

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

FINANCIAL STATEMENTS

and

AUDITOR'S REPORTS

Year Ended September 30, 2005

TABLE OF CONTENTS

Financial Section:	<u>PAGE</u>
Independent Auditor's Report.....	1 - 2
Management's Discussion and Analysis	3 - 7
 Basic Financial Statements:	
Statement of Net Assets	8
Statement of Activities	9
Statement of Net Assets and Governmental Funds Balance Sheet	10
Statement of Activities and Governmental Fund Revenues, Expenditures, And Changes in Fund Balances	11
Notes To Financial Statements.....	12 - 18
 Required Supplementary Information:	
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	19 - 20
 Other Supplementary Information:	
Schedule of Revenues, and Expenditures - General Fund	21 - 22
Schedule of Indirect Costs.....	23
 Compliance Section	
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 <i>Government Auditing Standards</i>	24
Management Letter.....	25 - 29



The NCT Group CPA's, L.L.P.

Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Central Florida Regional Planning Council
Bartow, Florida

We have audited the accompanying financial statements of the governmental activities of Central Florida Regional Planning Council as of and for the year ended September 30, 2005, as listed in the table of contents. These financial statements are the responsibility of the Central Florida Regional Planning Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Central Florida Regional Planning Council as of September 30, 2005, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2005 on our consideration of Central Florida Regional Planning Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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.

The Management's Discussion and Analysis and budgetary comparison information on pages 19 through 20 and 21 through 23 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our Audit was conducted for the purpose of forming opinions on the financial statements. The other supplementary information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

The NCT Group CPA's, L.L.P.

The NCT Group CPA's, L.L.P.
Lakeland, Florida
December 9, 2005

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Year Ended September 30, 2005

The Central Florida Regional Planning Council's (Council) discussion and analysis is designed to offer reviewers of the Council's financial statements an overview of the financial activities of the Council for the fiscal year ended September 30, 2005. Reviewers are encouraged to read Management's Discussion and Analysis in conjunction with the Council's financial statements and other supplementary information.

Financial Highlights

- The assets of the Council exceeded its liabilities at the close of the fiscal year by \$391,192. The Council's unrestricted net assets have a balance of \$52,078, which may be used to meet the Council's ongoing obligations. In fiscal year 2004, the Council's unrestricted net assets had a deficit balance of (\$75,869).

The Council's net assets increased \$12,720 from fiscal year 2004 to 2005. This includes \$136,592 of current year depreciation, which is a non-cash item.

- As of September 30, 2005, the Council reported an ending unrestricted fund balance of \$52,078, an increase of \$12,720 in comparison with the prior fiscal year. The increase is primarily attributable to the Council's decision to eliminate full-time staff positions to provide operating cash flow.
- The Council has notes payable in the amount of \$171,432.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Council's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

The statement of activities presents information showing how the Council's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. funds receivable and earned but unused vacation leave).

The government-wide financial statements can be found on pages 8 and 9 of this report.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Year Ended September 30, 2005

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

The Council maintains one general fund and adopts an annual budget for this fund. To demonstrate compliance with the adopted budget, budgetary comparison statements have been provided for the general fund.

The basic governmental fund financial statements can be found on pages 10 through 11 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 through 18 of this report.

Additional information

Additional information about the Council, which may be of interest to the reviewer, is found under the Management Letter section of this report.

Financial Analysis of the Council

The following schedule provides a summary of assets, liabilities and net assets of the Council. Total net assets for governmental activities increased from \$378,472 to \$391,192.

	<u>2005</u>	<u>2004</u>
Current and other assets	\$ 538,520	\$ 619,569
Capital assets	<u>510,546</u>	<u>638,083</u>
Total assets	<u>1,049,066</u>	<u>1,257,652</u>
Other liabilities	499,612	695,258
Long-term liabilities	<u>158,262</u>	<u>183,922</u>
Total liabilities	<u>657,874</u>	<u>879,180</u>
Invested in capital assets, net of related debt	339,114	454,161
Unrestricted	<u>52,078</u>	<u>(75,689)</u>
Total net assets	<u>\$ 391,192</u>	<u>\$ 378,472</u>

The schedule below provides a summary of the changes in net assets for the year ended September 30, 2005. The Council first implemented GASB Statement No. 34, *Basic Financial Statements – Management Discussion and Analysis – for State and Local Governments*, in fiscal year 2004.

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Year Ended September 30, 2005

