,000	80,208
Subtotal for CFDA 66.811			2,800,000	64,951	720,000	80,208
US Dept. of Commerce - Economic Development Administration						
District Renewal, Planning and Administration	11.305	04-83-05284	59,500	49,933	-	-
EDA District Planning Grant	11.305	04-83-05284-01	52,000	14,215	-	-
Subtotal for CFDA 11.305			111,500	64,148	-	-
U.S. Department of Homeland Security - Office of Domestic Preparedness, Law Enforcement Assistance, Narcotics and Dangerous Drugs Laboratory Analysis, Passed through Regional Domestic Task Force	16.001		145,000	77,065	-	-
US Environmental Protection Agency						
Passed through the Southwest Regional Planning Council	66.606	X8251001-1	77,500	-	-	-
Sea Level Rise Mapping & Local Govt. Review & Approval						
US Department of Energy						
Passed through Florida Department of Environmental Protection	81.119	04-SE-4U-11-23-21-460	20,000	20,000	-	-
US Department of Transportation						
Passed through the State of Florida Department of Community Affairs Planning and Training Agreement (HMEP)	20.703	04-CP-2E-13-00-21-076	39,182	13,906	-	-
Federal Emergency Management Agency						
Passed through the State of Florida Department of Community Affairs Opa-Locka Technical Planning Assistance	83.536	03-FM-53-13-00-21	25,000	15,111	-	-
Total Federal Awards			12,953,674	1,096,268	5,821,006	3,030,018

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE PROJECTS**  
For Fiscal Year Ended September 30, 2004

	CFDA#/ CSFA#	Contract #	Grant Amount	Expenditures	Loans Receivable	Cash Balance (including cash held by trustee)
<b>STATE PROJECTS</b>						
State of Florida Department of Community Affairs						
Regional Planning Council Agreements						
July 1, 2003 to June 30, 2004	52.006	04-DR-45-13-00-21-011	\$ 287,136	\$ 116,539	\$ -	\$ -
July 1, 2004 to June 30, 2005	52.006	05-DR-52-13-00-21-011	319,891	319,891	-	-
<b>Title III Funds</b>						
July 1, 2003 to June 30, 2004	52.006	04-DR-45-13-00-21-011	40,909	36,686	-	-
July 1, 2004 to June 30, 2005	52.006	05-DR-52-13-00-21-011	40,909	40,909	-	-
<i>Subtotal for CSFA 52.006</i>			<u>688,845</u>	<u>514,025</u>	<u>-</u>	<u>-</u>
State of Florida Department of Environmental Protection						
Passed through Miami-Dade County	37.039	DEP	1,100,000	301,450	-	-
South Dade Watershed Collaborative Plan		SFWMD	1,000,000	429,000	-	509,000
<i>Subtotal for CSFA 37.039</i>		SP529	<u>1,100,000</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
			<u>3,200,000</u>	<u>780,450</u>	<u>-</u>	<u>509,000</u>
State of Florida Department of Transportation						
Community Transportation Initiative - Phase V	55.007	AH928	30,000	34,210	-	-
South Florida Water Management District						
South Florida Water, Wastewater and Stormwater Facilities Study	37.039	C-15798	300,000	122,221	-	-
<b>Total State Projects</b>			<u>4,218,845</u>	<u>1,450,906</u>	<u>-</u>	<u>509,000</u>
<b>Total Federal and State Projects</b>			<u>\$ 17,172,519</u>	<u>\$ 2,547,174</u>	<u>\$ 5,821,006</u>	<u>\$ 3,539,018</u>

**1. Basis of Presentation**  
The accompanying Schedule of Expenditures of Federal Awards and State Projects includes the federal and state award activities of South Florida Regional Planning Council, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and Chapter 10.550, Rules of the Auditor General. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL PROGRAMS AND STATE PROJECTS  
SEPTEMBER 30, 2004**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

*Results of Financial Statements Audit*

Type of report issued on the basic financial statements:

Unqualified

Reportable conditions:

Reportable conditions disclosed during the audit of the financial statements are reported in the Summary of Findings and Questioned Costs (Section II: PY-03-2). Reportable conditions reported are material weaknesses.

Noncompliance:

C-04-1

*Results of OMB Circular A-133 Audit and Chapter 10.550, Rules of the Auditor General*

Type of report issued on compliance with major programs:

Federal Awards

Unqualified.

State Projects

Unqualified.

Reportable conditions over major programs:

A reportable condition relating to the audit of major federal program is reported in the Summary of Findings and Questioned Costs (Section II: PY-03-2). This reportable condition is reported as a material weakness.

