

**SOUTHWEST FLORIDA REGIONAL
PLANNING COUNCIL**

**BASIC FINANCIAL STATEMENTS
TOGETHER WITH REPORTS OF
INDEPENDENT AUDITOR**

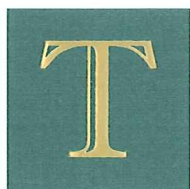
**YEAR ENDED
SEPTEMBER 30, 2012**

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Certified Public Accountants & Consultants

Affiliations

Florida Institute of Certified Public Accountants
American Institute of Certified Public Accountants
Private Companies Practice Section
Tax Division

INDEPENDENT AUDITOR'S REPORT

Executive Committee and Council Members
Southwest Florida Regional Planning Council
1926 Victoria Avenue
Fort Myers, Florida 33901

We have audited the accompanying basic financial statements of Southwest Florida Regional Planning Council (the "Council"), as of September 30, 2012, and for the year then ended, as listed in the table of contents. These basic financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these basic 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 of America. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Southwest Florida Regional Planning Council as of September 30, 2012, 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 April 29, 2013, on our consideration of Southwest Florida Regional Planning Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance, and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards, and should be considered in assessing the results of our audit.

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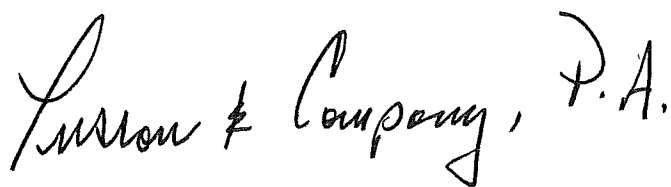
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) on pages i-v be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Southwest Florida Regional Planning Council's financial statements. The required supplementary information other than MD&A - budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the required supplementary information other than MD&A - budgetary comparison information is fairly stated in all material respects in relation to the financial statements as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Southwest Florida Regional Planning Council's financial statements taken as a whole. The Schedule of Expenditures of Federal Awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133) - year ended September 30, 2012 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the

underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards - year ended September 30, 2012, is fairly stated in all material respects in relation to the financial statements as a whole.

The Exhibit - Management's Response to Independent Auditor's Report to Management, is not a required part of the financial statements but is required by Government Auditing Standards and State of Florida Chapter 10.550 "Rules of the Auditor General". Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

A handwritten signature in black ink that reads "Tuscan & Company, P.A." The signature is written in a cursive, flowing style.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
April 29, 2013

**MANAGEMENT'S DISCUSSION
AND ANALYSIS
(MD&A)**

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
Management's Discussion and Analysis
(unaudited)

This discussion and analysis of the Southwest Florida Regional Planning Council (the "Council") financial statements is designed to introduce the basic financial statements and provide an analytical overview of the Council's financial activities for the fiscal year ended September 30, 2012. The basic financial statements are comprised of the government-wide financial statements, governmental fund financial statements, and footnotes. We hope this will assist readers in identifying significant financial issues and changes in the Council's financial position.

Council Financial Highlights for the year ended September 30, 2012:

- At the close of fiscal year 2012, the Council's assets exceeded its liabilities, resulting in net assets of \$828,016.
- The Council's total net assets increased \$73,535 or 9.0 percent.
- The Council had \$542,977 in fund balance of which \$531,508 can be used to meet the Council's ongoing obligations. That total of \$531,508 represents operating reserves.
- Total revenues decreased \$834,727 or 25 percent, in comparison to the prior fiscal year.
- Total expenses decreased \$1,081,842 or 31 percent, in comparison to the prior fiscal year.

Government-Wide Financial Statements

Government-wide financial statements (statement of net assets and statement of activities found on pages 4 and 5, respectively) are intended to allow a reader to assess a government's operational accountability. Operational accountability is defined as the extent to which the government has met its operating objectives efficiently and effectively, using all resources available for that purpose, and whether it can continue to meet its objectives for the foreseeable future. Government-wide financial statements concentrate on the Council as a whole and do not emphasize fund types.

The *Statement of Net Assets* (page 4) presents information on all of the Council's assets and liabilities, with the difference between the two reported as net assets. The Council's capital assets (land, building, equipment, furniture and fixtures, and vehicles) are included in this statement and reported net of their accumulated depreciation.

The *Statement of Activities* (page 5) presents revenue and expense information showing how the Council's net assets changed during the fiscal year. Both statements are measured and reported using the economic resource measurement focus (revenues and expenses) and the accrual basis of accounting (revenue recognized when earned and expense is recognized when a liability is incurred).

Governmental Fund Financial Statements

The accounts of the Council are organized on the basis of governmental funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for which a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

Governmental fund financial statements (found on pages 6 and 8) are prepared on the modified accrual basis using the current financial resources measurement focus. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets.

Notes to the Financial Statements

The notes to the financial statements explain in detail some of the data contained in the preceding statements and are on pages 10 through 38. These notes are essential to a full understanding of the data provided in the government-wide and fund financial statements.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
Management's Discussion and Analysis
(unaudited)

Government-Wide Financial Analysis

The government-wide financial statements were designed so that the user could determine if the Council is in a better or worse financial condition from the prior year.

The following table reflects a Summary of Net Assets for fiscal years 2011 and 2012:

Southwest Florida Regional Planning Council
Summary of Net Assets
September 30

Assets:	2011	2012	Change	% Change
Current assets	\$ 910,070	\$ 1,280,913	\$ 370,843	40.75%
Capital assets, net	1,534,499	1,498,548	(35,951)	-2.34%
Total assets	<u>\$ 2,444,569</u>	<u>\$ 2,779,461</u>	<u>\$ 334,892</u>	13.70%
Liabilities:				
Current liabilities	\$ 453,871	\$ 805,317	\$ 351,446	77.43%
Noncurrent liabilities	1,236,217	1,146,128	(90,089)	-7.29%
Total liabilities	<u>1,690,088</u>	<u>1,951,445</u>	<u>261,357</u>	15.46%
Net assets:				
Investment in capital assets, net				
of related debt	377,410	405,127	27,717	7.34%
Unrestricted	<u>377,071</u>	<u>422,889</u>	<u>45,818</u>	12.15%
Total net assets	<u>754,481</u>	<u>828,016</u>	<u>73,535</u>	9.75%
Total liabilities and net assets	<u>\$ 2,444,569</u>	<u>\$ 2,779,461</u>	<u>\$ 334,892</u>	13.70%

For the fiscal year 2012, current assets are comprised of cash and cash equivalents of \$649,045, investments of \$368,757, grants receivables of \$96,655, contract and other receivables of \$163,962, and deposits of \$2,494.

For the fiscal year 2012, current liabilities are comprised of accounts payable and accrued expenses of \$93,810, retainage payable of \$43,150, deferred contract, grant and DRI/NOPC revenue of \$600,976 and the current portion of long-term liabilities of \$67,381.

The investment in capital assets, net of related debt of \$405,127 represents 50 percent of net assets and is comprised of land, building, equipment, furniture and fixtures, and vehicles, net of accumulated depreciation and the outstanding related debt used to acquire the assets. The unrestricted net asset balance of \$422,889 increased \$45,818 or 12 percent. The unrestricted net asset balance represents resources available for spending.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
Management's Discussion and Analysis
(unaudited)

The following schedule reports the revenues, expenses, and changes in net assets for the Council for the current and previous fiscal year:

Southwest Florida Regional Planning Council
Summary of Changes in Net Assets
Years Ended September 30

Revenues:	<u>2011</u>	<u>2012</u>	<u>Change</u>	<u>% Change</u>
Program Revenues				
Charges for services - dues & fees	\$ 682,027	\$ 553,063	\$ (128,964)	-18.91%
Contracts, grants and contributions	2,591,297	1,888,881	(702,416)	-27.11%
General Revenues				
Increase - fair value of investments	1,719	2,314	595	34.61%
Interest and miscellaneous	<u>13,095</u>	<u>9,153</u>	<u>(3,942)</u>	-30.10%
Total revenues	<u>3,288,138</u>	<u>2,453,411</u>	<u>(834,727)</u>	-25.39%
Expenses:				
Project Planning				
Personnel services	\$ 2,287,399	\$ 1,432,140	(855,259)	-37.39%
Operating expenses	1,045,186	828,322	(216,864)	-20.75%
Depreciation	61,544	55,331	(6,213)	-10.10%
Interest and fiscal charges	<u>67,589</u>	<u>64,083</u>	<u>(3,506)</u>	-5.19%
Total expenses	<u>3,461,718</u>	<u>2,379,876</u>	<u>(1,081,842)</u>	-31.25%
Change in net assets	(173,580)	73,535	<u>\$ 247,115</u>	
Net Assets - Beginning	<u>928,061</u>	<u>754,481</u>		
Net Assets - Ending	<u>\$ 754,481</u>	<u>\$ 828,016</u>		

Budgetary Highlights

Budget versus actual comparisons are presented in the required supplementary information other than the Management's Discussion and Analysis.

Original to Final Budget Variances

The Council Members approved several budget amendments during the fiscal year ended September 30, 2012. The amendments were between various revenue and expenditure line items and did change (decrease) the total budgeted revenues and expenditures in the general fund by \$160,222. The Special Revenue Fund had a decrease in Budgeted Revenue and Expenditures of \$1,086,282 due to amendments in the budget to reflect the MPO leaving the Council's financial umbrella as well as less DRI fee income.

Final Budget to Actual Variances

There were three (3) financially significant final budget versus actual line item variances were noted in the General Fund for either revenues or expenditures (before indirect expenditure allocations). Two of the variances were due to personnel costs being lower than budgeted which reflects a State mandated reduction in FRS contributions and less FICA expense than budgeted. The Council also incurred legal fees due to reductions in staff and issues with the MPO leaving the Council's financial umbrella.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
Management's Discussion and Analysis
(unaudited)

Capital Assets

Non-depreciable capital assets include land. Depreciable capital assets include building, equipment, furniture and fixtures, and vehicles. The following is a schedule of the Council's capital assets as of September 30, 2011 and 2012:

Southwest Florida Regional Planning Council
Capital Assets
Years Ended September 30

	<u>2011</u>	<u>2012</u>	<u>Change</u>
Non-Depreciable Capital Assets			
Land	\$ 375,565	\$ 375,565	\$ -
Depreciable Capital Assets			
Total depreciable capital assets	<u>1,661,475</u>	<u>1,629,440</u>	<u>(32,035)</u>
Less Accumulated Depreciation			
Total depreciable capital assets	<u>(502,541)</u>	<u>(506,457)</u>	<u>(3,916)</u>
Depreciable capital assets, net	<u>1,158,934</u>	<u>1,122,983</u>	<u>(35,951)</u>
Capital Assets, net	<u>\$ 1,534,499</u>	<u>\$ 1,498,548</u>	<u>\$ (35,951)</u>

Debt Administration

At September 30, 2012, the Council had \$1,340,035 of outstanding debt, which is comprised as noted below. The following is a detailed schedule of the Council's outstanding debt as of September 30, 2011 and 2012:

Southwest Florida Regional Planning Council
Outstanding Debt
Years Ended September 30

