

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL

FINANCIAL STATEMENTS

and

AUDITOR'S REPORTS

Year Ended September 30, 2006



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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, 2006, 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, 2006, 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 14, 2006 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 3 through 7 and 19 and 20 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 taken as a whole. The other supplementary information on pages 21-24 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 CPAs, LLP

The NCT Group CPA's, L.L.P.
Lakeland, Florida
December 14, 2006

**CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2006**

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, 2006. 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 \$477,158. The Council's unrestricted net assets have a balance of \$323,150, which may be used to meet the Council's ongoing obligations. In fiscal year 2005, the Council's unrestricted had net assets of \$52,078. The Council's net assets increased \$85,966 from fiscal year 2005 to 2006.
- As noted above, the Council reported an ending unrestricted fund balance of \$323,150, an increase of \$271,072 in comparison with the prior fiscal year. The increase is primarily attributable to increasing the mortgage to refinance the line of credit and due to lower salaries and fringe benefits expenses. Salaries and fringe benefits decrease compared to the prior year due largely to a large payout of accrued compensated leave to several senior staff in 2005 and due to the addition of part time staff with no paid benefits in 2006.
- The Council reported ending net assets invested in capital of \$154,008, a decrease of \$185,106 in comparison with the prior fiscal year. This decrease is due largely to refinancing the line of credit with mortgage debt and to current year depreciation expense.

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.

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 and can be found on pages 8 and 9 of this report.

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).

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.

**CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2006**

Fund financial statements (continued)

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.

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 and 12 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 13 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 \$391,192 to \$477,158.

	2006	2005	Increase (Decrease)
Current and other assets	\$ 824,642	\$ 538,520	\$ 286,122
Capital assets	412,794	510,546	(97,752)
Total assets	<u>1,237,436</u>	<u>1,049,066</u>	<u>188,370</u>
Current liabilities	501,492	486,442	15,050
Long-term liabilities	258,786	171,432	87,354
Total liabilities	<u>760,278</u>	<u>657,874</u>	<u>102,404</u>
Invested in capital assets, net of related debt	154,008	339,114	(185,106)
Unrestricted	323,150	52,078	271,072
Total net assets	<u>\$ 477,158</u>	<u>\$ 391,192</u>	<u>\$ 85,966</u>

**CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2006**

The schedule below provides a summary of the changes in net assets for the year ended September 30, 2006.

	2006	2005	Increase (Decrease)
Revenues:			
Member assessments	\$ 144,068	\$ 140,134	\$ 3,934
Federal grants	88,781	161,725	(72,944)
State grants	301,372	328,940	(27,568)
Other	844,978	765,105	79,873
Non-sponsored trips	256,555	281,403	(24,848)
Total revenues	<u>1,635,754</u>	<u>1,677,307</u>	<u>(41,553)</u>
Expenses:			
Governmental activities:			
Salaries	413,074	447,037	(33,963)
Fringe benefits	192,517	309,148	(116,631)
Non-sponsored trips	256,813	281,403	(24,590)
Consultants	350,971	308,842	42,129
Travel	9,315	15,965	(6,650)
Equipment rental/repair	20,549	18,942	1,607
Legal	19,200	21,000	(1,800)
Audit and accounting	23,067	22,773	294
File management	2,557	2,020	537
Office supplies	7,020	6,249	771
Auto	13,663	9,479	4,184
Subscriptions	714	573	141
Telephone	4,805	9,646	(4,841)
Insurance	10,973	9,977	996
Building maintenance	13,014	7,293	5,721
Building security	438	429	9
Registrations	2,940	2,692	248
Meeting expenses	7,217	1,831	5,386
Dues and fees	15,659	14,891	768
Advertising	1,086	3,724	(2,638)
Postage	4,853	5,388	(535)
Utilities	9,374	8,648	726
Printing	798	1,968	(1,170)
Miscellaneous	43,313	617	42,696
Debt service - interest	15,316	17,460	(2,144)
Depreciation	110,542	136,592	(26,050)
Total expenses	<u>1,549,788</u>	<u>1,664,587</u>	<u>(114,799)</u>
Increase in net assets	85,966	12,720	73,246
Net assets - beginning of the year	391,192	378,472	12,720
Net assets - end of the year	<u>\$ 477,158</u>	<u>\$ 391,192</u>	<u>\$ 85,966</u>

**CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2006**

Assets and Liabilities

At September 30, 2006, the Council reported assets in the amount of \$1.237 million. The largest portion of the Council's assets, in the amount of \$413,000, 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. In addition, the Council had \$410,000 in cash at September 30, 2006. The Council reported liabilities in the amount of \$760,000 of which \$258,000 reflects general long-term debt (e.g. building, vehicle).