Fiscal Year Ending September 30, 2005

Revenues:	<u>2005</u>	<u>2004</u>
Member assessments	\$ 140,134	\$ 137,642
Federal grants	161,725	451,759
State grants	328,940	347,995
Other	765,105	632,010
Non-sponsored trips	281,403	219,000
Total revenues	<u>1,677,307</u>	<u>1,788,406</u>
Expenses:		
Governmental activities:		
Salaries	477,037	467,514
Fringe benefits	309,148	312,488
Non-sponsored trips	281,403	219,108
Consultants	308,842	542,143
Travel	15,965	13,693
Equipment rental/repair	18,942	25,465
Legal	21,000	17,280
Audit and accounting	22,773	20,863
File management	2,020	1,622
Office supplies	6,249	7,783
Auto	9,479	10,363
Subscriptions	573	805
Telephone	9,646	9,072
Insurance	9,977	10,105
Building maintenance	7,293	8,171
Building security	429	403
Registrations	2,692	665
Meeting expenses	1,831	742
Dues and fees	14,891	15,931
Advertising	3,724	3,079
Postage	5,388	5,135
Utilities	8,648	10,402
Promotional items	-	63
Printing	1,968	3,024
Miscellaneous	617	635
Debt service - interest	17,460	18,502
Depreciation	136,592	133,729
Total expenses	<u>1,664,587</u>	<u>1,858,785</u>
Increase/(Decrease) in net assets	12,720	(70,379)
Net assets - beginning of the year	<u>378,472</u>	<u>448,851</u>
Net assets - end of the year	<u>391,192</u>	<u>\$ 378,472</u>

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Year Ended September 30, 2005

Assets and Liabilities

At September 30, 2005, the Council reported assets in the amount of \$1.049 million. The largest portion of the Council's assets, in the amount of \$0.511 million, reflects its investment in capital assets (e.g. building, computer hardware, furniture, operating equipment, vehicles). These assets are used to carry out the Council's responsibilities and are therefore not available for future spending. The Council reported liabilities in the amount of \$657,874, of which \$158,262 reflects general long-term debt (e.g. building, vehicle).

Revenues

Local/Other Revenue and Member Assessments accounts for 54% of the Council's revenue. The member assessments are calculated based on BEBR's annual population estimates and charged to member counties at a rate of \$.20 cents per capita, which has never changed since the formation of the Council in 1974. Other sources of local revenue include funding for Small Quantity Generator (SQG) site verifications for Hardee, Highlands and Okeechobee counties, Developments of Regional Impact (DRI) reviews, Planning Advisory Services (PAS) to local governments, and Continuity of Operations (COOP) planning for Polk County. In comparison to fiscal year 2004, these revenues increased by 9%, largely due to increases of approximately \$58,300 in DRI revenues, \$73,050 in PAS revenues, and \$55,530 in COOP revenues. Offsetting decreases in revenue were experienced in LMS, and TD Section 5310 (Capital) programs.

State Revenue accounts for 20% of the Council's revenue, which includes funding for Regional Domestic Security Task Force (RDSTF) exercise planning, the Department of Community Affairs (DCA) legislative planning appropriation, Local Emergency Planning Committee (LEPC/Title III) staff support, Hazardous Materials Emergency Preparedness (HMEP) planning and training, and Transportation Disadvantaged planning. State revenues remained relatively constant compared to fiscal year 2004, mostly because of several one-time contracts related to Emergency Management programs.

Federal Revenue accounts for 26% of the Council's revenue and includes funding for Transportation Disadvantaged Section 5310 (vehicle purchases) and 5311 (operating trips), Economic Development Administration district planning, and FEMA Long Term Recovery planning. In comparison to fiscal year 2004, federal revenue remained relatively constant. This is primarily due to an award of supplemental funding in the Transportation Disadvantaged program, as well as a one-time contract with FEMA for Long Term Recovery planning.

Total Revenues decreased approximately 6% from \$1,788,406 in fiscal year 2004 to \$1,677,307 in fiscal year 2005.

Expenses

The elimination of one professional position and early retirement of the Executive Director late in the fiscal year reduced salaries from \$467,514 to \$447,037, resulting in a decrease of 4% in total salaries. However, fringe benefits decreased by only 1%, indicating the rising cost of providing benefits to the Council's staff. DRI consulting fees increased from \$188,619 to \$260,289, which reflects the addition of the Van Fleet Airport project in Hardee County. There is still an overall decline in DRI revenues, which has carried over somewhat from the prior fiscal year. CFRPC consultants also decreased from \$353,524 to \$48,553 due to the lack of need for additional consultants in the Council's Emergency Management related programs. In an effort to control the Council's indirect rate, the Executive Director instituted measures to ensure that staff was appropriately charging time directly to all programs. As a result, indirect salaries were reduced by 19%.

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

MANAGEMENT'S DISCUSSION & ANALYSIS

For the Year Ended September 30, 2005

The Council's net assets increased \$12,720 from fiscal year 2004 to 2005. This includes \$136,592 of current year depreciation, which is a non-cash item. As of September 30, 2005, the Council reported an ending unrestricted fund balance of \$52,078, which may be used to meet the Council's ongoing obligations. This is an increase of \$12,720 in comparison with the prior fiscal year, when the Council's unrestricted net assets had a deficit balance of (\$75,869). The increase is primarily attributable to the Council's decision to eliminate full-time staff positions to provide operating cash flow.

Budgetary Highlights

The Council's budget was amended on May 11, 2005, June 8, 2005, July 13, 2005, and again on September 14, 2005. These amendments were to make adjustments to program revenues and expenditures for items that were less predictable at the time the original budget was approved.

Capital Asset Activity

The Council's investments in capital assets at September 30, 2005, amounted to \$510,546 (net of accumulated depreciation). This investment in capital assets includes land (\$50,000), building (\$300,952), computer hardware (\$176,488), operating equipment (\$50,189), furniture (\$39,427), and vehicles (\$806,012).