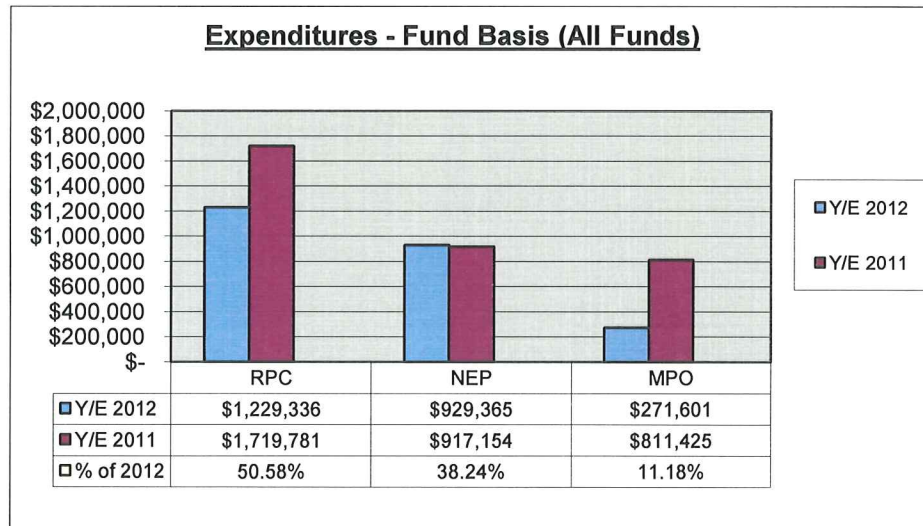
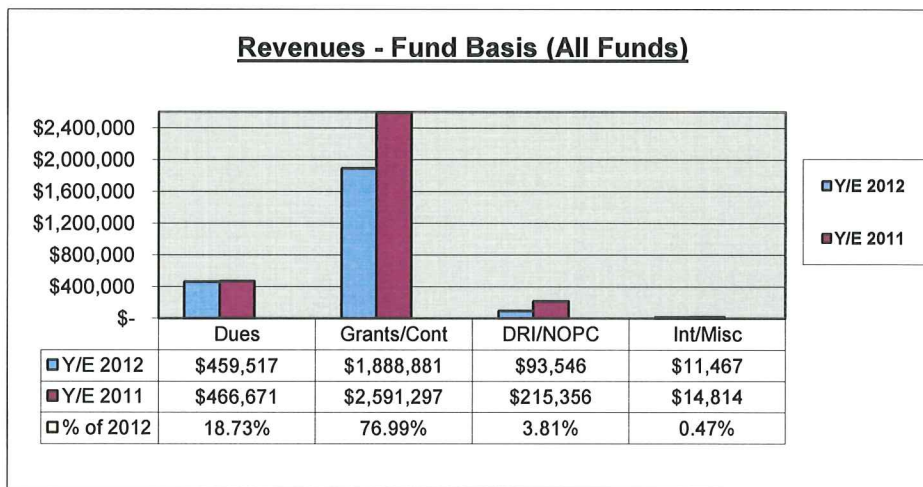
	<u>2011</u>	<u>2012</u>	<u>Change</u>
Note Payable	\$ 1,157,089	\$ 1,093,421	\$ (63,668)
Compensated Absences	101,446	64,341	(37,105)
OPEB Obligation	<u>41,351</u>	<u>55,747</u>	<u>14,396</u>
Total Outstanding Debt	1,299,886	1,213,509	<u>\$ (86,377)</u>
Less current portion	<u>(63,669)</u>	<u>(67,381)</u>	
	<u>\$ 1,236,217</u>	<u>\$ 1,146,128</u>	

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
Management's Discussion and Analysis
(unaudited)

The note payable for the office building has a monthly payment of \$10,646, including interest, with a final payment of \$826,523 due June 1, 2016. The amount reported as compensated absences represents the total amount the Council had due at the termination of all employees' employment. The net OPEB obligation is the actuarially determined cost to offer retiree's health, dental, and vision coverage.

Other Known Facts, Decisions, or Conditions

Member assessments, DRI and NOPC fees, and grants and contracts provide the majority of revenues for the Council and provide the basis for the operating expenses. Grant and contracts provided 77%, DRI and NOPC fees provided 4%, assessments provided 19% of fiscal year 2012 revenues. Interest and miscellaneous income provided less than 1% of fiscal year 2012 revenues.



In October 2011, the Regional Planning Council was informed by the MPO that the MPO was exercising their option to cancel the lease for office space in the Regional Planning Council office building as well as the administrative services portion of the contract. The MPO did vacate the Council's office building and did leave the Council's financial umbrella on January 31, 2012.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
Management's Discussion and Analysis
(unaudited)

The financial impact of the MPO leaving did likely negatively affect the Regional Planning Council in that occupancy costs increased for the remaining functions. Also the Council reduced costs through staff reductions and other cost cutting efforts.

Request for Information

This financial report is designed to provide the reader an overview of the Council. Questions regarding any information provided in this report should be directed to: the Southwest Florida Regional Planning Council, 1926 Victoria Avenue, Fort Myers, Florida 33901. The phone is (239) 338-2550, extension 237.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
STATEMENT OF NET ASSETS
September 30, 2012

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	Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 649,045
Investments	368,757
Due from other governments - grants	96,655
Receivables - contracts and other	163,962
Deposits	<u>2,494</u>
Total current assets	<u>1,280,913</u>
Noncurrent assets:	
Capital assets:	
Land	375,565
Depreciable buildings, improvements, equipment and vehicles (net of \$506,457 accumulated depreciation)	<u>1,122,983</u>
Total noncurrent assets	<u>1,498,548</u>
 TOTAL ASSETS	 <u>\$ 2,779,461</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued expenses	\$ 93,810
Retainage payable	43,150
Deferred revenue - grants	452,128
Deferred revenue - contracts	118,758
Deferred revenue - DRI/NOPC	30,090
Current portion of long-term obligations	<u>67,381</u>
Total current liabilities	805,317
Noncurrent liabilities:	
Noncurrent portion of long-term obligations	1,146,128
Commitments and Contingencies	<u>-</u>
 TOTAL LIABILITIES	 <u>1,951,445</u>
NET ASSETS	
Invested in capital assets, net of related debt	405,127
Unrestricted	<u>422,889</u>
 TOTAL NET ASSETS	 <u>828,016</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,779,461</u>

The accompanying notes are an integral part of this statement.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
STATEMENT OF ACTIVITIES
Year Ended September 30, 2012

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	<u>Governmental Activities</u>
EXPENSES	
Governmental Activities	
Project Planning:	
Personnel services	\$ 1,432,140
Operating expenses	828,322
Depreciation	55,331
Interest and fiscal charges	<u>64,083</u>
TOTAL EXPENSES - GOVERNMENTAL ACTIVITIES	<u>2,379,876</u>
 PROGRAM REVENUES	
Charges for services:	
Assessments and fees	553,063
Contracts and local grants	385,262
Operating grants and contributions	<u>1,503,619</u>
TOTAL PROGRAM REVENUES	<u>2,441,944</u>
 NET PROGRAM REVENUES (EXPENSES)	 <u>62,068</u>
 GENERAL REVENUES (LOSS)	
Increase in fair value of investments	2,314
Rental income	-
Interest and miscellaneous	<u>9,153</u>
TOTAL GENERAL REVENUES (LOSS)	<u>11,467</u>
 INCREASE IN NET ASSETS	 73,535
 NET ASSETS - Beginning of the year	 <u>754,481</u>
NET ASSETS - End of the year	<u><u>\$ 828,016</u></u>

The accompanying notes are an integral part of this statement.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
BALANCE SHEET - GOVERNMENTAL FUNDS
September 30, 2012

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	General Fund	Special Revenue Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 649,045	\$ -	\$ 649,045
Investments	368,757	-	368,757
Due from other governments - grants	-	96,655	96,655
Receivables - contracts and other	-	163,962	163,962
Deposits	2,494	-	2,494
Due from other funds	-	340,359	340,359
TOTAL ASSETS	\$ 1,020,296	\$ 600,976	\$ 1,621,272
LIABILITIES AND FUND BALANCE			
LIABILITIES			
Accounts payable and accrued expenses	\$ 93,810	\$ -	\$ 93,810
Retainage payable	43,150	-	43,150
Due to other funds	340,359	-	340,359
Deferred revenue - grants	-	452,128	452,128
Deferred revenue - contracts	-	118,758	118,758
Deferred revenue - DRI/NOPC	-	30,090	30,090
TOTAL LIABILITIES	477,319	600,976	1,078,295
FUND BALANCE			
Nonspendable	11,469	-	11,469
Restricted	-	-	-
Assigned	531,508	-	531,508
Unassigned	-	-	-
TOTAL FUND BALANCE	542,977	-	542,977
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,020,296	\$ 600,976	\$ 1,621,272

The accompanying notes are an integral part of this statement.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET ASSETS
September 30, 2012

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	<u>Amount</u>
Total fund balance for governmental funds	\$ 542,977
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	
Capital assets not being depreciated:	
Land	<u>375,565</u>
	375,565
Capital assets being depreciated:	
Building, improvements, equipment and vehicles	1,629,440
Less accumulated depreciation	<u>(506,457)</u>
	1,122,983
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Note payable	(1,093,421)
Compensated absences	(64,341)
Net OPEB obligation	<u>(55,747)</u>
	(1,213,509)
Elimination of interfund amounts:	
Due from other funds	340,359
Due to other funds	<u>(340,359)</u>
Total net assets of governmental activities	<u><u>\$ 828,016</u></u>

The accompanying notes are an integral part of this statement.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS
Year Ended September 30, 2012

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	General Fund	Special Revenue Fund	Total Governmental Funds
REVENUES			
Federal and state grants	\$ -	\$ 1,450,382	\$ 1,450,382
Contracts and local grants	-	438,499	438,499
County and city assessments	459,517	-	459,517
DRI fees	-	85,796	85,796
DRI monitoring fees	-	7,750	7,750
Increase in fair value of investments	2,314	-	2,314
Rental income	1,200	-	1,200
Interest and miscellaneous	7,953	-	7,953
TOTAL REVENUES	470,984	1,982,427	2,453,411
EXPENDITURES			
Current			
Personnel services	339,290	1,115,559	1,454,849
Operating expenditures	47,387	780,935	828,322
Capital outlay	8,803	10,577	19,380
Debt service	-	127,751	127,751
TOTAL EXPENDITURES	395,480	2,034,822	2,430,302
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	75,504	(52,395)	23,109
OTHER FINANCING SOURCES (USES)			
Operating transfers in	-	52,395	52,395
Operating transfers out	(52,395)	-	(52,395)
TOTAL OTHER FINANCING SOURCES (USES)	(52,395)	52,395	-
NET CHANGE IN FUND BALANCE	23,109	-	23,109
FUND BALANCE - Beginning of the year	519,868	-	519,868
FUND BALANCE - End of the year	\$ 542,977	\$ -	\$ 542,977

The accompanying notes are an integral part of this statement.

**SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE -
GOVERNMENTAL FUNDS TO THE STATEMENT
OF ACTIVITIES**

Page 9 of 59

Year Ended September 30, 2012

	<u>Amount</u>
Net change (revenues in excess of expenditures) in fund balance - total governmental funds	\$ 23,109
The increase in net assets reported for governmental activities in the Statement of Activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Expenditures for capital assets	19,380
Less: current year depreciation	<u>(55,331)</u>
	(35,951)
Repayment of debt principal is reported as an expenditure in the governmental funds and thus contributes to the change in fund balance. In the Statement of Net Assets, however, repayments of debt principal reduces the liability.	63,668
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	
Net decrease in compensated absences	37,105
Increase in net OPEB obligation	(14,396)
Interfund transfers increase or decrease the fund balance of the respective funds; however, the transactions offset in the government-wide statements.	
General fund:	
Operating transfers in	(52,395)
Special revenue fund:	
Operating transfers out	<u>52,395</u>
Increase in net assets of governmental activities	<u>\$ 73,535</u>

The accompanying notes are an integral part of this statement.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

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NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Southwest Florida Regional Planning Council (the "Council") is a governmental agency, created on November 8, 1973 via interlocal agreements as provided by Florida Statute 163.01 and 163.02, as amended, to assist other governmental and private agencies in the planning of projects in the Southwest Florida area under Florida Statute 186.504. The Council acts as a regional planning agency and exercises its rights and duties pursuant to Florida Statutes Chapters 23, 160, 163, 186 and 380. The Council's principal members consist of Charlotte, Collier, Glades, Hendry, Lee and Sarasota Counties. The Council's Board Members are appointed per statutory requirement. The Council is funded through statutory member assessments, various fees, and multiple federal, state, and local grants and contracts.