Findings and Questioned Costs:

Federal Award Program

C-04-1

State Project

None

Major programs:

Federal Award Programs

U.S. Department of Commerce, CFDA # 11.307  
Federal Highway Administration, CFDA # 20.205  
US Environmental Protection Agency, CDFA # 66.811

State Projects

State of Florida Department of Community Affairs, CSFA # 52.006  
State of Florida Department of Environmental Protection, CSFA # 37.039

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL PROGRAMS AND STATE PROJECTS  
SEPTEMBER 30, 2004**

Dollar threshold used to distinguish  
between Type A and Type B Programs for major  
federal program and state project: \$500,000.

Determination of low risk/high risk auditee:

The South Florida Regional Planning Council was  
determined not to be a low-risk auditee pursuant to  
OMB Circular A-133.



**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL PROGRAMS AND STATE PROJECTS  
SEPTEMBER 30, 2004**

**SECTION II – FINANCIAL STATEMENT FINDINGS**

**C-04-1 CONDITION**

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 Rescue to the Council from a nonprofit corporation. The outstanding balance of loans receivable and funds available to the program amounted to \$1,571,858 and \$2,001,905, respectively, and were transferred to the Council on May 1, 2004.

The loan files transferred to the Council contained checklists of loan documents that were required to be submitted for each loan application, as well as other requirements which must be met in order to qualify under the program. Our review of the loan files transferred to the Council revealed several documents that were missing from the files. Also, we noted that the loan files did not contain documents required under the loan agreement, such as updated insurance policies, annual income tax returns and financial statements.

**CRITERIA**

Loan administration should include procedures in place that will ensure complete and updated documents are available in the loan files for each borrower.

**RECOMMENDATION**

We recommend that the Council, based on the checklist of loan documents and the loan agreements, perform an inventory of loan files transferred from the nonprofit corporation to determine important documents that the Council needs to obtain from the nonprofit corporation. We also recommend that the Council take the necessary steps in obtaining the updated documents required under the loan agreement for each borrower.

**MANAGEMENT'S COMMENT**

Management concurs, effective immediately, the Economic Development Specialist and Financial Specialist will ensure that all required and current documents are in files. A checklist has been created to ensure that documents are kept in a particular order. All loan files will be reviewed and all related documentation will be current and filed, by the due date of August 30, 2005.

**SECTION III – SUMMARY AND STATUS OF PRIOR YEAR'S FINDINGS**

**PY-03-1 CONDITION**

In 2003 audit, we noted that project managers prepare billings/requests for reimbursements to grantors/ contractors. A copy of all the billings/requests for reimbursements is forwarded to the Finance and Accounting Department (FAD) for recording of revenues in the general ledger. Because of the absence of policies and procedures over this process, copies of billings/requests for reimbursements were not provided to the FAD in a timely manner. Consequently, the FAD encountered difficulty in the proper matching of collections to outstanding billings and the proper

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL PROGRAMS AND STATE PROJECTS  
SEPTEMBER 30, 2004**

charging of revenues to projects. We also noted an instance of late billing which the FAD noted after the closing process of the projects' revenues and expenses.

**CRITERIA**

Sound internal control requires that revenues and related claims from third parties be recorded completely and accurately. This ensures that interim financial statements submitted to the Council's various decision making bodies are accurate and free from errors due to revenue cut-off issues.

**RECOMMENDATION**

We recommend that the Council implement policies and procedures to ensure that billings/requests for reimbursements are recorded completely and accurately, and in a timely manner. The Council may consider the following in drafting the policies and procedures:

- a) Require the project managers to submit a summary of billings/requests for reimbursements at least once a month to the FAD. The date should be set in such a way that it will facilitate the FAD's monthly closing procedures.
- b) The summary of billings/requests for reimbursements must be signed and approved by the project managers, and receipt acknowledged by the Controller.
- c) A copy of the summary of billings/requests for reimbursements must be attached to the journal voucher recording the revenues to provide an audit trail.
- d) An aged listing of accounts receivable must be prepared and provided to the project managers every month.

**CURRENT YEAR'S STATUS**

No similar findings were noted.

**PY-03-2 CONDITION**

In prior year's audit, we noted the following areas that need improvement relative to the Council's administration and monitoring of its revolving loan fund:

- a) We noted that the follow-up field visits for existing loan borrowers, as required by the Council's internal loan policies, were not completely documented. For the loans tested there were six field visits conducted in fiscal year 2003, however, only one field visit had documentation of the results. In addition, all loan accounts existing as of fiscal year 2002 did not have the latest income tax return and updated corporate financial statements.
- b) We noted that it is the policy of the Council to deposit with a trustee the loan proceeds of all approved borrowers for closing. The FAD records the loan receivable when the check payable to the trustee is issued. On the other hand, the loans department creates a borrower's account in the ADG Loan Profile at the time of the final closing, at which time the trustee issues a check to the borrower. This practice would result in a difference between the balances of the loans receivable per the general ledger and the subsidiary ledger.