Revenues

Local/Other Revenue and Member Assessments accounts for 60.5% of the Council's total 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. 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, and Planning Advisory Services (PAS) to local governments. In comparison to fiscal year 2005, these revenues increased by 9.3%, largely due to increases of approximately \$78,250 in PAS revenues, \$53,700 in homeland security projects, \$47,000 in DRI revenues, new revenue of \$56,700 in FIAM revenue, and \$45,000 in CIE revenue. These increases are offset by decreases of \$147,000 of Continuity of Operations funding and \$35,000 in Transportation Disadvantaged planning revenues.

State Revenue accounts for 18% of the Council's revenue, which includes funding largely for the Department of Community Affairs (DCA) legislative planning appropriation and Transportation Disadvantaged planning. State revenues decreased approximately \$27,600 compared to fiscal year 2005, mostly because of several one-time contracts related to Emergency Management programs. The decrease of these revenues was offset by new CDBG funds in the amount of \$45,300 received from DCA.

Federal Revenue accounts for 21% of the Council's revenue and include funding for 5311 (operating trips) and Economic Development Administration district planning. In comparison to fiscal year 2005, federal revenue decreased approximately \$73,000. This is primarily due to an award in 2005 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 2.5% from \$1,677,307 in fiscal year 2005 to \$1,635,754 in fiscal year 2006.

Expenses

Expenses decreased approximately 6% from \$1,664,587 in fiscal year 2005 to \$1,549,788 in fiscal year 2006. This decrease is primarily due to the \$107,900 decrease in salaries and fringe benefits caused by the change in the composition of Council staff from long term senior staff to a smaller full time staff and several part time employees.

**CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2006**

Budgetary Highlights

The unfavorable variance in the Federal Grant revenue budget line item was caused by the fact that two Transportation Disadvantaged vehicles were ordered during the fiscal year, but were not delivered and purchased until October 2007 and, therefore, are carried forward to the next year's budget.

Capital Asset Activity

The Council's investments in capital assets at September 30, 2006, amounted to \$412,794 (net of accumulated depreciation). This investment in capital assets includes land (\$50,000), building (\$300,952), computer hardware (\$187,293), operating equipment (\$52,174), furniture (\$39,427), and vehicles (\$746,881) and accumulated depreciation of \$963,933.

Debt Management

As of year-end, the Council had \$258,786 in debt (notes payable) outstanding compared to \$171,432 long term note and a \$127,539 short term note last year. Of the total debt, \$258,119 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

The new fiscal year continues to show increases in local government contract work through the Planning Advisory Services. This work involves preparing Finding of Necessity studies and Community Redevelopment Agency Plans; impact fee studies; and FIAM model preparation for several cities. New State funding for the Statewide Regional Evacuation Study and for Technical Assistance projects will substantially raise the revenues for the new fiscal year. Several other opportunities exist to increase revenues from State and local governments in the coming year. In addition, member assessments were raised \$.05 per capita for the fiscal year ended September 30, 2007 to \$.25 per capita. This was the first increase in member assessment rates since the Council's formation in 1974.

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
STATEMENT OF NET ASSETS
September 30, 2006

ASSETS	
Cash	\$ 410,152
Accounts receivable - net	254,987
Unbilled costs	135,019
Prepaid items	24,484
Capital assets, net of accumulated depreciation of \$963,932	412,794
Total assets	<u>1,237,436</u>
 LIABILITIES	
Accounts payable	185,911
Accrued expenses	48,371
Deferred revenues	267,210
Notes payable:	
Portion due within one year	14,068
Portion due after one year	244,718
Total liabilities	<u>760,278</u>
 NET ASSETS	
Invested in capital assets, net of related debt	154,008
Unrestricted	323,150
Total net assets	<u>\$ 477,158</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, 2006