Specifically, the Council's mission is:

1. To make the most efficient use of its powers to promote cooperation for mutual advantage in order to provide services and facilities that will accord best with geographic, economic, social, land use, transportation, public safety resources, and other factors influencing the needs and development of local communities within its six county region;
2. To serve as a regional coordinator for the local governmental units comprising the region;
3. To exchange information on and review programs of regional concerns;
4. To promote communication between the local governments for the conservation and compatible development of the Southwest region;
5. To cooperate with Federal, State, and local government and non-government agencies to accomplish regional objectives; and
6. To do all things authorized for a Regional Planning Agency under Chapter 163, 186 and 380 of the Florida Statutes and other applicable Florida, Federal, State, and local laws, rules, and regulations.

Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used in the preparation of these basic financial statements.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Summary of Significant Accounting Policies, continued

The basic financial statements of the Council are comprised of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

Reporting Entity

The Council has adopted Governmental Accounting Standards Board (GASB) Statement Number 14, "Financial Reporting Entity" (GASB 14), as amended by GASB Statement Number 39, "Determining Whether Certain Organizations Are Component Units." These Statements require the financial statements of the Council (the primary government) to include its component units, if any. A component unit is a legally separate organization for which the elected officials of the primary government are financially accountable. Based on the criteria established in GASB Statement 14, as amended, there are no potential component units included or required to be included in the Council's financial statements.

The Council assisted in the creation and establishment of Southwest Florida Resource Conservation and Development Council, Inc. ("Conservation"), an independent Florida not-for-profit corporation. Conservation's mission is to develop a resource conservation plan for its service area, as well as to act as a clearinghouse for other conservation groups and efforts.

The Council provides no direct support to Conservation and does not have authority to exercise economic control over Conservation. The Council, however, provides Conservation with bookkeeping services free of charge. The Council cannot appoint or remove the Board members of Conservation. Therefore, Conservation is not considered a component unit of the Council, and its financial activity is not included within these financial statements.

The Council is the host (sponsoring agency) of the Metropolitan Planning Organization (MPO) and the Charlotte Harbor National Estuary Program (NEP). The MPO and the NEP each operate as functioning entities, and each has a separate Board of Directors and budget. Both the MPO and NEP operate pursuant to

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Reporting Entity, continued

authority granted by federal and state law. The MPO is considered a government agency. The MPO became a legally separate entity on January 31, 2012 and physically left the oversight of the Council. As such, fiscal activity of the MPO is included in the financial statements for the period October 1, 2011 through January 31, 2012 only. The revenue and expenditures related to the MPO for the period October 1, 2011 through January 21, 2012 were \$271,601 and \$271,601, respectively. The NEP is a program not a legal entity. The NEP and MPO are funded through federal and/or state grants and local contributions. In accordance with the standards noted above, neither entity, however, is considered a legally separate or independent entity, except as previously noted. The Council remains responsible to report the financial activity for the NEP. As such, all the financial activity and assets of the NEP are accounted for by the Council and reflected in the accompanying financial statements as well as the financial activity of the MPO for the period October 1, 2011 through January 31, 2012.

The mission of the MPO is to ensure that comprehensive, coordinated highway facilities, mass transit, rail systems, air transportation, and other facilities are located and developed.

The NEP is a program that protects the estuaries of Southwest Florida from Venice to Estero Bay. This program gives citizens, elected officials, resource managers, and commercial and recreational resource users in the 4,400-square-mile study area a voice to address diverse resource management concerns, including fish and wildlife habitat loss, water quality degradation, and water flow. The program addresses these concerns through public education, research, restoration, and legislation. The watershed in the program area includes Lee, Charlotte, Hardee, and DeSoto counties and parts of Sarasota, Manatee, and Polk counties.

The NEP established a 501(c)(3) Not-for-Profit corporation named "Friends of Charlotte Harbor Estuary, Inc. ("Friends"), to fundraise and support the mission of the NEP. Friends was formed in 2000. For the year ended September 30, 2012, Friends had revenue (unaudited) of approximately \$23,000 and expenses (unaudited) of approximately \$5,000. It held assets in the form of cash (unaudited) of approximately \$18,000. When Friends directly supports NEP it would be reported

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Reporting Entity, continued

herein as local support. As such, the financial activity of Friends is not included in these financial statements.

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the activities of the Council and do not emphasize fund types. These governmental activities comprise the primary government. General governmental and intergovernmental revenues support the governmental activities. The purpose of the government-wide financial statements is to allow the user to be able to determine if the Council is in a better or worse financial position than the prior year. The effect of all interfund activity between governmental funds has been removed from the government-wide financial statements.

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement 33, "Accounting and Financial Reporting for Nonexchange Transactions."

Amounts paid to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as expenditures. Proceeds of long-term debt are recorded as liabilities in the government-wide financial statements, rather than as other financing sources. Amounts paid to reduce long-term indebtedness of the reporting government are reported as a reduction of the related liability in the government-wide financial statements, rather than as expenditures.

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 or segment. Program revenues include: 1)

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Government-wide Financial Statements, continued

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 improvements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Program revenues are considered to be revenues generated by services performed and/or by fees charged such as dues, assessments, fees, and operating grants and contracts.

Fund Financial Statements

The Council adheres to GASB Number 54, Fund Balance Reporting and Governmental Fund Type Definitions.

The accounts of the Council are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. Fund financial statements for the Council's governmental funds are presented after the government-wide financial statements. These statements display information about major funds individually and nonmajor funds in aggregate for governmental funds.

Governmental Funds

When both restricted and unrestricted resources are combined in a fund, expenditures are considered to be paid first from restricted resources, as appropriate, and then from unrestricted resources. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Governmental Funds, continued

The Council's major funds are presented in separate columns on the governmental fund financial statements. The definition of a major fund is one that meets certain criteria set forth in GASB Statement Number 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". The funds that do not meet the criteria of a major fund are considered non-major funds and are combined into a single column on the governmental fund financial statements.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported in separate columns on the fund financial statements.

Measurement Focus and Basis of Accounting

Basis of accounting refers to when 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.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period and soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers tax revenues to be available if they are collected within sixty days of the end of the current fiscal period.

Revenues susceptible to accrual are interest on investments and intergovernmental revenues. Interest on invested funds is recognized when earned. Intergovernmental revenues that are reimbursements for specific purposes or projects are recognized when all eligibility requirements are met.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Measurement Focus and Basis of Accounting, continued

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) principal and interest on the long-term debt, if any, which is recognized when due; and (2) expenditures are generally not divided between years by the recording of prepaid expenditures.

When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, then unrestricted resources as they are needed.

Non-current Government Assets/Liabilities

GASB 34 requires non-current governmental assets, such as land and buildings, and non-current governmental liabilities, such as notes payable and capital leases to be reported in the governmental activities column in the government-wide Statement of Net Assets.

Major Funds

The Council reports the following major governmental funds:

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

The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The Council accounts for grant proceeds received and grant expenditures incurred in its Special Revenue Fund as well as all contract and other special purpose revenue such as DRI fees.

Budgetary Information

The Council has elected to report budgetary comparison of major funds as required supplementary information (RSI).

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Investments

The Council adheres to the requirements of Governmental Accounting Standards Board (GASB) Statement Number 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools," in which all investments are reported at fair value, with the exception of the Local Government Surplus Funds Investment Pool Trust Fund (State Board of Administration), an external 2a7-like investment pool. The Local Government Surplus Funds Investment Pool Trust Fund's shares are stated at amortized cost (otherwise known as fluctuating net asset value or "NAV"), which approximates fair value.

Investments, including restricted investments (if any), consist of the State of Florida Local Government Surplus Funds Trust Fund and Certificates of Deposit held at local depositories.

Capital Assets

Capital assets, which include land, buildings, furniture and fixtures, equipment, and vehicles, are reported in the government-wide financial statements in the Statement of Net Assets.

The Council follows a capitalization policy which calls for capitalization of all fixed assets that have a cost or donated value of \$1,000 or more and have a useful life in excess of one year.

All capital assets are valued at historical cost, or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date donated. Public domain (infrastructure) capital assets consisting of certain improvements other than building, including curbs, gutters, and drainage systems, are not capitalized, as the Council generally does not acquire such assets. No debt-related interest expense is capitalized as part of capital assets in accordance with GASB Statement Number 34.

Maintenance, repairs, and minor renovations are not capitalized. The acquisition of land and construction projects utilizing resources received from Federal and State agencies are capitalized when the related expenditure is incurred.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Capital Assets, continued

Expenditures that materially increase values, change capacities, or extend useful lives are capitalized. Upon sale or retirement, the cost is eliminated from the respective accounts.

Expenditures for capital assets are recorded in the fund statements as current expenditures. However, such expenditures are not reflected as expenditures in the government-wide statements, but rather are capitalized and depreciated.

Depreciable capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	45
Improvements Other Than Buildings	7-15
Furniture & Fixtures	7
Equipment	3-10
Vehicles	3

Budgets and Budgetary Accounting

The Council has adopted annual budgets for the General Fund and the Special Revenue Fund.

The Council follows these procedures in establishing budgetary data for the General Fund and Special Revenue Fund.

1. During the summer of each year, Council management submits to the Board a proposed operating budget for the fiscal year commencing on October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain public comments.
3. The budget is adopted by approval of the Board Members.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Budgets and Budgetary Accounting, continued

4. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
5. Budget transfers can be made throughout the year between expenditure accounts by approval of the Board Members. The level of control for appropriations is exercised at the fund level.
6. Budget amounts, as shown in these basic financial statements, are as originally adopted or as amended by the Board Members.
7. Appropriations lapse at year-end.
8. The Board Members approved several budget amendments, in both funds, during the fiscal year ended September 30, 2012. The budget amendments decreased total budgeted expenditures by \$298,607 in the General Fund and decreased total budgeted expenditures by \$947,897 in the Special Revenue Fund.

For the year ended September 30, 2012, the Council budgeted revenues in excess of expenditures (after amendments) of \$304,523 in the General Fund, plus a transfer out to the Special Revenue Fund of \$304,523, and a fund balance carryforward of \$519,868. Expenditures were budgeted in excess of revenues (after amendments) in the Special Revenue Fund for the year ended September 30, 2012 in the amount of \$304,523. This deficiency in the Special Revenue Fund was budgeted to be funded from the General Fund.

Encumbrances

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, is not employed by the Council because it is at present not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Compensated Absences

The Council's employees accumulate leave based on various criteria including the number of years of continuous service and job classification.

Leave which is requested and approved prior to the day in which it is taken by the employee (vacation) shall be considered to be scheduled leave. At September 30, any scheduled leave accrued above 160 hours shall be used or forfeited. Any employee who is separated from the Council staff by layoff, resignation, death, disability, or other cause shall be paid for the number of working hours of unused scheduled (vacation) leave accrued, not to exceed 160 hours.

Leave not requested/approved prior to the day it is taken (sick time) shall be considered unscheduled. Unscheduled leave may be accumulated to a total of 200 hours. There is no reimbursement for unscheduled leave accrual at the time of an employee's termination from the Council.