Debt Management

As of year-end, the Council had \$171,432 in debt (notes payable) outstanding compared to \$183,922 last year. Of the total debt, \$166,082 related to a note collateralized by the Council's building. The remainder relates to a note payable for a vehicle. Additional information regarding the Council's debt can be found in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Continuing implications of the severe 2004 and 2005 hurricane season include the delay of all normal contracting activity with local and state agencies. Specifically, the Council planned contracts in the amount of \$220,000 with Polk and Highlands County Emergency Management, which should have been executed in August or September 2004. The Polk contract was executed in January 2005, and the Highlands County contract was executed in May 2005. Due to the lack of staff and timing issues, the Highlands County contract was subsequently cancelled. The source of these funds is the Florida Department of Community Affairs, Division of Emergency Management.

The Council continues to be proactive in increasing revenues, particularly those that have remained constant for a number of years. With the rising costs of salaries, benefits, and operations, any revenues the Council seeks must make up for accumulated inflation and not require the expenditure of additional staff resources. It is apparent that without increased revenue, a continuing positive fund balance will be difficult to maintain.

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

STATEMENT OF NET ASSETS

September 30, 2005

ASSETS

Cash	\$	27,413
Accounts receivable - net		407,498
Unbilled costs		81,006
Prepaid items		22,603
Capital assets, net of accumulated depreciation of \$912,522		510,546
Total assets		<u>1,049,066</u>

LIABILITIES

Accounts payable		164,289
Line of credit		127,539
Accrued expenses		20,987
Deferred revenues		173,627
Notes payable:		
Portion due within one year		13,170
Portion due after one year		158,262
Total liabilities		<u>657,874</u>

NET ASSETS

Invested in capital assets, net of related debt		339,114
Unrestricted		52,078
Total net assets	\$	<u>391,192</u>

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

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2005

Expenses:

Governmental activities:

Salaries	\$	447,037
Fringe benefits		309,148
Nonsponsored trips		281,403
Consultants		308,842
Travel		15,965
Equipment rental/repair		18,942
Legal		21,000
Audit and accounting		22,773
File management		2,020
Office supplies		6,249
Auto		9,479
Subscriptions		573
Telephone		9,646
Insurance		9,977
Building maintenance		7,293
Building security		429
Registrations		2,692
Meeting expenses		1,831
Dues and fees		14,891
Advertising		3,724
Postage		5,388
Utilities		8,648
Printing		1,968
Miscellaneous		617
Debt service - interest		17,460
Depreciation		136,592
Total expenses		<u>1,664,587</u>

Revenues:

Member assessments		140,134
Federal grants		161,725
State grants		328,940
Other		765,105
Nonsponsored trips		281,403
Total revenues		<u>1,677,307</u>
Increase in net assets		12,720
Net assets - beginning of the year		<u>378,472</u>
Net assets - end of the year	\$	<u>391,192</u>

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

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

**STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUNDS BALANCE SHEET**

September 30, 2005

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Assets</u>
ASSETS			
Cash	\$ 27,413	\$ -	\$ 27,413
Accounts receivable - net	407,498	-	407,498
Unbilled costs	81,006	-	81,006
Prepaid items	22,603	-	22,603
Capital assets, net of accumulated depreciation	-	510,546	510,546
Total assets	<u>538,520</u>	<u>510,546</u>	<u>1,049,066</u>
LIABILITIES			
Accounts payable	164,289	-	164,289
Line of credit	127,539	-	127,539
Accrued expenses	20,987	-	20,987
Deferred revenues	173,627	-	173,627
Notes payable:			
Portion due within one year	-	13,170	13,170
Portion due after one year	-	158,262	158,262
Total liabilities	<u>486,442</u>	<u>171,432</u>	<u>657,874</u>
NET ASSETS			
Invested in capital assets, net of related debt	-	339,114	339,114
Unrestricted	52,078	-	52,078
Total net assets	<u>\$ 52,078</u>	<u>\$ 339,114</u>	<u>\$ 391,192</u>

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

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

STATEMENT OF ACTIVITIES AND GOVERNMENTAL
FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

For the Year Ended September 30, 2005

	General Fund	Adjustments	Statement of Activities
Revenues:			
Member assessments	\$ 140,134	\$ -	\$ 140,134
Federal grants	161,725	-	161,725
State grants	328,940	-	328,940
Other	765,105	-	765,105
Nonsponsored trips	281,403	-	281,403
Total revenues	<u>1,677,307</u>	<u>-</u>	<u>1,677,307</u>
Expenses:			
Governmental activities:			
Salaries	447,037	-	447,037
Fringe benefits	309,148	-	309,148
Nonsponsored trips	281,403	-	281,403
Consultants	308,842	-	308,842
Capital outlay	9,055	(9,055)	-
Travel	15,965	-	15,965
Equipment rental/repair	18,942	-	18,942
Legal	21,000	-	21,000
Audit and accounting	22,773	-	22,773
File management	2,020	-	2,020
Office supplies	6,249	-	6,249
Auto	9,479	-	9,479
Subscriptions	573	-	573
Telephone	9,646	-	9,646
Insurance	9,977	-	9,977
Building maintenance	7,293	-	7,293
Building security	429	-	429
Registrations	2,692	-	2,692
Meeting expenses	1,831	-	1,831
Dues and fees	14,891	-	14,891
Advertising	3,724	-	3,724
Postage	5,388	-	5,388
Utilities	8,648	-	8,648
Printing	1,968	-	1,968
Miscellaneous	617	-	617
Debt service - principal	12,490	(12,490)	-
Debt service - interest	17,460	-	17,460
Depreciation	-	136,592	136,592
Total expenses	<u>1,549,540</u>	<u>115,047</u>	<u>1,664,587</u>
(Excess) of revenues over expenditures	127,767	(115,047)	12,720
Fund balance/net assets:			
Beginning of the year	(75,689)	454,161	378,472
End of the year	<u>\$ 52,078</u>	<u>\$ 339,114</u>	<u>\$ 391,192</u>