Expenses:

Governmental activities:

Salaries	\$ 413,074
Fringe benefits	192,517
Nonsponsored trips	256,813
Consultants	350,971
Travel	9,315
Equipment rental/repair	20,549
Legal	19,200
Audit and accounting	23,067
File management	2,557
Office supplies	7,020
Auto	13,663
Subscriptions	714
Telephone	4,805
Insurance	10,973
Building maintenance	13,014
Building security	438
Registrations	2,940
Meeting expenses	7,217
Dues and fees	15,659
Advertising	1,086
Postage	4,853
Utilities	9,374
Printing	798
Miscellaneous	43,313
Debt service - interest	15,316
Depreciation	110,542
Total expenses	<u>1,549,788</u>

Revenues:

Member assessments	144,068
Federal grants	88,781
State grants	301,372
Other	844,978
Nonsponsored trips	256,555
Total revenues	<u>1,635,754</u>

Increase in net assets 85,966

Net assets - beginning of the year 391,192

Net assets - end of the year \$ 477,158

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

**CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
GOVERNMENTAL FUND BALANCE SHEET
September 30, 2006**

	<u>General Fund</u>
ASSETS	
Cash	\$ 410,152
Accounts receivable - net	254,987
Unbilled costs	135,019
Prepaid items	24,484
Total assets	<u>\$ 824,642</u>
LIABILITIES	
Accounts payable	\$ 185,911
Accrued expenses	48,371
Deferred revenues	267,210
Total liabilities	<u>501,492</u>
FUND BALANCE	
Unrestricted, undesignated	<u>323,150</u>
Total Fund Balance	<u>323,150</u>
 Amounts reported 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 fund	412,794
Long-term liabilities are not due and payable in the current period and and, therefore, are not reported in the fund	(258,786)
Net assets of governmental activities	<u>\$ 477,158</u>

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

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended September 30, 2006

	<u>General Fund</u>
Revenues:	
Member assessments	\$ 144,068
Federal grants	88,781
State grants	301,372
Other	844,978
Nonsponsored trips	256,555
Total revenues	<u>1,635,754</u>
Expenses:	
Governmental activities:	
Salaries	413,074
Fringe benefits	192,517
Nonsponsored trips	256,813
Consultants	350,971
Capital outlay	12,790
Travel	9,315
Equipment rental/repair	20,549
Legal	19,200
Audit and accounting	23,067
File management	2,557
Office supplies	7,020
Auto	13,663
Subscriptions	714
Telephone	4,805
Insurance	10,973
Building maintenance	13,014
Building security	438
Registrations	2,940
Meeting expenses	7,217
Dues and fees	15,659
Advertising	1,086
Postage	4,853
Utilities	9,374
Printing	798
Miscellaneous	43,313
Debt service - principal	187,337
Debt service - interest	15,316
Total expenses	<u>1,639,373</u>
Excess of revenues over expenditures	(3,619)
Other Financing Sources:	
Issuance of long term debt	<u>274,691</u>
Net change in fund balance	271,072
Fund balance:	
Beginning of the year	<u>52,078</u>
End of the year	<u>\$ 323,150</u>

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

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended September 30, 2006

Net change in governmental fund balance	\$	271,072
Amounts reported in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount that depreciation expense (\$110,542) exceeded capital outlay (\$12,790) in the current period.		(97,752)
Repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		187,337
Proceeds from the issuance of debt is reported as an other financing source of funds in governmental funds, but the issuance of debt increases long-term liabilities in the statement of net assets.		(274,691)
Change in net assets	<u>\$</u>	<u>85,966</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, 2006

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, 2006

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, 2006 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	39
Machinery & Equipment	5 – 7
Other	5

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENTS - (Continued)
Year Ended September 30, 2006

A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Concluded)

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. During the current year, there were no restricted net assets.

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.

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 \$323,150 differs from “net assets” of governmental activities \$477,158 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.

**CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
 NOTES TO FINANCIAL STATEMENTS - (Continued)
 Year Ended September 30, 2006**

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

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

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	\$ 1,376,727
Accumulated depreciation	<u>(963,933)</u>
Total capital assets added	<u>\$ 412,794</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, 2006 was:

Notes Payable	<u>\$ (258,786)</u>
---------------	---------------------

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

The “net change in fund balances” for governmental funds \$271,072 differs from the “change in net assets” for governmental activities \$85,966 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	\$ 12,790
Depreciation expense	<u>(110,542)</u>
Difference	<u>\$ (97,752)</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.

Issuance of debt	\$ 274,691
Principal repayments	<u>(187,337)</u>
	<u>\$ 87,354</u>

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENTS - (Continued)
Year Ended September 30, 2006

C - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2006:

	<u>Balance</u> <u>9/30/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/06</u>
Capital assets, not being depreciated:				
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Capital assets, being depreciated				
Building	300,952	-	-	300,952
Computer hardware	176,488	10,805	-	187,293
Operating equipment	50,189	1,985	-	52,174
Furniture	39,427	-	-	39,427
Vehicles	806,012	-	(59,131)	746,881
Total capital assets being depreciated	<u>1,373,068</u>	<u>12,790</u>	<u>(59,131)</u>	<u>1,326,727</u>
Less accumulated depreciated for:				
Building	71,993	7,716	-	79,709
Computer hardware	159,469	7,753	-	167,222
Operating equipment	49,682	580	-	50,262
Furniture	38,535	316	-	38,851
Vehicles	592,843	94,177	(59,131)	627,889
Total accumulated depreciation	<u>912,522</u>	<u>110,542</u>	<u>(59,131)</u>	<u>963,933</u>
Total capital assets, being depreciated, net	<u>460,546</u>	<u>(97,752)</u>	<u>-</u>	<u>362,794</u>
Governmental activities capital assets, net	<u>\$ 510,546</u>	<u>\$ (97,752)</u>	<u>\$ -</u>	<u>\$ 412,794</u>

D - GENERAL LONG TERM DEBT

The following is a summary of changes to the general long-term debt as of September 30, 2006:

	<u>Balance</u> <u>9/30/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/06</u>	<u>Due Within</u> <u>One Year</u>
Note payable to bank due in equal monthly installments of \$2,219, including interest at 5.25%, with a balloon payment of \$219,206 due through August 2009; collateralized by building	\$ -	\$ 274,691	\$ (16,572)	\$ 258,119	\$ 13,401

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
NOTES TO FINANCIAL STATEMENTS - (Concluded)
Year Ended September 30, 2006

D - GENERAL LONG TERM DEBT - (Concluded)

	<u>Balance</u> <u>9/30/05</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>9/30/06</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	\$ 166,082	\$ -	\$ (166,082)	\$ -	\$ -
Note payable to Ford Motor Credit Company due in equal monthly principal payments of \$390, with 0% interest through November, 2007; unsecured	<u>5,350</u>	<u>-</u>	<u>(4,683)</u>	<u>667</u>	<u>667</u>
Total	<u>\$ 171,432</u>	<u>\$ 274,691</u>	<u>\$(187,337)</u>	<u>\$ 258,786</u>	<u>\$ 14,068</u>

Annual debt service requirements for general long-term debt as of September 30, 2006, including interest payments of \$36,545, are as follows:

<u>Year Ending September 30:</u>	<u>Amount</u>
2007	\$ 27,300
2008	26,632
2009	<u>241,399</u>
	<u>\$ 295,331</u>

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, 2006**

	2006			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Revenues:				
Member assessments	\$ 144,068	\$ 144,068	\$ 144,068	\$ -
Federal grants	356,706	371,863	88,781	(283,082)
State grants	324,793	370,178	301,372	(68,806)
Other	390,675	868,926	844,978	(23,948)
Nonsponsored trips	256,813	256,813	256,555	(258)
Total revenues	1,473,055	2,011,848	1,635,754	(376,094)
Expenditures:				
Salaries	386,806	418,325	413,074	5,251
Fringe benefits	217,293	238,264	192,517	45,747
Nonsponsored trips	478,383	491,813	256,813	235,000
Consultants	116,250	321,000	350,971	(29,971)
Capital outlay	9,055	65,105	12,790	52,315
Travel	16,500	13,950	9,315	4,635
Equipment rental/repair	19,376	21,253	20,549	704
Legal	19,200	19,200	19,200	-
Audit and accounting	22,655	22,655	23,067	(412)
File management	2,400	3,000	2,557	443
Office supplies	6,000	6,650	7,020	(370)
Auto	8,100	14,098	13,663	435
Subscriptions	280	1,000	714	286
Telephone	6,000	6,000	4,805	1,195
Insurance	21,744	23,623	10,973	12,650
Building maintenance	7,900	14,726	13,014	1,712
Building security	429	429	438	(9)
Registrations	2,000	3,800	2,940	860
Meeting expenses	1,200	5,655	7,217	(1,562)
Dues and fees	13,307	15,872	15,659	213
Advertising	1,500	2,700	1,086	1,614