Due From Other Governments

No allowances for losses on uncollectible accounts has been recorded since the Council considers all amounts to be fully collectible.

Management Estimates

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the Council to make estimates and assumptions that affect the reported amounts of assets, liabilities, fund equity, and disclosure of contingent assets and liabilities at the date of the basic financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Net Assets

In the governmental fund financial statements no net assets have been identified as restricted. Restricted net assets are those net assets that have constraints as to their use externally imposed by creditors, through debt covenants, by grantors, or by law.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Fund Balances

The governmental fund financial statements the Council maintains include nonspendable, assigned, and unassigned fund balances. Nonspendable balances are those that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Criteria include items that are not expected to be converted into cash, for example prepaid expenses, "Fund B" SBA funds and deposits.

The Council's assigned balances are a result of the Council's Board approval of actions prior to October 1, 2012. The Council's intent and policy is to maintain a minimum assigned fund balance level between four (4) to six (6) months of prior year total expenditures. This assigned fund balance will serve as the Council's operational and capital reserve as well as its disaster reserve. At September 30, 2012, the entire fund balance is classified as assigned since the balance is less than the Council's minimum target fund balance. Any use of the fund balance requires the Council's Board approval.

Interfund Transactions

The Council considers interfund receivables (due from other funds) and interfund liabilities (due to other funds) to be loan transactions to and from other funds to cover temporary (three months or less) cash needs. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing funds and as reduction of expenditures/expenses in the fund that is reimbursed.

Subsequent Events

Subsequent events have been evaluated through April 29, 2013, which is the date the financial statements were available to be issued.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
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NOTE B - CASH AND CASH EQUIVALENTS

Cash was \$649,045, including cash on hand of \$200 at September 30, 2012.

Deposits

The Council's deposit policy allows deposits to be held in demand deposits and money market accounts. All Council depositories are institutions designated as qualified depositories by the State Treasurer at September 30, 2012.

The Council's deposits consist of the following at September 30, 2012:

	Bank Balance	Carrying Amount
Depository Accounts	<u>\$430,981</u>	<u>\$ 648,845</u>

These deposits were entirely covered by federal depository insurance or by collateral pursuant to the Public Depository Security Act (Florida Statute 280) of the State of Florida. Bank balances approximate market value. Depository accounts are fully insured.

NOTE C - INVESTMENTS

Florida Statutes and the Council's investment policy authorize investments in the Local Government Surplus Funds Trust Fund (SBA) administered by the State Board of Administration, and certificates of deposit held in financial institutions. The Council held one (1) Certificate of Deposit (CD) at September 30, 2012. The CD is fully insured by Federal Depository Insurance or by collateral pursuant to the Public Depository Security Act of the State of Florida (Florida Statute 280).

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NOTE C - INVESTMENTS, CONTINUED

At September 30, 2012, the Council's investments consist of the following:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Cost Basis</u>	<u>Fair Value (NAV)/ Carrying Amount</u>
<u>General Fund</u>				
Local Government Surplus Trust Fund (SBA)				
Fund "A" (Florida PRIME)			\$ 46,097	\$ 46,097
Fund "B"			9,457	8,975
Certificates of Deposit				
Financial Institution	6/7/2015 *	1.98%	<u>313,685</u>	<u>313,685</u>
Total investments			<u>\$ 369,239</u>	<u>\$ 368,757</u>

* The CD renewed on December 7, 2012.

The Local Government Surplus Funds Trust Fund (Florida PRIME (formerly Fund "A")) is an external 2a7-like investment pool, administered by the Florida State Board of Administration. The Local Government Surplus Funds Investment Pool Trust Fund is not categorized as it is not evidenced by securities that exist in physical or book entry form. The Local Government Surplus Trust Funds Investment Pool's shares are stated at amortized cost (NAV), which approximates fair value. These investments are subject to the risk that the market value of an investment, collateral protecting a deposit or securities underlying a repurchase agreements, will decline. The Council's investment in the Fund represented less than 1% of the Fund's total investments. Investments held in the Fund include, but are not limited to, short-term federal agency obligations, treasury bills, repurchase agreements and commercial paper. These short-term investments are stated at cost, which approximates market. Investment income is recognized as earned and is allocated to participants of the Fund based on their equity participation.

At September 30, 2012, the Council reported SBA investments of \$46,097 fair value/cost for amounts held in Florida PRIME. Florida PRIME carried a credit rating of AAAM by Standard and Poors and had a weighted average days to maturity (WAM) of 39 days at September 30, 2012.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
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NOTE C - INVESTMENTS, CONTINUED

At September 30, 2012, the Council reported investments of \$8,975 (NAV) for amounts held in Fund "B" Surplus Funds Trust Fund administered by the State Board of Administration (SBA) pursuant to Section 218.405, Florida Statutes. The SBA does not believe Fund "B" meets the requirements of a SEC 2a7-like investment pool; therefore SBA is providing a fair value factor (i.e.: total net asset value of Fund "B" divided by total participant balance of Fund "B" at September 30, 2012 as a means of determining the net asset value (NAV). The fair value factor for September 30, 2012 (the latest valuation available) is .94896811. The District's investments in the Fund "B" investment pool are similar to money market funds in which shares are owned in the fund rather than the underlying investments and as such, use fluctuating net asset value. Specifically, the Fund "B" uses fluctuating NAV for valuation of Fund "B". The SBA has taken the position that participants in the Fund "B" investment pool should disclose information related to interest rate risk and credit risk. Fund "B" was not rated by a nationally recognized statistical rating agency as of September 30, 2012. The weighted average life (WAL) of Fund "B" at September 30, 2012, was 4.08 years. A portfolio's WAL is the dollar weighted average length of time until securities held reach maturity is based on legal final maturity dates for Fund "B" as of September 30, 2012. WAL measures the sensitivity of Fund "B" to interest rate changes. Fund "B" did not participate in a securities-lending program during the fiscal year ended September 30, 2012.

It is the belief of the SBA that the remaining balance may, in whole or in part, be recovered. However, it may not be available for up to one year. At September 30, 2012, the SBA has determined the market value of the Fund "B" shares to be \$482, less than the cost in the General Fund in total. The gain, although technically unrealized, is recorded as a current year gain in keeping with the District's policy to reflect investments at market value.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
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NOTE D - DUE FROM OTHER GOVERNMENTS - GRANTS

Grants receivable consisted of the following at September 30, 2012:

	<u>Amount</u>
<u>Federal</u>	
FDOT - PL Sec. 112-MPO-10-11 (CFDA 20.205)	\$ 13,013
Hazardous Materials Emergency Preparedness - Planning & Training (CFDA 20.703)	31,706
Economic Development (CFDA 11.302) Planning, Section 203	16,250
Economic Adjustment Assistance (CFDA 11.307)	<u>14,619</u>
Total due from other governments - federal grants	<u>75,588</u>
<u>State</u>	
DCA Title III 2011-2012 (CSFA 52.023)	20,349
Lee County - TD - Year 21 (CSFA 55.002)	<u>718</u>
Total due from other governments - state grants	<u>21,067</u>
Total due from other governments - grants	<u><u>\$ 96,655</u></u>

The grants receivable balances as of September 30, 2012, are considered by management to be fully collectible.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
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NOTE E - CAPITAL ASSETS ACTIVITY

The following is a summary of changes in capital assets activity for the year ended September 30, 2012:

	Balance October 1 2011	Increases/ Additions	Decreases/ Deletions	Adjustments/ Reclassifications	Balance September 30 2012
Capital Assets Not Being Depreciated:					
Land	\$ 375,565	\$ -	\$ -	\$ -	\$ 375,565
Total Capital Assets Not Being Depreciated	<u>375,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>375,565</u>
Capital Assets Being Depreciated:					
Building & improvements	1,363,973	4,324	-	-	1,368,297
Furniture & fixtures	21,550	-	-	-	21,550
Equipment	254,165	15,056	(51,415)	-	217,806
Vehicles	<u>21,787</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,787</u>
Total Capital Assets Being Depreciated	<u>1,661,475</u>	<u>19,380</u>	<u>(51,415)</u>	<u>-</u>	<u>1,629,440</u>
Less Accumulated Depreciation:					
Building & improvements	(244,758)	(37,878)	-	-	(282,636)
Furniture & fixtures	(21,550)	-	-	-	(21,550)
Equipment	(223,888)	(13,096)	51,415	-	(185,569)
Vehicles	<u>(12,345)</u>	<u>(4,357)</u>	<u>-</u>	<u>-</u>	<u>(16,702)</u>
Total Accumulated Depreciation	<u>(502,541)</u>	<u>(55,331)</u>	<u>51,415</u>	<u>-</u>	<u>(506,457)</u>
Total Capital Assets Being Depreciated, Net	<u>1,158,934</u>	<u>(35,951)</u>	<u>-</u>	<u>-</u>	<u>1,122,983</u>
Capital Assets, Net	<u>\$ 1,534,499</u>	<u>\$ (35,951)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>1,498,548</u>

Related debt (1,093,421)

Net assets invested in capital

assets, net of related debt \$ 405,127

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
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NOTE E - CAPITAL ASSETS ACTIVITY, CONTINUED

Depreciation expense was charged to the following functions during the year ended September 30, 2012:

	<u>Amount</u>
General Government	<u>\$ 55,331</u>
Total Depreciation Expense	<u><u>\$ 55,331</u></u>

NOTE F - DUE TO/FROM OTHER FUNDS

Interfund receivables and payables at September 30, 2012, are as follows:

<u>Fund</u>	<u>Due from other funds</u>	<u>Due to other funds</u>
General Fund:		
Special Revenue Fund	<u>\$ -</u>	<u>\$ 340,359</u>
Total General Fund	<u>-</u>	<u>340,359</u>
Special Revenue Fund:		
General Fund	<u>340,359</u>	<u>-</u>
Total Special Revenue Fund	<u>340,359</u>	<u>-</u>
Total	<u><u>\$ 340,359</u></u>	<u><u>\$ 340,359</u></u>

Interfund receivables and payables were eliminated for presentation purposes in the Statement of Net Assets at September 30, 2012.