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

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS

Year Ended September 30, 2005

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Central Florida Regional Planning Council have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Council's accounting policies are described below.

Reporting Entity:

Central Florida Regional Planning Council is an association of local governments in Polk, Hardee, Highlands, Desoto and Okeechobee counties. The purpose of the Council is to advise and represent local governments in matters of comprehensive planning and state and federal grant programs, and to define, promote and preserve regional resources. Central Florida Regional Planning Council was created by the authority of 120.53(1) 160 Florida Statutes in 1973, reorganized under Chapter 163 Florida Statutes in September 1976, and reorganized under new Chapter 160 Florida Statutes in March 1981. The Council operates under Administrative Rules 27E-4, 29G-1 and 29G-2 Florida Administration Code. The governing body consists of twelve elected officials and six governor appointees.

This report includes the financial statements of all funds and account groups required to account for those financial activities that are related to the Council and are controlled by or dependent upon the Board of Directors. Control or dependence upon the Council is determined on the basis of the governing authority, budget adoption, funding and state statutes.

Based on the above criteria, Central Florida Regional Planning Council is the oversight unit with no other component units.

Government-wide and Fund Financial Statements:

The government-wide financial statements consist of a Statement of Net Assets and a Statement of Activities. The Statement of Net Assets reports all financial and capital resources.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Governmental Fund Type:

Governmental fund types are those funds through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used; current liabilities are assigned to the fund from which they are paid; and the difference between governmental fund assets and liabilities, the fund equity, is referred to as "fund balance." The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The following comprises of the Council's major governmental fund:

General Fund - The General Fund is the general operating fund of the Council.

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS - (Continued)

Year Ended September 30, 2005

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Measurement Focus and Basis of Accounting:

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 imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. There are, however, essentially two types of these revenues. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the Council; therefore, revenues are recognized based upon the expenditures recorded and the availability criteria. In the other, monies are virtually unrestricted as to purpose of expenditure, and are usually revocable only for failure to comply with prescribed requirements. These resources are reflected as revenues at the time of receipt, or earlier if the susceptible to accrual criteria are met.

Miscellaneous revenues are generally recorded as revenue when received in cash, because they are generally not measurable until actually received.

Cash:

Custodial Credit Risk – Deposits. Custodial Credit Risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Council's deposits at September 30, 2005 were entirely covered by federal depository insurance or guaranteed by qualified public depositories in Florida pursuant to Chapter 280.07, Florida Statutes.

Capital assets:

Capital Assets, which include property, plant and equipment, are reported only in the government-wide financial statements. Capital assets are those acquired for general government purposes with an initial, individual cost equal to or more than \$750 and an estimated useful life of more than one year. Such assets are recorded at historical cost if purchased or constructed. Donated assets are recorded at their estimated fair value at the date of the donation. The estimated fair value is based on the most recent appraisal documentation available. Maintenance, repairs and minor renovations are not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	5 – 50
Machinery & Equipment	3 – 25
Other	5

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS - (Continued)

Year Ended September 30, 2005

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Unbilled Costs:

Unbilled costs are program expenditures for which the Council will be reimbursed by members or grantor agencies.

Deferred Revenues:

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

Compensated Absences:

Accumulated leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the General Fund.

Long-Term Obligations:

In the government-wide financial statements, the long-term obligations expected to be financed from governmental funds are reported as liabilities on the statement of net assets.

Net Assets:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets invested in capital assets, net of related debt excludes unspent debt proceeds. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Council or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted resources are used first to fund appropriation.

The Council first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Use of Estimates:

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

Budgetary and Appropriation Data:

As allowed by GASB Statement No. 41, Budgetary Comparison Schedules – Perspective Differences, the Council presents budgetary comparison schedules as required supplementary information based on the program structure of nine functional areas as required by state statute for its legally adopted budget.

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS - (Continued)

Year Ended September 30, 2005

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Concluded)

New Accounting Standard:

In the fiscal year ended September 30, 2005, the Council implemented one statement approved by the Governmental Accounting Standards Board (GASB).

Statement No. 40 – Deposit and Investment Risk Disclosures, an amendment of GASB Statement No. 3.

B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets:

“Total fund balance” of the governmental fund \$52,078 differs from “net assets” of governmental activities \$391,192 reported in the statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheet.

Capital related items:

When capital assets (property, plant, equipment) that are to be used in governmental activities are purchased or constructed, the cost of those assets are reported as expenditures in governmental funds. However, the statement of net assets included those capital assets.