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, 2006

	2006			Variance Favorable (Unfavorable)
	Original Budget	Final Budget	Actual	
Expenditures:				
(continued)				
Postage	\$ 5,250	\$ 5,250	\$ 4,853	\$ 397
Utilities	8,560	9,200	9,374	(174)
Printing	1,975	1,975	798	1,177
Miscellaneous	500	1,000	43,313	(42,313)
Debt service - principal	37,603	38,389	187,337	(148,948)
Debt service - interest	18,012	18,832	15,316	3,516
Reserve/Contingency	5,000	50,000	-	50,000
Total expenditures	<u>1,433,278</u>	<u>1,833,764</u>	<u>1,639,373</u>	<u>194,391</u>
Excess (deficit) of revenues over (under) expenditures	39,777	178,084	(3,619)	(181,703)
Other Financing Sources:				
Issuance of long term debt	-	-	274,691	274,691
Net change in fund balances	39,777	178,084	271,072	92,988
Fund balance, beginning of year	<u>53,572</u>	<u>7,152</u>	<u>52,078</u>	<u>-</u>
Fund balance, end of year	<u>\$ 93,349</u>	<u>\$ 185,236</u>	<u>\$ 323,150</u>	<u>\$ 92,988</u>

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

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OTHER SUPPLEMENTARY INFORMATION

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BY CATEGORY
For the Fical Year Ended September 30, 2006

	YTD	Eliminations	Indirect 6	Local Assesmt 10	SQG Haz Waste 12
Revenue:					
Member assessments	\$ 144,068	\$ -	\$ -	\$ 144,068	\$ -
Local/other revenue	844,978	-	-	1,744	27,594
State revenue	301,372	-	-	-	-
Federal revenue	88,781	-	-	-	-
Council contribution	-	(18,287)	-	-	-
TD operating trips	256,555	-	-	-	-
Issuance of lon-term debt	274,691	-	-	274,691	-
Total Revenue	1,910,445	(18,287)	-	420,503	27,594
Expenditures:					
Salaries	413,074		84,157	4,112	11,188
Fringe benefits	192,517		39,274	1,916	5,214
Nonsponsored trips	256,813			-	-
Consultants	350,971			550	-
Capital outlay	12,790			12,790	-
Travel	9,315			1,715	276
Equipment rental/repair	20,549		12,919	-	25
Legal	19,200			19,200	-
Audit and accounting	23,067		23,067	-	-
File management	2,557		2,557	-	-
Office supplies	7,020		6,921	79	-
Auto	13,663		4,194	8,947	-
Subscriptions	714		250	464	-
Telephone	4,805		4,805	-	-
Insurance	10,973		10,973	-	-
Building maintenance	13,014		10,054	2,960	-
Building security	438		438	-	-
Registration fees	2,940		200	310	-
Meeting expense	7,217			2,076	-
Dues and fees	15,659			15,659	-
Advertising	1,086		(95)	388	-
Postage	4,853		2,408	104	18
Utilities	9,374		9,374	-	-
Printing	798		646	152	-
Miscellaneous	43,313		4	43,309	-
Debt service - principal	187,337			187,337	-
Debt service - interest	15,316			15,316	-
Council contribution	-	(18,287)		-	-
Indirect costs	-		(212,146)	2,653	7,216
Total Expenditures	1,639,373	(18,287)	-	320,037	23,937
Revenue Over(Under)					
Expenditures	\$ 271,072	\$ -	\$ -	\$ 100,466	\$ 3,657