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September 30, 2012

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NOTE G - DEFERRED REVENUE

Deferred revenue (by type) consisted of the following at September 30, 2012:

	<u>Amount</u>
<u>Grants - Federal</u>	
National Estuary Program (CFDA 66.456)	\$ 292,610
Regional Wetlands Program Dev- Salt Marsh (CFDA 66.461)	159,518
	<u>\$ 452,128</u>
<u>Contracts</u>	
NEP - Local	\$ 118,758
	<u>\$ 118,758</u>
<u>DRI/NOPC</u>	
DRI - Fountains	\$ 8,706
NOPC - Palmer XX	7,692
NOPC - SCIBC - 1st Baptist of Venice	10,484
NOPC - Parkland	708
NOPC - Tuscany	2,500
	<u>\$ 30,090</u>

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
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NOTE H - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended September 30, 2012:

	Balance October 1 2011	Additions	Retirements / Adjustments	Balance September 30 2012	Amounts Due Within One Year
Note payable	\$ 1,157,089	\$ -	\$ (63,668)	\$ 1,093,421	\$ 67,381
Compensated absences	101,446	91,648	(128,753)	64,341	-
Net OPEB obligation	<u>41,351</u>	<u>14,396</u>	<u>-</u>	<u>55,747</u>	<u>-</u>
	<u>\$ 1,299,886</u>	<u>\$ 106,044</u>	<u>\$ (192,421)</u>	<u>\$ 1,213,509</u>	<u>\$ 67,381</u>

The following is a summary of the long-term liabilities at September 30, 2012:

	Amount
\$1,525,000 note payable monthly to financial institution in the amount of \$10,646 including interest at 5.68% to finance the purchase of an office building. The note is uncollateralized except for available general revenue and includes prepayment penalties. Final principal payment of \$826,523 due June 1, 2016.	\$ 1,093,421
Non-current portion of compensated absences. Employees of the Council are entitled to paid scheduled (vacation) leave based on length of service and job classification.	64,341
Net OPEB obligation. Cumulative difference between annual OPEB cost and Council's projected payments toward the cost of post employment benefits other than pensions since GASB no. 45 transition date (October 1, 2009)	<u>55,747</u>
	<u>\$ 1,213,509</u>

The annual debt service requirements at September 30, 2012, were as follows:

Year Ending September 30	Total Principal	Total Interest	Total
Note payable:			
2013	\$ 67,381	\$ 60,370	\$ 127,751
2014	71,309	56,442	127,751
2015	75,467	52,284	127,751
2016	<u>879,264</u>	<u>36,339</u>	<u>915,603</u>
Total Note Payable	1,093,421	205,435	1,298,856
Accrued compensated absences	64,341	-	64,341
Net OPEB obligation	<u>55,747</u>	<u>-</u>	<u>55,747</u>
Total Long-Term Debt	<u>\$ 1,213,509</u>	<u>\$ 205,435</u>	<u>\$ 1,418,944</u>

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
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NOTE H - LONG-TERM LIABILITIES, CONTINUED

Interest expense related to the note payable for the year ended September 30, 2012 was \$64,083.

The Council's outstanding note payable contains several covenants that require the Council to ensure compliance, including a debt service ratio as well as facilities maintenance, insurance and reporting requirements.

NOTE I - PENSION PLAN - FLORIDA RETIREMENT SYSTEM (FRS)

Plan Description and Provisions

Substantially all Council employees are participants in the statewide Florida Retirement System (FRS) under the authority of Article X, Section 14 of the State Constitution and Florida Statutes, Chapters 112 and 121. The FRS was noncontributory prior to July 1, 2011. Beginning July 1, 2011, FRS requires a 3% of eligible compensation employee contribution for all classes of employees except those enrolled in the DROP program, which requires no employee contribution. The FRS is totally administered by the State of Florida. The Council contributed 100% of the required contributions. Pension costs for the Council ranged between 4.91% and 6.30% of gross wages for the year ended September 30, 2012. The Council's contributions to the plan were \$60,395, \$170,332, and \$184,466 for the fiscal years ended September 30, 2012, 2011, and 2010, respectively. The Council's covered payroll for the years ended September 30, 2012, 2011, and 2010 was \$1,169,610, \$1,705,751, and \$1,698,289, respectively.

Employees enrolled prior to July 1, 2011, who retire at or after age 62 with 6 years of creditable service, 6 years of senior management service and age 62, 6 years of special risk service and age 55, or 30 years of service (25 years for special risk) regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% to 3.0% per year of creditable service, depending on the class of employee (regular, special risk, etc.) based on average final compensation of the five (5) highest fiscal years' compensation. Benefit cannot exceed 100% of average final compensation.

Employees enrolled on or after July 1, 2011, who retire at or after age 65 with 8 years of creditable service, 8 years of senior management service and age 65, 8 years of special risk service and age 60, or 33 years of service (30 years for special risk)

NOTE I - PENSION PLAN - FLORIDA RETIREMENT SYSTEM (FRS), CONTINUED

Plan Description and Provisions, continued

regardless of age, are entitled to a retirement benefit, payable monthly for life, equal to 1.6% to 3.0% per year of creditable service, depending on the class of employee (regular, special risk, etc.) based on average final compensation of the eight (8) highest fiscal years' compensation. Benefit cannot exceed 100% of average final compensation.

Benefits vest after six (6) years of credited service for those employees enrolled prior to July 1, 2011 and after eight (8) years for those enrolled on or after July 1, 2011. Vested employees may retire anytime after vesting and incur a 5% benefit reduction for each year prior to normal retirement age.

Early retirement, disability, death, and survivor benefits are also offered. Benefits are established by State Statute. The plan provides for a constant 3% cost-of-living adjustment for retirees.

The Plan also provides several other plan and/or investment options that may be elected by the employee. Each offers specific contribution and benefit options. The Plan documents should be referenced for complete detail.

Description of Funding Policy

This is a cost sharing, multi-employer defined benefit plan available to governmental units within the state, and actuarial information with respect to an individual participating entity is not available. 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.

Plan Information

A copy of the FRS's June 30, 2012 annual report can be obtained by writing to the Florida Division of Retirement, Cedars Executive Center, 2639-C North Monroe Street, Tallahassee, Florida 32399-1560, or by calling (850) 488-5706.

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NOTE I - PENSION PLAN - FLORIDA RETIREMENT SYSTEM (FRS), CONTINUED

Other Post Employment Benefits

The Council provides post retirement health care benefits to eligible employees. Upon retirement from the Council and becoming a recipient of monies from the State of Florida Retirement Trust Fund (FRS), eligible retired employees are qualified for continued health insurance benefits. Eligible retired employees have their medical insurance premiums paid by the Council, but are required to reimburse the Council for 100% of the premiums paid by the Council on their behalf.

NOTE J - COMMITMENTS/CONTINGENCIES

Grants

The Council is currently receiving, and has received in the past, grants which are subject to special compliance audits by the grantor agency. The grantor agency may at times disallow expenditure amounts associated with a contract based on the outcome of an audit. These amounts would constitute a contingent liability of the Council. The Council has not, as of September 30, 2012, been notified of any existing contingent liabilities related to prior grants or the grants currently in process. The Council has not had any special compliance audits conducted by grantor agencies or any disallowed costs during the year ended September 30, 2012. The management of the Council does not believe contingent liabilities, if any exist, to be material.

NOTE K - OPERATING LEASE COMMITMENTS

The Council leases certain copiers and equipment under agreements classified as operating leases.

Future minimum lease payments under the operating leases are as follows:

<u>Years Ending September 30</u>	<u>Amount</u>
2013	\$ 8,004
2014	3,168
	<u>\$ 11,172</u>

For the year ended September 30, 2012, total rent expense was \$21,961.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
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NOTE L - INDIRECT EXPENDITURES

Indirect expenditures (including indirect and fringe benefit costs) allocated to the Special Revenue Fund during the year ended September 30, 2012, consist of the following:

	<u>Amount</u>
Personnel services:	
Salaries and fringe benefits	<u>\$ 494,451</u>
Operating expenditures:	
Professional fees	67,964
Telephone, rent, supplies, etc.	51,194
Miscellaneous and insurance	25,528
Computer supplies and graphics	24,504
Professional development/meetings	25,223
Travel	152
Postage	456
Printing/reproduction	1,360
Advertising	77
Publications	1,420
Utilities	<u>22,572</u>
	<u>Total operating expenditures 220,450</u>
Debt service	<u>127,751</u>
	<u>Total indirect expenditures \$ 842,652</u>

NOTE M - ECONOMIC DEPENDENCE

The Council's operations are substantially dependent on the receipt of revenue from grantor and contract agencies. Loss of these funds and/or large decreases in this type of funding would have a material effect on the financial position of the Council and a negative impact on overall operations. For the fiscal year ended September 30, 2012, approximately 81% of total revenue is attributable to funds received from grantor and contract agencies.

NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)

The Council's defined benefit OPEB Plan provides the opportunity to obtain insurance (health, dental, and vision) benefits to its retired employees. The year ended September 30, 2010, was the Council's transition year. As such, the Council implemented GASB No. 45 on a prospective basis. All retired full-time employees are eligible for OPEB benefits if actively employed by the Council immediately before retirement. As of September 30, 2012, there were zero (0) retirees receiving these benefits. The benefits are provided both with and without contractual agreements. The Council's OPEB policy provides the opportunity for qualified retirees (pre-medicare qualified retirees) the opportunity to purchase health, dental, and vision insurance coverage similar to active full-time employees. As such, the qualified retiree is responsible for 100% of the cost of coverage selected. The Council simply acts as agent for the retiree and submits the premiums paid by the retiree. The Council pays for no portion of the retiree insurance coverage. The Council finances the benefits on a pay-as-you-go basis and recognizes retiree reimbursement of premiums as revenue and the offsetting expenditures at the time the premiums are due.

Funding Policy

The Council's OPEB benefits are unfunded. The Council has not determined if a separate trust fund or equivalent arrangement will be established into which the Council would make contributions to advance-fund the obligation. Therefore, no separate financial statement is issued. All required disclosures are presented herein. The Council obtained an actuarial valuation for OPEB Plan to measure the current year's subsidies and project these subsidies into the future, making an allocation of that cost to different years. The following schedule of funding progress presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
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**NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB),
CONTINUED**

Schedule of Funding Progress

(1)	Actuarial		Unfunded			UAAL as a
Actuarial	Value of	Actuarial	Actuarial		Annual	Percentage of
Valuation	Assets	Accrued	Liability	Funded	Covered	Covered
Date	(AVA)	Liability (AAL)	(UAAL)	Ratio	Payroll	Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c
10/01/09	\$ -	\$ 142,670	\$ 142,670	0.0%	\$1,664,926	8.6%
10/01/10	\$ -	\$ 149,984	\$ 149,984	0.0%	\$1,667,142	9.0%
10/01/11	\$ -	\$ 141,788	\$ 141,788	0.0%	\$1,679,472	8.4%

(1) - Initial actuarial valuation dated 10/1/09 (transition year)

Schedule of Contributions from Employer

Year	Annual	Projected	Percentage of		Actual
Ended	OPEB Cost	Cash	Annual OPEB	Net OPEB	Cash
		Payment*	Cost	Obligation	Payment
9/30/10	\$ 28,332	\$ 3,025	10.7%	\$ 25,307	\$ -
9/30/11	\$ 25,202	\$ 9,158	36.3%	\$ 41,351	\$ -
9/30/12	\$ 24,236	\$ 9,840	40.6%	\$ 55,747	\$ -

*The Council did not make the expected cash payments of \$ 3,025, \$9,158 or \$9,840 during the years ended September 30, 2010, 2011 and 2012, respectively because the Council had no retiree participants. Therefore, the actual Net OPEB obligation was \$25,307, \$41,351 and \$55,747 at September 30, 2010, 2011 and 2012, respectively.

Annual OPEB Cost and Net OPEB Obligation

The annual OPEB cost is the amount that was expensed in the current year. Since the Council's plan is unfunded, the offset to that expense comes from subsidies paid on behalf of the current retirees and their dependents for the current year. This offset is called the expected cash payment. The cumulative difference between the annual OPEB cost for the year and the expected cash payment is called the net OPEB obligation (NOO). The net OPEB obligation is reflected as a liability in the Statement of Net Assets. The following table shows the components of the Council's annual OPEB cost for the year and the net OPEB obligation.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

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**NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB),
CONTINUED**

<u>Fiscal year ended September 30, 2012</u>	<u>Amount</u>
Annual required contribution (ARC)	\$ 23,223
Less NOO amortization	(1,055)
Plus interest on NOO	<u>2,068</u>
Annual OPEB cost	24,236
Expected cash payment (projected)*	<u>(9,840)</u>
Yearly change in OPEB obligation	14,396
Net OPEB obligation - beginning of year	<u>41,351</u>
Net OPEB obligation - end of year	<u><u>\$ 55,747</u></u>

*The Council did not make the expected cash payment of \$9,840 during the year ended September 30, 2012 since the Council had no retiree participants. Therefore, the actual Net OPEB obligation is \$55,747.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare cost trend. Amounts determined regarding the funding status of a plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members. The actual methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial valuation of assets, consistent with the long-term perspective of the calculations.