Cost of capital assets	\$ 1,423,068
Accumulated depreciation	<u>(912,522)</u>
Total capital assets added	<u>\$ 510,546</u>

Long-term debt transactions:

Long-term liabilities are not due and payable in the current period and, accordingly, are not reported as fund liabilities. All liabilities (both current and long-term) are reported in the statement of net assets. Balance as of September 30, 2005 was:

Notes Payable	\$ (171,432)
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CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS - (Continued)

Year Ended September 30, 2005

B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS – (Concluded)

Explanation of Differences Between the Governmental Fund Operating Statement and the Statement of Activities:

The “net change in fund balances” for governmental funds \$127,767 differs from the “change in net assets” for governmental activities \$12,720 reported in the statement of activities. The differences arise primarily from the long-term economic focus of the statement of activities versus the current financial resources focus of the governmental funds. The effect of the differences is illustrated below.

Capital related items:

When capital assets that are to be used in governmental activities are purchased or constructed, the resources expended for those assets are reported as expenditures in governmental funds. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, fund balances decrease by the amount of financial resources expended, whereas net assets decrease by the amount of depreciation expense charged for the year.

Capital outlay	\$ 9,055
Depreciation expense	<u>(136,592)</u>
Difference	<u>\$ (127,537)</u>

Long-term debt transactions:

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal repayments:	
Notes payable	\$12,490

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS - (Continued)

Year Ended September 30, 2005

C - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2005:

	<u>Balance</u> <u>9/30/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/05</u>
Capital assets, not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Capital assets, being depreciated				
Building	300,952	-	-	300,952
Computer hardware	167,433	9,055	-	176,488
Operating equipment	50,189	-	-	50,189
Furniture	39,427	-	-	39,427
Vehicles	806,012	-	-	806,012
 Total capital assets being depreciated	 <u>1,364,013</u>	 <u>9,055</u>	 <u>-</u>	 <u>1,373,068</u>
 Less accumulated depreciated for:				
Building	64,276	7,717	-	71,993
Computer hardware	152,441	7,028	-	159,469
Operating equipment	49,180	502	-	49,682
Furniture	38,104	431	-	38,535
Vehicles	471,929	120,914	-	592,843
 Total accumulated depreciation	 <u>775,930</u>	 <u>136,592</u>	 <u>-</u>	 <u>912,522</u>
 Total capital assets, being depreciated, net	 <u>588,083</u>	 <u>(127,537)</u>	 <u>-</u>	 <u>460,546</u>
 Governmental activities capital assets, net	 <u>\$ 638,083</u>	 <u>\$ (127,537)</u>	 <u>\$ -</u>	 <u>\$ 510,546</u>

D - GENERAL LONG TERM DEBT

The following is a summary of changes to the general long-term debt as of September 30, 2005:

	<u>Balance</u> <u>9/30/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/05</u>	<u>Due Within</u> <u>One Year</u>
Note payable to bank due in equal monthly installments of \$1,557, including interest at 6.3%, with a balloon payment of \$148,232 due through November 2007; collateralized by building	\$ 173,889	\$ -	\$ (7,807)	\$ 166,082	\$ 8,487

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

NOTES TO FINANCIAL STATEMENTS - (Concluded)

Year Ended September 30, 2005

D - GENERAL LONG TERM DEBT - (Concluded)

	<u>Balance</u> <u>9/30/04</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/05</u>	<u>Due Within</u> <u>One Year</u>
Note payable to Ford Motor Credit Company due in equal monthly principal payments of \$390, with 0% interest through November, 2007; unsecured	<u>10,033</u>	<u>-</u>	<u>(4,683)</u>	<u>5,350</u>	<u>4,683</u>
Total	<u>\$ 183,922</u>	<u>\$ -</u>	<u>\$ (12,490)</u>	<u>\$ 171,432</u>	<u>\$ 13,170</u>

Annual debt service requirements for general long-term debt as of September 30, 2005, including interest payments of \$21,082, are as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2006	\$ 23,370
2007	19,354
2008	<u>149,790</u>
	<u>\$ 192,514</u>

E - LINE OF CREDIT

The Council has an unsecured line of credit up to \$150,000, of which \$127,539 is outstanding at September 30, 2005. The line of credit is a revolving draw note with an interest rate based on the bank's index rate.

REQUIRED SUPPLEMENTARY INFORMATION

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

Year Ended September 30, 2005

	2005			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Member assessments	\$ 140,134	\$ 140,134	\$ 140,134	\$ -
Federal grants	367,289	313,174	161,725	(151,449)
State grants	509,317	352,361	328,940	(23,421)
Other	768,183	666,393	765,105	98,712
Nonsponsored trips	267,258	267,258	281,403	14,145
Total revenues	2,052,181	1,739,320	1,677,307	(62,013)
Expenditures:				
Salaries	513,729	466,305	447,037	19,268
Fringe benefits	278,998	311,341	309,148	2,193
Nonsponsored trips	377,808	377,808	281,403	96,405
Consultants	381,500	251,280	308,842	(57,562)
Capital outlay	14,477	9,055	9,055	-
Travel	13,800	16,500	15,965	535
Equipment rental/repair	25,800	19,075	18,942	133
Legal	19,200	20,200	21,000	(800)
Audit and accounting	22,655	22,627	22,773	(146)
File management	3,010	2,200	2,020	180
Office supplies	7,600	6,200	6,249	(49)
Auto	9,650	9,200	9,479	(279)
Subscriptions	1,000	575	573	2
Telephone	8,200	9,216	9,646	(430)
Insurance	10,767	9,977	9,977	-
Building maintenance	10,690	7,300	7,293	7
Building security	435	429	429	-
Registrations	3,200	2,700	2,692	8
Meeting expenses	2,000	2,000	1,831	169
Dues and fees	14,800	14,891	14,891	-
Advertising	2,500	3,825	3,724	101