**SOUTH FLORIDA REGIONAL PLANNING COUNCIL  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FEDERAL PROGRAMS AND STATE PROJECTS  
SEPTEMBER 30, 2004**

- c) Although the Council's internal policies and procedures require a periodic analysis of the collectibility of the loan accounts, it has yet to effect the results of its analysis in the general ledger. During the year, the Council identified loan accounts with combined outstanding balances of \$114,255 to be doubtful as to collections. However, there was no provision for probable loan losses that was set up in the general ledger.

**CRITERIA**

- (a) Each loan agreement states that the Council will a conduct review of operations of loan recipients to ascertain that commitments made by borrowers to create and/or maintain jobs with the use of the loan proceeds are met. Further, loan recipients are required to submit to the Council annual income tax returns and annual updated corporate financial statements.
- (b) Loans receivable should be recorded at final closing; this practice complies with accounting principles generally accepted in the United States of America ("GAAP"). In the interim, the Council may record the check issued to the trustee as "Cash Held By Trustee".
- (c) The Council's revolving loan fund program policy and procedure manual states that write off of uncollectibles loans must be in compliance with GAAP. GAAP requires recognition of a provision for loan losses on accounts which are doubtful as to collection to bring the account balance to its estimated realizable value.

**RECOMMENDATION**

We recommend that the Council (a) strictly implement its policies and procedures regarding loan follow-ups; (b) records loans receivable at closing; and (c) records and adjust the provision for loan losses as a result of its periodic analysis of loans.

**CURRENT YEAR'S STATUS**

No similar findings were noted for items (b) and (c).

Similar findings were noted for item (a). Field visits were not properly documented for two (2) of six (6) loans tested. Also, during our review, documents, like occupational licenses, articles of incorporation, UCC 1 forms, updated annual income tax return and financial statements were not readily available for five (5) of six (6) loans tested. These documents were sent through fax by either the Council's legal counsel or the borrowers.

**MANAGEMENT'S COMMENT**

Management has currently established a review process where the Economic Development Specialist and the Finance Director will review each form after each field visit to ensure that the loan files are in compliance.



**Watson Rice LLP**

Certified Public Accountants and Consultants

**INDEPENDENT AUDITORS' MANAGEMENT LETTER**

To the Council Members of  
South Florida Regional Planning Council  
Hollywood, Florida

We have audited the financial statements of the South Florida Regional Planning Council (the "Council") as of and for the year ended September 30, 2004, and have issued our report thereon dated February 11, 2005.

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; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. We have issued our Independent Auditors' Report on Compliance and Internal Control over Financial Reporting, Independent Auditors' Report on Compliance and Internal Control over Compliance Applicable to the Major Federal Programs and State Projects, and the Schedule of Findings and Questioned Costs. Disclosures in those reports and schedule, which are dated February 11, 2005 should be considered in conjunction with this management letter.

Additionally, our audit was conducted in accordance with Chapter 10.550, Rules of the Auditor General. Those rules (Section 10.554(1)(g)l.a.) require that we address in the management letter, if not already addressed in the auditors' reports on compliance and internal controls or schedule of findings and questioned costs, whether or not inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no inaccuracies, shortages, defalcations, fraud, and/or violations of laws, rules, regulations, and contractual provisions disclosed in the preceding audit report.

The Rules of the Auditor General (Section 10.554(1)(g)l.b.) require that we address in the management letter, if not already addressed in the auditor's reports on compliance and internal controls or schedule of findings and questioned costs, whether or not recommendations made in the preceding annual financial audit report have been followed. The recommendations made in the preceding independent auditors' management letter have been corrected except for those reported under the Status of Prior Year's Findings as items ML-02-1 to ML-02-2.

As required by the Rules of the Auditor General (Section 10.554(1)(g)2.), the scope of our audit included a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Council complied with Section 218.415, Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(g)3.), we disclosed in the Current Year's Finding a recommendation to improve financial management, accounting procedures, and internal controls described as item ML-04-1.

The Rules of the Auditor General (Section 10.554(1)(g)4.) require disclosure in the management letter of the following matters if not already addressed in the auditors' reports on compliance and internal controls or schedule of findings and questioned costs: (1) violations of laws, rules, regulations, and contractual provisions that have occurred, or are likely to have occurred; (2) improper or illegal expenditures; (3) improper or inadequate accounting procedures (e. g., the omission of required disclosures from the financial statements); (4) failures to properly record financial transactions; and (5) other inaccuracies, shortages, defalcations, and instances of fraud discovered by, or that come to the attention of, the auditor. Our audit disclosed no matters required to be disclosed under the Rules of the Auditor General (Section 10.554(1)(g)4.)