In the October 1, 2011 actuarial valuation, the entry age normal (level % of pay) actuarial cost method with linear pro-rata to assumed benefit commencement was used. The actuarial assumptions included a 5.0 percent investment rate of

**NOTE N - POST-EMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB),
CONTINUED**

Actuarial Methods and Assumptions, continued

return. Since there are no invested plan assets held in trust to finance the OPEB obligations, the investment return discount rate is the long-term expectation of investment return on assets held in Council funds pursuant to its investment policy. The assumptions also included an annual healthcare cost inflation rate trend of 8% (pre-medicare) in 2009 trending to 5% (pre-medicare) in 2012. The unfunded actuarial accrued liability, as calculated, is being amortized over a closed amortization period of 30 years as a level percent of payroll. The assumed rate of payroll growth is 0.0 percent. The assumed rate of inflation is 0.0 percent.

NOTE O - PARKING LOT LEASE

During the year ended September 30, 2010, the Council entered into an operating lease whereby the Council agreed to lease a portion of its parking lot to a third party. The lease commenced November 1, 2009 and has a term of sixty (60) months. The lease requires a \$400 per month rent payment due on each first (1st) of the month. The lease required no security deposit. The lease is renewable by mutual consent and requires rent of \$400 per month throughout the initial term of the lease. The lease also provides the tenant will provide the Council storage space of approximately 500 square feet in their office building. The Council recognized rent during the year ended September 30, 2012, of \$1,200. The lease terminated during the year ended September 30, 2012 as the tenant encountered financial difficulty.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2012

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NOTE P - FUND BALANCE

Fund balance was classified for the following purposes at September 30, 2012:

<u>Nonspendable fund balance - General Fund</u>	<u>Amount</u>
Deposits	\$ 2,494
SBA - Fund "B"	<u>8,975</u>
	<u>\$ 11,469</u>
 <u>Assigned fund balance - General Fund</u>	 <u>Amount</u>
Operating reserves	\$ 531,508
	<u>\$ 531,508</u>

**REQUIRED SUPPLEMENTARY
INFORMATION
OTHER THAN MD&A**

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
SUMMARY STATEMENT
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	General Fund			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
REVENUES				
Federal and state grants	\$ -	\$ -	\$ -	\$ -
Contracts and local grants	-	-	-	-
County and city assessments	459,517	459,517	459,517	-
DRI fees	-	-	-	-
DRI monitoring fees	-	-	-	-
Increase in fair value of investments	-	-	2,314	2,314
Rental income	-	-	1,200	1,200
Interest and miscellaneous	15,000	15,000	7,953	(7,047)
Fund balance carryforward	680,090	519,868	-	(519,868)
TOTAL REVENUES	<u>1,154,607</u>	<u>994,385</u>	<u>470,984</u>	<u>(523,401)</u>
EXPENDITURES				
Current				
Personnel services	854,692	885,192	339,290	545,902
Operating expenditures	111,777	(217,330)	47,387	(264,717)
Capital outlay	22,000	22,000	8,803	13,197
Debt service	-	-	-	-
TOTAL EXPENDITURES	<u>988,469</u>	<u>689,862</u>	<u>395,480</u>	<u>294,382</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>166,138</u>	<u>304,523</u>	<u>75,504</u>	<u>(229,019)</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	(166,138)	(304,523)	(52,395)	252,128
TOTAL OTHER FINANCING SOURCES (USES)	<u>(166,138)</u>	<u>(304,523)</u>	<u>(52,395)</u>	<u>252,128</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>23,109</u>	<u>\$ 23,109</u>
FUND BALANCE, October 1, 2011			<u>519,868</u>	
FUND BALANCE, September 30, 2012			<u>\$ 542,977</u>	

The accompanying notes are an integral part of this statement.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
DETAILED STATEMENT
Year Ended September 30, 2012

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General Fund				
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal and state grants	\$ -	\$ -	\$ -	\$ -
Contracts and local grants	-	-	-	-
County and city assessments	459,517	459,517	459,517	-
DRI fees	-	-	-	-
DRI monitoring fees	-	-	-	-
Increase in fair value of investments	-	-	2,314	2,314
Rental income	-	-	1,200	1,200
Interest and miscellaneous	15,000	15,000	7,953	(7,047)
Fund balance carryforward	680,090	519,868	-	(519,868)
TOTAL REVENUES	1,154,607	994,385	470,984	(523,401)
EXPENDITURES				
Current				
Personnel services				
Salaries	411,692	534,692	544,753	(10,061)
Fringe benefits:				
FICA	195,000	114,500	87,889	26,611
Retirement	98,000	96,000	60,395	35,605
Health insurance	150,000	140,000	127,272	12,728
Severance	-	-	-	-
Workers compensation/unemployment	-	-	13,432	(13,432)
Allocation of indirect expenditures	-	-	(494,451)	494,451
Total personnel services	854,692	885,192	339,290	545,902
Operating expenditures				
Professional fees:				
Legal fees	-	-	27,188	(27,188)
Consultant fees	1,500	1,500	-	1,500
Audit fees	46,000	46,000	44,430	1,570
Telephone, rent, supplies, etc:				
Office supplies	12,050	12,050	7,202	4,848
Equipment rental	35,000	24,000	21,961	2,039
Storage unit rental	-	-	-	-
Repairs and maintenance	25,000	25,000	15,503	9,497
Telephone	5,000	5,000	6,527	(1,527)
Miscellaneous and insurance:				
Insurance	33,000	33,000	21,559	11,441
Other miscellaneous	1,500	8,500	30,019	(21,519)
Computer supplies and graphics	29,200	29,200	30,789	(1,589)
Professional development/meetings:				
Professional development/dues	23,700	23,700	26,231	(2,531)
Meetings/events	1,450	1,450	2,758	(1,308)

The accompanying notes are an integral part of this statement.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND -
DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2012

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	General Fund			
	Original	Final		Variance
	Budget	Budget	Actual	Favorable
Operating expenditures (continued)				(Unfavorable)
Travel	4,120	5,120	3,648	1,472
Postage	1,860	1,860	1,060	800
Printing/reproduction	1,400	1,400	1,842	(442)
Utilities	30,000	30,000	22,572	7,428
Advertising	1,050	1,050	3,128	(2,078)
Publications	1,500	1,500	1,420	80
NEP grant expenses	-	-	-	-
MPO grant expenses	-	-	-	-
Amount to be reserved for ED/PR	400,000	234,115	-	234,115
Amount to be reserved for A/C	14,895	14,895	-	14,895
Reserves - operations	680,090	519,868	-	519,868
Allocation of indirect expenditures	(1,236,538)	(1,236,538)	(220,450)	(1,016,088)
Total operating expenditures	111,777	(217,330)	47,387	(264,717)
Capital outlay				
Capital purchases	22,000	22,000	8,803	13,197
Allocation of indirect expenditures	-	-	-	-
Total capital outlay	22,000	22,000	8,803	13,197
Debt service				
Principal retirement	-	-	63,669	(63,669)
Interest and fiscal charges	-	-	64,082	(64,082)
Allocation of indirect expenditures	-	-	(127,751)	127,751
Total debt service	-	-	-	-
TOTAL EXPENDITURES	988,469	689,862	395,480	294,382
EXCESS OF REVENUES OVER				
(UNDER) EXPENDITURES	166,138	304,523	75,504	(229,019)
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	-	-	-
Operating transfers out	(166,138)	(304,523)	(52,395)	252,128
TOTAL OTHER FINANCING SOURCES (USES)	(166,138)	(304,523)	(52,395)	252,128
NET CHANGE IN FUND BALANCE	\$ -	\$ -	23,109	\$ 23,109
FUND BALANCE, October 1, 2011			519,868	
FUND BALANCE, September 30, 2012			\$ 542,977	

The accompanying notes are an integral part of this statement.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE
FUND - SUMMARY STATEMENT
Year Ended September 30, 2012

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	Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal and state grants	\$ 2,839,764	\$ 1,836,482	\$ 1,450,382	\$ (386,100)
Contracts and local grants	-	-	438,499	438,499
County and city assessments	-	-	-	-
DRI fees	253,000	170,000	85,796	(84,204)
DRI monitoring fees	-	-	7,750	7,750
Interest and miscellaneous	-	-	-	-
Fund balance carryforward	-	-	-	-
TOTAL REVENUES	<u>3,092,764</u>	<u>2,006,482</u>	<u>1,982,427</u>	<u>(24,055)</u>
EXPENDITURES				
Current				
Personnel services	902,783	695,832	1,115,559	(419,727)
Operating expenditures	2,212,119	1,474,173	780,935	693,238
Capital outlay	16,000	13,000	10,577	2,423
Debt service	128,000	128,000	127,751	249
TOTAL EXPENDITURES	<u>3,258,902</u>	<u>2,311,005</u>	<u>2,034,822</u>	<u>276,183</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(166,138)</u>	<u>(304,523)</u>	<u>(52,395)</u>	<u>252,128</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	166,138	304,523	52,395	(252,128)
Operating transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>166,138</u>	<u>304,523</u>	<u>52,395</u>	<u>(252,128)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
FUND BALANCE, October 1, 2011			<u>-</u>	
FUND BALANCE, September 30, 2012			<u>\$ -</u>	

The accompanying notes are an integral part of this statement.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE
FUND - DETAILED STATEMENT
Year Ended September 30, 2012

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	Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Federal and state grants	\$ 2,839,764	\$ 1,836,482	\$ 1,450,382	\$ (386,100)
Contracts and local grants	-	-	438,499	438,499
County and city assessments	-	-	-	-
DRI fees	253,000	170,000	85,796	(84,204)
DRI monitoring fees	-	-	7,750	7,750
Interest and miscellaneous	-	-	-	-
Fund balance carryforward	-	-	-	-
TOTAL REVENUES	3,092,764	2,006,482	1,982,427	(24,055)
EXPENDITURES				
Current				
Personnel services				
Salaries	902,783	695,832	621,108	74,724
Fringe benefits:				
FICA	-	-	-	-
Retirement	-	-	-	-
Health insurance	-	-	-	-
Workers compensation/unemployment	-	-	-	-
Allocation of indirect expenditures	-	-	494,451	(494,451)
Total personnel services	902,783	695,832	1,115,559	(419,727)
Operating expenditures				
Professional fees:				
Legal fees	-	-	-	-
Consultant fees	38,500	38,500	32,242	6,258
Audit fees	-	-	-	-
Telephone, rent, supplies, etc:				
Office supplies	6,500	5,862	6,492	(630)
Equipment rental	200	200	-	200
Storage unit rental	-	-	-	-
Repairs and maintenance	-	-	165	(165)
Telephone	1,650	752	227	525
Miscellaneous and insurance:				
Insurance	-	-	-	-
Other miscellaneous	3,000	2,500	12	2,488
Computer supplies and graphics	12,500	6,648	8,366	(1,718)
Professional development/meetings:				
Professional development/dues	12,200	10,700	11,615	(915)
Meetings/events	58,350	56,350	19,575	36,775
Travel	42,130	36,439	28,852	7,587

The accompanying notes are an integral part of this statement.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE
FUND - DETAILED STATEMENT, CONTINUED
Year Ended September 30, 2012