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

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

GENERAL FUND

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - (concluded)**

Year Ended September 30, 2005

	2005			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Expenditures:				
(continued)				
Postage	\$ 5,000	\$ 5,250	\$ 5,388	\$ (138)
Utilities	10,000	8,560	8,648	(88)
Printing	3,500	1,975	1,968	7
Miscellaneous	1,200	700	617	83
Debt service - principal	97,003	37,487	12,490	24,997
Debt service - interest	17,064	17,469	17,460	9
Council contributions	17,334	17,334	-	17,334
Reserve/Contingency	50,000	5,000	-	5,000
Total expenditures	<u>1,922,920</u>	<u>1,656,479</u>	<u>1,549,540</u>	<u>106,939</u>
Excess (deficit) of revenues over (under) expenditures	129,261	82,841	127,767	44,926
Fund balance, beginning of year	<u>(75,689)</u>	<u>(75,689)</u>	<u>(75,689)</u>	-
Fund balance, end of year	<u>\$ 53,572</u>	<u>\$ 7,152</u>	<u>\$ 52,078</u>	<u>\$ 44,926</u>

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

OTHER SUPPLEMENTARY INFORMATION

DRI Reviews	PAS	COOP Polk	BZPP	HSEEP	RDSTF
14	20	22	27-01	27-02	28/29
-	-	-	-	-	-
334,780	181,999	155,530	-	-	-
-	-	-	18,250	18,000	30,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
334,780	181,999	155,530	18,250	18,000	30,000
25,944	62,410	43,287	6,713	4,038	10,047
18,392	43,210	29,905	4,759	2,862	7,123
1,910	220	-	554	676	389
-	-	-	-	-	-
448	3,691	994	23	-	1
-	-	411	-	944	60
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
272,771	-	-	-	-	-
-	32,703	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
467	911	24	18	-	26
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
55	-	-	133	132	-
-	-	-	-	-	-
-	-	-	-	-	-
7	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	42	-	113	-
-	-	-	-	-	-
-	-	-	-	-	-
14,786	35,568	24,837	3,826	2,301	5,726
334,780	178,713	99,500	16,026	11,066	23,372
-	3,286	56,030	2,224	6,934	6,628

Central Florida Regional Planning Council
General Fund
Statement of Revenues & Expenditures - (Continued)
for the Fiscal Year Ended September 30, 2005

	DCA	LEPC	HMEP	TD Sect 5310/5311	EDA	TD Planning	FEMA
	30	42	44	50	52	54	55
<i>Revenue:</i>							
Member Assessments							
Local/Other Revenue		6,739				35,000	
State Revenue	148,351	30,796	26,762			56,781	
Federal Revenue				80,196	55,195		26,334
Council Contribution					15,968		
TD Operating Trips				281,403			
Total Revenues	148,351	37,535	26,762	361,599	71,163	91,781	26,334
<i>Expenditures:</i>							
Salaries	65,882	14,619	4,807	35,005	28,748	36,923	11,020
Fringe Benefits	45,309	9,598	2,916	24,543	20,077	25,531	7,812
Travel	4,044	2,564	1,911	236	68	233	
Auto Expense							
Equipment Rental/Maint.	633	354	14	133	161	2,332	5
Office Supplies	41	24		80			
File Management							
Building Security							
Building Maint./Janitorial							
Utilities							
Audit							
Consultants - DRI's	(12,482)						
Consultants - CFRPC			10,850		5,000		
TD Sect. 5311 (Pass-thru)				281,403			
Legal							
Accounting Services							
Telephone							
Postage	497	223	3	48	105	741	1
Printing		506					
Subscriptions & Publications							
Dues & Fees	750						
Registration Fees	197	440	1,155			185	
Advertising	39	102		94		129	
Other Insurance							
Miscellaneous							
Interest Expense							
Principal Reduction							
Meeting Expense	64	10			620		
Council Contribution							
Capital Outlay							
Indirect Costs	37,547	8,331	2,740	19,783	16,384	21,043	6,280
Total Expenditures	142,521	36,771	24,396	361,325	71,163	87,117	25,118
Revenue Over(Under)							
Expenditures	5,830	764	2,366	274	-	4,664	1,216