The Rules of the Auditor General (Section 10.554(1)(g)5.) also require 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. This required disclosure is included in Note 1 of the notes to the financial statements as of September 30, 2004.

As required by the Rules of the Auditor General (Section 10.554(1)(g)6.a.), the scope of our audit included a review of the provisions of Section 218.503(1), Florida Statutes, regarding financial emergencies. In connection with our audit, we have determined that the Council is not in a state of financial emergency at September 30, 2004, as a consequence of conditions described in Section 218.503(1) of the Florida Statutes.

As required by the Rules of the Auditor General (Section 10.554(1)(g)6.b.), we determined that the annual financial report for the Council for the fiscal year ended September 30, 2004, filed with the Department of Financial Services pursuant to Section 218.32, Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2004.

As required by the Rules of the Auditor General (Sections 10.554(g)(6)c. and 10.556), we applied financial condition assessment procedures. It is management's responsibility to monitor the entity's financial condition, and our financial condition assessment was based in part on representations made by management and the review of financial information provided by the same. The financial condition assessment procedures applied did not disclose a deteriorating financial condition.

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

Hollywood, Florida  
February 11, 2005

*Walter Rice LLP*

## **SOUTH FLORIDA REGIONAL PLANNING COUNCIL**

### **CURRENT YEAR'S FINDINGS For the Year Ended September 30, 2004**

#### **ML-04-1 CONDITION**

It was noted that the Finance Director performs incompatible functions of recording of collections to the general ledger and preparation of bank reconciliation statements. In addition, bank reconciliations are not reviewed by any other officer of the Council.

Good internal control dictates segregation of duties as it relates to recording of cash receipts to the general ledger and preparation of bank reconciliations. In addition, a review of bank reconciliations should be performed by a person other than the preparer with no incompatible duties.

#### **MANAGEMENT'S COMMENT**

The deposit draft has been assigned to Administrative Assistant, who will be preparing all bank deposits from this point forward.

## **SOUTH FLORIDA REGIONAL PLANNING COUNCIL**

### **STATUS OF PRIOR YEAR'S FINDING For the Year Ended September 30, 2004**

#### **ML-03-1 CONDITION**

It was noted that other than the loan specialist there was no other personnel who is knowledgeable of the different accounting and administrative processes of the revolving loan fund program. This condition places the Council in a disadvantaged position since there is no back up staff to ensure the continuity of the operations of the program in case of an employee termination or leave of absence.

#### **CURRENT YEAR'S STATUS**

Management has addressed this issue by hiring an additional staff person as of March 15, 2004 to assist with the revolving loan program.

#### **ML-02-1 GASB #34 IMPLEMENTATION**

In June 1999, Government Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, which establishes new financial reporting requirements for State and Local Governments. It establishes that the basic financial statements and required supplementary information (RSI) for general purpose governments should consist of:

- Management's discussion and analysis (MD & A)
- Basic financial statements which include:
  1. Government-wide financial statements
  2. Fund financial statements
  3. Notes to the financial statements
  4. Required supplementary information (RSI)

The requirements of this Statement are effective in three phases based on a government's total annual revenues in the first fiscal year ending after June 15, 1999. Governments with total annual revenues (excluding extraordinary items) of \$100 million or more (phase 1) should apply this statement for periods beginning after June 15, 2001.

Governments with at least \$10 million but less than \$100 million in revenues (phase 2) should apply this Statement in periods beginning after June 15, 2003. Governments with less than \$10 million in revenues (phase 3) should apply this Statement for periods beginning after June 15, 2003. Earlier application is encouraged.

Based on the above criteria, the South Florida Regional Planning Council is required to implement GASB Statement No. 34 in the period beginning October 1, 2003.

We recommend that management begin the process now of developing an implementation plan.

#### **CURRENT YEAR'S STATUS**

GASB No. 34 was implemented during the current fiscal year.

## **SOUTH FLORIDA REGIONAL PLANNING COUNCIL**

### **STATUS OF PRIOR YEAR'S FINDING For the Year Ended September 30, 2004**

#### **ML-02-2 FINANCIAL STATEMENT PRESENTATION AND BUDGET POLICY**

During our prior year's audit we noted one area where the Council needs improvement. The Council does not maintain its accounting records and internal financial statements in the same format as the audited financial statements i.e., a presentation wherein accounts of governmental fund types (general and special revenue funds) are grouped and shown separately.

#### **CURRENT YEAR'S STATUS**

A similar finding was noted in the current year's audit. Fund reporting was not addressed in the new Window's version of the accounting software used by the Council.

#### **MANAGEMENT'S COMMENT**

Upper management is currently reviewing the budget for funding availability and intends to acquire a fund accounting system in compliance in the near future. In the meantime, the following accounting software programs: Fund ware, MIP, BUCS are being evaluated.