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	Special Revenue Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Operating expenditures (continued)				
Postage	26,240	22,034	29,465	(7,431)
Printing/reproduction	93,000	86,648	51,531	35,117
Utilities	-	-	-	-
Advertising	14,500	7,421	6,890	531
Publications	2,500	1,000	76	924
NEP grant expenses	117,600	117,600	275,454	(157,854)
MPO grant expenses	546,711	89,523	89,523	-
Reserves - operations	-	-	-	-
Allocation of indirect expenditures	1,236,538	991,996	220,450	771,546
Total operating expenditures	2,212,119	1,474,173	780,935	693,238
Capital outlay				
Capital purchases	16,000	13,000	10,577	2,423
Allocation of indirect expenditures	-	-	-	-
Total capital outlay	16,000	13,000	10,577	2,423
Debt service				
Principal retirement	128,000	128,000	-	128,000
Interest and fiscal charges	-	-	-	-
Allocation of indirect expenditures	-	-	127,751	(127,751)
Total debt service	128,000	128,000	127,751	249
TOTAL EXPENDITURES	3,258,902	2,311,005	2,034,822	276,183
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(166,138)	(304,523)	(52,395)	252,128
OTHER FINANCING SOURCES (USES)				
Operating transfers in	166,138	304,523	52,395	(252,128)
Operating transfers out	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	166,138	304,523	52,395	(252,128)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	-	\$ -
FUND BALANCE, October 1, 2011			-	
FUND BALANCE, September 30, 2012			\$ -	

The accompanying notes are an integral part of this statement.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended September 30, 2012

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Grantor Agency/Program Title	Federal CFDA/ Number	Grantor's Number	Program or Award Amount	Receipts/ Revenue	Disbursements/ Expense
FEDERAL AGENCY					
<u>Environmental Protection Agency</u>					
<u>TYPE A - MAJOR</u>					
National Estuary Program - Charlotte Harbor2	66.456	CE-96457406-7	\$ 3,009,350	\$ 438,920	\$ 438,920
National Estuary Program - Charlotte Harbor2	66.456	CE-95483611-0	598,800	290,171 (6)	290,171
			<u>3,608,150</u>	<u>729,091</u>	<u>729,091</u>
<u>TYPE B - NONMAJOR</u>					
Regional Wetlands Program Development Grant	66.461	CD-95488111-0	359,378	92,045 (1)	92,045
Regional Wetlands Prog - Salt Marsh	66.461	CD-95450310-0	299,725	93,413	93,413
			<u>659,103</u>	<u>185,458</u>	<u>185,458</u>
			<u>4,267,253</u>	<u>914,549</u>	<u>914,549</u>
<u>TYPE B - NONMAJOR</u>					
<u>Federal Highway Administration/US DOT</u>					
Passed through Florida Department of Transportation					
FDOT-Federal Aid Highway Program PL Sec. 112-MPO-11-12					
Contract from 7/1/11 to 6/30/12	20.205	* PL-0261(48)-420869-1-14-01	918,042	218,235 (2)	218,235
			<u>918,042</u>	<u>218,235</u>	<u>218,235</u>
<u>TYPE B - NONMAJOR</u>					
<u>U.S. Department of Transportation</u>					
Passed through Florida Department of Community Affairs /					
Division of Emergency Management					
Hazardous Materials Emergency Preparedness					
Planning & Training	20.703	12DTB5130021288	43,777	43,663 (3)	43,663
Hazardous Materials Emergency Preparedness					
Planning & Training	20.703	13DTB5130021167	58,370	14,593 (7)	14,593
			<u>102,147</u>	<u>58,256</u>	<u>58,256</u>
<u>U.S. Department of Commerce</u>					
Economic Development					
Planning, Section 203, 1/1/11 to 12/31/13	11.302	04-83-06492	189,000	61,513 (4)	61,513
Economic Development					
Economic Adjustment Assistance	11.307	04-69-06568	76,545	19,126 (5)	19,126
			<u>265,545</u>	<u>80,639</u>	<u>80,639</u>
<u>TYPE B - MAJOR</u>					
<u>Department of Homeland Security</u>					
Passed through Florida Department of Community Affairs /					
Division of Emergency Management					
Passed through Northeast Florida Regional Council					
Finmarc	97.055	12DS9J130022427	n/a	4,000	4,000
Time	97.042	12PGA6130022315	n/a	1,000	1,000
Omega	97.055	12PR39130022261	n/a	1,297	1,297
Training and Exercise Plan (TEPW)	97.067	12DS92130022248	n/a	10,238	10,238
			<u>n/a</u>	<u>16,535</u>	<u>16,535</u>
TOTAL FEDERAL AWARDS			<u>\$ 5,552,987</u>	<u>\$ 1,288,214</u>	<u>\$ 1,288,214</u>

* MPO became independent of RPC on January 31, 2012

(1) Does not include deferred revenue of \$159,518

(2) Includes receivable of \$13,013

(7) Included receivable of \$14,593

(3) Includes receivable of \$17,113

(4) Includes receivable of \$16,250

n/a - Not Available

(5) Includes receivable of \$14,619

(6) Does not include deferred revenue of \$292,610

The accompanying notes are an integral part of this statement.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
September 30, 2012

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NOTE A - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards has been prepared on an accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and is in accordance with the provisions of OMB Circular A-133.

Expenditures reported on the Schedule (Schedule) of Expenditures of Federal Awards include cash disbursements, whether capitalized or expensed, during the fiscal year as well as grant related amounts recorded as payable at year end. Revenues reported on the Schedule of Expenditures of Federal Awards include cash receipts, whether recognized as well as grant receivables recorded at year end. Revenue that is deferred is not reflected but rather footnoted.

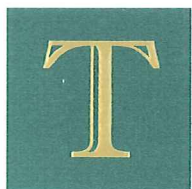
NOTE B - INDIRECT COSTS

The Council did routinely allocate costs to Federal Awards. Costs charged to such programs were direct costs unless specifically incurred for the program and allowed and indicated as such. Indirect costs are allocated to the functions and programs based upon various methods which reflect appropriate cost, usage and/or benefit by the function and program.

NOTE C - GRANT PAID DIRECTLY TO PROVIDER

The MPO, as part of the Council, technically, is the recipient of a Federal Transit Authority (FTA) Section 5303 Grant. However, the grant dollars are paid directly to the third party provider organization by the State Department of Transportation. The Council, therefore, does not record revenue or expense related to this grant as a result.

**ADDITIONAL REPORTS OF
INDEPENDENT AUDITOR**



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

Executive Committee and Council Members
Southwest Florida Regional Planning Council
1926 Victoria Avenue
Fort Myers, Florida 33901

We have audited the financial statements of Southwest Florida Regional Planning Council as of and for the year ended September 30, 2012, and have issued our report thereon dated April 29, 2013. 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 of America.

Internal Control Over Financial Reporting

Management of Southwest Regional Planning Council is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Southwest Florida Regional Planning Council's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southwest Florida Regional Planning Council's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Southwest Florida Regional Planning Council's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Independent Auditor's Report

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to Management, we identified a certain deficiency in internal control over financial reporting that we have reported in the accompanying Independent Auditor's Report to Management. See comment 2013-3.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.

A significant deficiency is a control deficiency, or combination of control deficiencies, in internal control, that adversely affect the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected and corrected on a timely basis.

A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. We, however, noted a certain deficiency in internal control over financial reporting that we have reported in the accompanying Independent Auditor's Report to Management. See comment 2013-3.

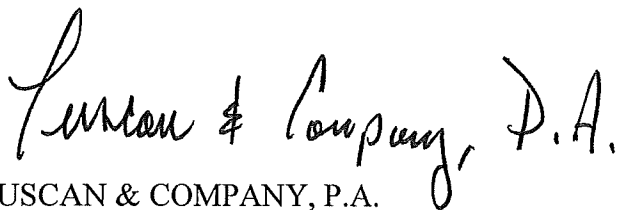
Compliance and Other Matters

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

We, however, noted certain other matters that we reported to management of Southwest Florida Regional Planning Council in a separate letter dated April 29, 2013.

Southwest Florida Regional Planning Council's response to the findings identified in our audit are described in the accompanying Exhibit. We did not audit Southwest Florida Regional Planning Council's response and, accordingly, we express no opinion on it.

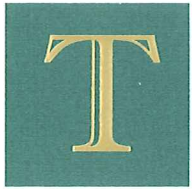
This report is intended solely for the information and use of the Board, Audit Committee, management, Federal and State awarding agencies, pass-through entities, the Auditor General of the State of Florida, and other Federal and State audit agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Tuscan & Company, P.A." in a cursive script.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

April 29, 2013



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Executive Committee and Council Members
Southwest Florida Regional Planning Council
1926 Victoria Avenue
Fort Myers, Florida 33901

Compliance

We have audited Southwest Florida Regional Planning Council's compliance with the types of compliance requirements described in the United States Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Southwest Florida Regional Planning Council's major federal programs for the year ended September 30, 2012. Southwest Florida Regional Planning Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Southwest Florida Regional Planning Council's management. Our responsibility is to express an opinion on Southwest Florida Regional Planning 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 and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Southwest Florida Regional Planning Council's compliance with those requirements and performing such other

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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 on Southwest Florida Regional Planning Council's compliance with those requirements.

As described in comment 2012-2 in the accompanying Independent Auditor's Report to Management, Southwest Florida Regional Planning Council did not comply with the reporting requirements that are applicable to its National Estuary Program (CFDA 66.456). Compliance with such requirements is necessary, in our opinion, for Southwest Florida Regional Planning Council to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Southwest Florida Regional Planning Council, complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2012.

Internal Control Over Compliance

Management of Southwest Florida Regional Planning Council is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Southwest Florida Regional Planning Council internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Southwest Florida Regional Planning Council's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of

compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Independent Auditor's Report to Management as comment 2012-1 to be a material weakness.

Southwest Florida Regional Planning Council's response to the findings identified in our audit are described in the accompanying Exhibit. We did not audit Southwest Florida Regional Planning Council's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Executive Committee, Council Members, management, Federal and State awarding agencies, pass-through entities, the Auditor General of the State of Florida, and other Federal and State audit agencies. This report is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Tuscan & Company, P.A." The signature is written in dark ink and is positioned above the printed name of the firm.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
April 29, 2013

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - FEDERAL AWARDS
Year ended September 30, 2012

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Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
Control deficiency(ies) identified?	<u> X </u>	Yes	<u> </u> No
Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u> No
Material weakness(es) identified?	<u> </u>	Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u> No

Federal Awards

Internal control over major programs:			
Control deficiency(ies) identified?	<u> </u>	Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u>	Yes	<u> X </u> No
Material weakness(es) identified?	<u> X </u>	Yes	<u> </u> None reported
Type of auditors report issued on compliance for major programs:	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	<u> X </u>	Yes	<u> </u> No
Identification of major programs:			

CFDA

<u>Number(s)</u>	<u>Type</u>	<u>Name of Federal Program or Cluster</u>
66.456	A	National Estuary Program - Charlotte Harbor

Dollar threshold used to distinguish between Type A and Type B programs	Threshold used was \$300,000
Auditee qualified as low-risk auditee?	<u> </u> Yes <u> X </u> No
Listing of Subrecipients and amounts passed-through:	There were no subgrantees.

SOUTHWEST FLORIDA REGIONAL PLANNING COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED
COSTS - FEDERAL AWARDS, CONTINUED
Year ended September 30, 2012

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Section II- Financial Statement Findings

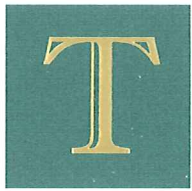
There were no significant deficiencies, material weaknesses, or instances of material noncompliance related to the financial statements. We, however, noted a deficiency as noted in comment 2012-3.

Section III- Federal Award Findings and Questioned Costs

There were two (2) audit findings related to federal awards required to be reported by Circular A-133, Section 510(a). See comments 2012-1 and 2012-2.