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

SCHEDULE OF INDIRECT COSTS

Year Ended September 30, 2005

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Salaries	\$ 83,935	\$ 75,712	\$ 8,223
Fringe benefits	53,917	52,112	1,805
Equipment rental/repair	19,075	10,576	8,499
Audit and accounting	22,627	22,773	(146)
File management	2,200	2,020	180
Office supplies	6,200	3,837	2,363
Auto	4,626	4,058	568
Subscriptions	575	392	183
Telephone	9,216	9,646	(430)
Insurance	9,977	9,977	-
Building maintenance	7,300	6,929	371
Building security	429	429	-
Registrations	405	395	10
Meeting expenses	100	6	94
Dues and fees	-	269	(269)
Advertising	191	95	96
Postage	5,250	2,293	2,957
Utilities	8,560	8,648	(88)
Printing	1,975	1,455	520
Total indirect costs (A)	<u>\$ 236,558</u>	<u>\$ 211,622</u>	<u>\$ 24,936</u>
Basis of allocation of indirect costs:			
Direct salaries	\$ 382,370	\$ 371,325	\$ 11,045
Direct fringe benefits	<u>245,624</u>	<u>257,036</u>	<u>(11,412)</u>
Total direct costs (B)	<u>\$ 627,994</u>	<u>\$ 628,361</u>	<u>\$ (367)</u>
Indirect cost rate (A:B)	37.6688%	33.6784%	

COMPLIANCE SECTION



The NCT Group CPA's, L.L.P.

Certified Public Accountants and Consultants

**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**

Board of Directors
Central Florida Regional Planning Council
Bartow, Florida

We have audited the financial statements of Central Florida Regional Planning Council as of and for the year ended September 30, 2005, and have issued our report thereon dated December 9, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*², issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Central Florida Regional Planning Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Central 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 or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information of the audit committee, management and the State of Florida Auditor General and is not intended to be and should not be used by anyone other than those specified parties.

The NCT Group CPA's, L.L.P.
Lakeland, Florida
December 9, 2005



The NCT Group CPA's, L.L.P.

Certified Public Accountants and Consultants

MANAGEMENT LETTER

Board of Directors
Central Florida Regional Planning Council
Bartow, Florida

We have audited the basic financial statements of the Central Florida Regional Planning Council, whose headquarters is located in Bartow, Florida, as of and for the fiscal year ended September 30, 2005, and have issued our report thereon dated December 9, 2005.

We conducted our audit in accordance with generally accepted auditing standards, and *Government Auditing Standards* issued by the Comptroller General of the United States. Additionally, our audit was conducted in accordance with the provisions of Chapter 10.550, Rules of the Auditor General, which govern the conduct of local governmental entity audits performed in the State of Florida and require that certain items be addressed in this letter.

The Rules of the Auditor General (Section 10.554 (1)(h)1.e.) require that we comment as to whether or not inaccuracies, shortages, defalcations, fraud, and violations of laws, regulations and contractual provisions reported in the preceding annual financial audit report have been corrected. There were no prior year irregularities.

The Rules of the Auditor General (Section 10.554 (1)(h)3) require that we comment as to whether or not recommendations made in the preceding annual financial audit report have been followed. Recommendations made in the preceding annual financial audit report have been followed.

As required by the Rules of the Auditor General (Section 10.554 (1)(h)6.b.), we determined that the financial report for the Central Florida Regional Planning Council for the fiscal year ended September 30, 2005, was filed with the Department of Banking Finance pursuant to Section 218.32, Florida Statutes, and is in agreement with the annual financial audit report for the fiscal year ended September 30, 2005.

As required by the Rules of the Auditor General (Section 10.554 (1)(h)2.), we determined that Central Florida Regional Planning Council complied with Section 218.415, Florida Statutes regarding the investment of public funds.

The Rules of the Auditor General (Sections 10.554 (1)(h)6.,7.,8.,9.) require disclosure in the management letter of the following matters if not already addressed in the auditor's reports on the internal control structure or compliance: recommendations to improve financial management, accounting procedures and internal controls; violations of laws, rules, and regulations which may or may not materially affect the financial statements; illegal or improper expenditures which may or may not materially affect the financial statements; improper or inadequate accounting procedures (e.g., the omission of required disclosures from the financial statements); failures to properly record financial transactions; and other inaccuracies, irregularities, shortages, and defalcations discovered by the auditor; and instances of fraud and fraud related factors representing reportable conditions. Our audit disclosed the following matters required to be disclosed by the Rules of the Auditor General (Sections 10.554 (1)(h)6.,7.,8.,9.):

STATUS OF PRIOR YEAR COMMENTS

Accrued Expenses

Condition:

During our review of accrued expenses, we noted one employee with a deficit balance related to annual sick leave. This employee had a deficit balance of 485 hours at year-end. Because of this, the Council is not in compliance with Florida Administrative Code 6OL-34, the use of paid leave before the time is earned.

Status:

This finding was still noted in the current year.

Recommendation:

We recommend the accrued annual and sick leave be reviewed by management on an on-going basis and that employees are not allowed to receive sick leave in excess of their allowed hours for the allowed period.

Management will review the sick and work related leave policy. Based on this review, management will provide recommendations to the Benefits Committee for the Board's consideration.