Status of Federal Prior Year Findings

There were no prior year findings.



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INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Executive Committee and Council Members
Southwest Florida Regional Planning Council
1926 Victoria Avenue
Fort Myers, Florida 33901

We have audited the accompanying basic financial statements of Southwest Florida Regional Planning Council (the "Council") as of and for the year ended September 30, 2012 and have issued our report thereon dated April 29, 2013.

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. This report should be considered in conjunction with our Independent Auditor's Report dated April 29, 2013.

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

- Section 10.554(1)(i)1., Rules of the Auditor General, requires that we determine whether or not corrective actions have been taken to address findings and recommendations made in the preceding annual financial audit report. The prior year comment 2011-1 continues to apply.
- Section 10.554(1)(i)2., Rules of the Auditor General, requires our audit to include a review of the provisions of Section 218.415, Florida Statutes, regarding the investment of public funds. In connection with our audit, we determined that the Council complied with Section 218.415, Florida Statutes.
- Section 10.554(1)(i)3., Rules of the Auditor General, requires that we address in the management letter any recommendations to improve financial management. See the comments noted below in this Independent Auditor's Report to Management.

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- Section 10.554(1)(i)4., Rules of the Auditor General, requires that we address violations of provisions of contracts or grant agreements, or abuse, that have an effect on the financial statements that is less than material but more than inconsequential. In connection with our audit, we did note two (2) findings. See comments 2012-1 and 2012-2.
- Section 10.554(1)(i)5., Rules of the Auditor General, provided that the auditor may, based on professional judgment, report the following matters that have an inconsequential effect on financial statements, considering both quantitative and qualitative factors: (1) violations of provisions of contracts or grant agreements, fraud, illegal acts, or abuse, and (2) control deficiencies that are not significant deficiencies. In connection with our audit, we did not have any such findings.
- Section 10.554(1)(i)6., Rule of the Auditor General, requires that the name or official title and legal authority for the primary government and each component unit if the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. The Council discloses this information in the notes to the financial statements.
- Section 10.554(1)(i)7.a., Rules of the Auditor General, requires a statement be included as to whether or not the local government entity has met one or more of the conditions described in Section 218.503(1), Florida Statutes, and identification of the specific condition(s) met. In connection with our audit, we determined that this item is not applicable to the Council.
- Section 10.554(1)(i)7.b., Rules of the Auditor General, requires that we determine whether the annual financial report for the Council for the fiscal year ended September 30, 2012, filed with the Florida Department of Financial Services pursuant to Section 218.32(1)(a) Florida Statutes, is in agreement with the annual financial audit report for the fiscal year ended September 30, 2012. In connection with our audit, we determined that these two reports were in agreement.
- Pursuant to Sections 10.554(1)(i)7.c. and 10.556(7), Rules of the Auditor General, we applied financial condition assessment procedures. It is management's responsibility to monitor the Council's financial condition. However, we determined this item is not applicable to the Council.

PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY AS REVISED OR AMENDED):

Note: The prior year comment listed below continues to apply in the current year. The prior year comment listed below has a current year addendum to indicate the current year status of the comment.

2011-1 The Council Should Consider Increasing its Total Fund Balance

During the audit, we noted that total fund balance decreased by approximately \$160,000 during the year ended September 30, 2011. We also noted that the current fund balance is approximately 15% of the Council's total annual budget. We understand the Council's revenue was reduced by State budget cuts and the current condition of the local economy. We understand, in response to these factors, the Council reduced budgeted expenditures. However, with the planned departure of the MPO, it appears the budget will be further affected in a negative manner.

We recommend that the Council analyze means of increasing its unrestricted revenue and its unrestricted fund balance. The budget should be monitored monthly and proactive action by the Council should be taken to address the situation. It should be noted that approximately 85% of current revenue is restricted. Fund balance target generally should be approximately three (3) to six (6) months operating budget.

2012 - Current year addendum:

The Council experienced the MPO terminating its administrative agreement and move out of the Council's building on or about January 31, 2012. This factor did reduce income to the Council as the MPO did help defray certain occupancy and administrative costs. In addition, the Council experienced other revenue reductions, at least in part due to the economic downturn. The Council, accordingly, worked to reduce expenditures including payroll resulting in an increase in fund balance of \$23,109 for the year ended September 30, 2012. The Council is actively working to increase revenue sources and analyze its expenditures.

Accepted accounting practices recommend that fund balance should generally be approximately three (3) to six (6) months operating budget. However, the adopted Council's fund balance policy calls for at least a four month operating reserve held in assigned fund balance. Therefore, the target fund balance would be approximately \$800,000 and the September 30, 2012 fund balance was approximately \$540,000.

We continue to recommend the Council improve its fund balance and begin to plan for the upcoming need to refinance its mortgage.

CURRENT YEAR COMMENTS:

2012-1 Accounting Resources Should be Strengthened

During the year ended September 30, 2012 financial audit, we noted that twenty-three (23) adjusting journal entries were proposed. Upon the commencement of the audit process, the client's accounting staff recognized areas of concern and implemented a strategy to address those areas. The entries predominately resulted from expanded use by the client of the general ledger software rather than off-system reconciliations, reduction in accounting staff and change in procedures. The large number of journal entries (23) and material nature of the proposed entries (\$1.1 million) created a significant increase in the year-end closing process as well as the audit process. These entries were significantly focused on reclassing revenue and expenditures between specific grants and contracts. As a result, at least in part, of this issue grant reports could have been submitted based upon unadjusted amounts and the reports due December 30, 2012 (comment 2012-2) were overlooked and submitted late. This issue is considered a material weakness in internal control over compliance since required reporting was not submitted timely and is noted as finding (2012-1) as it relates to the Federal Single Audit.

We recommend reconciliation to the general ledger be completed monthly. We also recommend the Council continue to contract outside accounting assistance to help internal staff. We further recommend the accounting system be reconciled to the grant reporting. We encourage the job cost reporting continue and that revenue and expense by revenue source be tracked.

2012-2 Financial Reporting for EPA National Estuary Programs Not Timely Submitted

During the audit, we tested required reporting for the two (2) EPA National Estuary Program - Charlotte Harbor 2 grants (CFDA 66.456). As such, we noted the operational reporting was timely filed. The annual financial reporting (FFR) for CE-95483611-0 and CE-96457406-7 were due on December 30, 2012 based upon a September 30 grant year but were not filed until March 2013 as a result of the audit test work. It appears the reporting issue resulted from the staff reductions the Council had experienced and the elimination of personnel previously responsible for such reporting.

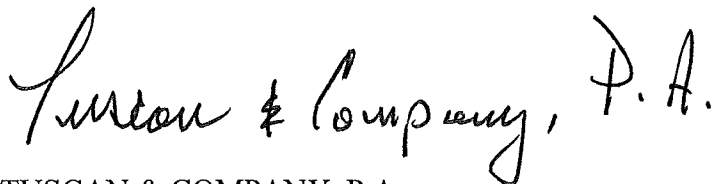
We recommend the Council staff create a reporting calendar and work with the specific grant operational staff to ensure timely future reporting. Additionally, all of the grant reporting should be in agreement with the recently implemented job cost ledger system. Both Council operational and financial staff should sign off on grant reporting before submission. This issue is considered a compliance finding (2012-2) as it relates to the Federal Single Audit.

2012-3 Expenditures Should be Tracked by Revenue Source

During the audit, we noted the expenditures of the Council were not being tracked by specific revenue source as required by Governmental Accounting Standards and by rules governing grants. The Council staff was aware of the issue. As such, the Council worked to implement a job cost ledger system within the general ledger rather than the off-system reconciliation. During the year ended September 30, 2012, the process was time consuming, especially given the other changes experienced by the Council. It appears this issue arose from a reduction in Council staff due to budget reductions and elimination of the previous staff person responsible for the reconciliation. As a result, multiple and material journal entries were proposed as noted in comment 2012-1. This is considered a deficiency in internal control over financial reporting.

We recommend the Council continue to account for expenditures by revenue source.

Pursuant to Chapter 119, Florida Statutes, this management letter is a public record and its distribution is not limited. Auditing standards generally accepted in the United States of America require us to indicate that this letter is intended solely for the information and use of the Executive Committee, Council members, management, the Auditor General of the State of Florida, federal and state awarding agencies, pass-through entities and other federal and state audit agencies. However, this report is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Tuscan & Company, P.A." in a cursive, stylized font.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

April 29, 2013

EXHIBIT



Southwest Florida Regional Planning Council

1926 Victoria Avenue, Fort Myers, Florida 33901-3414
(239)338-2550 FAX (239)338-2560 SUNCOM (239)748-2550

May 13, 2013

Jeff Tuscan
Tuscan and Company, P.A.
12621 World Plaza Lane
Building 55
Fort Myers, Florida 33907

Dear Mr. Tuscan:

The records for the Southwest Florida Regional Planning Council (SWFRPC), Fiscal Year 2012 ending September 30, 2012 have been audited by your firm. This correspondence is our response to your management letter as it relates to your comments and recommendations.

PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY

1.) 2011-1 The Council Should Consider Increasing its Fund Balance

Response: Accepted accounting practices generally target the fund balance to be approximately three(3) to six (6) months operating budget. However, the Council sets the fund balance target and in 2011 the Council adopted a resolution that requires a four (4) month fund balance target. The 2011 audit stated that the fund balance was at 15% of the total annual budget. The current audit states that the fund balance target is \$800,000. As of September 30, 2012 our fund balance is \$540,000, which 22% of the operating budget in the FY 2012 Final Adopted Budget. Accordingly, we are in a stronger position than previously. The audit indicates that there was a \$23,109 net income for Fiscal Year 2012. Staff will recommend that Council put this income into the reserve account. We will continue to evaluate our resources at the end of each year to reach the recommended goal of four months operating reserve.

2.) 2012-1 Accounting Resources Should be Strengthened

Response: The 2012 fiscal year was a time of tremendous change due to State budget cuts and a reduction in revenue. Necessary staff reductions resulted in the elimination of an accounting position and mid-year transition to general ledger software. Management was aware that the adjustment to staff reductions and new accounting software would initially create areas of

concern. Staff has implemented a strategy to address these concerns going forward and now has an accounting system that is much more efficient and transparent with revenue and expenses tracked by revenue source and monthly general ledger reconciliation. Management continues to train project managers on grant tracking and reporting with support provided by the accounting staff.

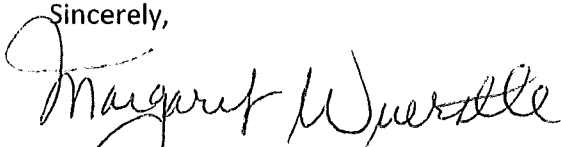
3.) 2012-2 Financial Reporting for the National Estuary Programs Not Timely Submitted

Response: A new grant procedure has been developed and implemented that tracks grants from conception to close-out. Staff has been trained in the new procedures by our outside Certified Public Accountant. Regular staff meetings reinforce the importance of diligent project management. This procedure is in agreement with the job cost ledger. We will continue to monitor the grants closely and to train staff on a regular basis.

4.) Expenditure should be Tracked by Revenue Source

Response: Staff no longer utilizes off system reconciliation. This issue was corrected with the new job cost ledger system that was implemented after the elimination of the cost accountant position. Going forward, management feels that the financial management of the SWFRPC will be more efficient and more transparent.

Sincerely,

A handwritten signature in black ink, appearing to read "Margaret Wuerstle". The signature is fluid and cursive, with the first name "Margaret" written in a larger, more prominent script than the last name "Wuerstle".

Margaret Wuerstle
Executive Director