Management Response:

- 1) The Executive Director and the Finance Director review sick leave for all employees at the conclusion of each pay period to ensure that the use of sick leave is in accordance with the Council sick leave policy.
- 2) Elizabeth Sheetz's sick leave liability was reduced to 229 hours as of September 30, 2003 as a result of the institution of the Council's policy on October 2, 2001 that all sick leave earned is to be used to reduce the liability and all sick leave taken is without pay. She was terminated as of September 30, 2003 and owes the Council \$5,238.78. Elizabeth continues to correspond with the Council and to pursue a settlement that works in her favor. The Executive Director was deposed on April 7, 2004 in connection with one of her accidents. Nothing has occurred since with the deposition.

Segregation of Duties

Condition:

A small number of persons have the primary responsibility for performing most of the accounting and financial duties. As a result, some of the aspects of internal accounting control which rely upon adequate segregation of duties are missing in your agency. The supervision and periodic review procedures currently in place help mitigate the lack of proper segregation of duties and should be continued.

Status:

This finding was still noted in the current year.

Recommendation:

The following suggestions are procedures, which could be performed by someone outside of the accounting function to further compensate for known weaknesses attributable to an inadequate segregation of duties:

- * Receive all bank statements unopened and review their contents
- * Have bank statements reconciled immediately
- * Review bank reconciliations carefully
- * An employee other than the preparer of the entry should approve journal entries

Management Response:

The Executive Director reviews all Council bank statements for discrepancies upon receipt. Bank statements are reconciled after all month-end journal entries are posted. A detailed review of the monthly financial statements per program by the Executive Director is an additional step in identifying incorrect or erroneous journal entry postings.

Requests for Qualifications

Condition:

The Council has not sent out any requests for qualifications for consultants to assist with Development of Regional Impact (DRI) reviews since establishing a pool of qualified consultants in 1992.

Status:

This finding was still noted in the current year.

Recommendation:

We believe that the Council may be well served to send out requests for qualifications.

Management Response:

Staff is currently in the process of drafting a request for qualifications (RFQ) document for the Council's approval. The RFQ will not be limited to DRI consultants, but will include all consultants the Council might need assistance from.

State of Financial Deterioration

Condition:

During our evaluation of the financial condition of the Council, we noted declining financial indicators as compared to the prior year. During fiscal years '03 and '04, the ratio of cash to current liabilities has decreased from 5.21% to 3.37%. The ratio of current liabilities to total revenues increased from 33.44% to 38.88%. Debt service payments as a percent of total expenses has risen from 1.29% to 1.78%. The fund deficit was reduced by \$31,782 during the current year, however, the reduction was as a result of issuing an additional \$89,807 in long-term debt. There has been a deficit of revenues under expenses before other financing sources and uses of \$58,025, \$149,465 and \$58,085 for the fiscal years ending September 30, 2004, 2003 and 2002 respectively. During fiscal year '05, the ratio of cash to current liabilities increased to 5.49%. The ratio of current liabilities to total revenues decreased to 29.79%. Debt services payments as a percent of total expenses increased to 1.93%. The fund deficit was eliminated during the year without encountering new debt. There was an excess of \$12,720 over expenses at the entity-wide level of the organization breaking a three-year trend of negative performance.

Status:

This finding was still noted in the current year.

Recommendation:

We recommend that management continue to monitor and understand the underlying processes of the organization. This should be done through an assessment of local and environmental factors. Local factors include all of the internal processes of the Council ranging from staffing levels and compensation arrangements to long-term budgetary planning. Environmental factors include assessing inflation, decreasing economic activity and lack of control over spending for items such as natural disasters.

Management Response:

The Council continues to be proactive in increasing revenues, particularly those that have remained constant for a number of years. With the rising costs of salaries, benefits, and operations, any revenues the Council seeks must make up for accumulated inflation and not require the expenditure of additional staff resources. It is apparent that without increased revenue, a continuing positive fund balance will be difficult to maintain.

Funds Receivable

Condition:

During our testing of funds receivable, we noted that the prior year accruals were not reversed and not all receivables had been recorded.

Status:

This finding was not noted in the current year.

Deficit Fund Balance

Condition:

The Council had a deficit of revenues under expenditures of \$58,025, which resulted in a fund deficit of \$75,689.

Status:

This finding was not noted in the current year.

Payroll

Condition:

During our testing of payroll we noted that backup documentation for several payroll deductions were not maintained in the employees' personnel files.

Status:

This finding was not noted in the current year.

CURRENT YEAR COMMENT

Cash Disbursements

Condition:

During our test of controls on cash disbursements, we noted that purchase orders are not prepared as required by the Personnel Policies and Procedures manual. According to the policy, a purchase order is required for all purchases of supplies or equipment.

Recommendation:

We recommend that the Council follow purchasing procedures as required by the policies or amend the Personnel Policies and Procedures manual.

Management Response:

Staff will ensure that the purchasing procedures set forth in the Council's Personnel Policies and Procedures manual are followed in order to provide reasonable control over assets, liabilities, income and expenses.

The Rules of the Auditor General (Section 10.554(1)(h)5.) also require that the name or official title and legal authority for the primary government and each component unit of the reporting entity be disclosed in the management letter, unless disclosed in the notes to the financial statements. See footnote A in the Notes to Financial Statements for a description of the reporting entity.

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

The NCT Group CPA's, L.L.P.

The NCT Group CPA's, L.L.P.
Lakeland, Florida
December 9, 2005