DRI Reviews 14	CIE 18	PAS 20	RDSTF 29	DCA 30	DCA-CDBG 31	LEPC 42	HMEP 44
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
381,973	45,000	260,252	53,700	-	-	4,500	-
-	-	-	-	163,613	45,385	40,909	-
-	-	-	-	-	-	-	28,489
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
381,973	45,000	260,252	53,700	163,613	45,385	45,409	28,489
21,100	5,767	81,665	13,592	71,219	8,875	21,630	8,015
9,834	3,446	41,405	6,151	29,222	4,136	10,081	3,735
-	-	-	-	-	-	-	-
332,991	-	8,580	1,650	-	-	-	7,200
-	-	-	-	-	-	-	-
-	-	-	2,632	401	34	1,083	2,574
1,324	-	3,537	2	427	-	552	36
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	14	-	6	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	475	-	-	-	1,800
-	-	27	3,388	1,696	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	727	-
475	-	775	127	285	-	43	13
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
13,609	4,769	57,371	8,513	40,441	5,724	13,951	5,169
379,333	13,982	193,374	36,530	143,697	18,769	48,067	28,542
\$ 2,640	\$ 31,018	\$ 66,878	\$ 17,170	\$ 19,916	\$ 26,616	\$ (2,658)	\$ (53)

(continued)

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
GENERAL FUND
SCHEDULE OF REVENUES AND EXPENDITURES - BY CATEGORY (continued)
For the Fical Year Ended September 30, 2006

	TD Sect 5310/5311 50	EDA 52	TD Planning 54	FIAM 60	PCSB Site Plans 61
Revenue:					
Member assessments	\$ -	\$ -	\$ -	\$ -	\$ -
Local/other revenue	2,000	-	11,488	56,727	-
State revenue	-	-	51,465	-	-
Federal revenue	38,045	22,247	-	-	-
Council contribution	-	18,287	-	-	-
TD operating trips	256,555	-	-	-	-
Issuance of lon-term debt	-	-	-	-	-
Total Revenue	296,600	40,534	62,953	56,727	-
Expenditures:					
Salaries	16,794	17,833	27,264	10,625	9,238
Fringe benefits	7,827	8,311	12,707	4,952	4,306
Nonsponsored trips	256,813	-	-	-	-
Consultants	-	-	-	-	-
Capital outlay	-	-	-	-	-
Travel	128	344	128	-	-
Equipment rental/repair	254	261	1,194	18	-
Legal	-	-	-	-	-
Audit and accounting	-	-	-	-	-
File management	-	-	-	-	-
Office supplies	-	-	-	-	-
Auto	522	-	-	-	-
Subscriptions	-	-	-	-	-
Telephone	-	-	-	-	-
Insurance	-	-	-	-	-
Building maintenance	-	-	-	-	-
Building security	-	-	-	-	-
Registration fees	-	-	155	-	-
Meeting expense	-	-	-	30	-
Dues and fees	-	-	-	-	-
Advertising	53	13	-	-	-
Postage	55	39	511	-	-
Utilities	-	-	-	-	-
Printing	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
Council contribution	18,287	-	-	-	-
Indirect costs	10,832	11,502	17,585	6,853	5,958
Total Expenditures	311,565	38,303	59,544	22,478	19,502
Revenue Over(Under) Expenditures	\$ (14,965)	\$ 2,231	\$ 3,409	\$ 34,249	\$ (19,502)

CENTRAL FLORIDA REGIONAL PLANNING COUNCIL
SCHEDULE OF INDIRECT COSTS
Year Ended September 30, 2006

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
Salaries	\$ 84,167	\$ 84,157	\$ 10
Fringe benefits	47,939	39,274	8,665
Equipment rental/repair	12,752	12,919	(167)
Audit and accounting	22,655	23,067	(412)
File management	3,000	2,557	443
Office supplies	6,650	6,921	(271)
Auto	4,207	4,194	13
Subscriptions	250	250	-
Telephone	6,000	4,805	1,195
Insurance	6,396	6,057	339
Building maintenance	14,726	14,970	(244)
Building security	429	438	(9)
Registrations	500	200	300
Advertising	135	(95)	230
Postage	2,625	2,408	217
Utilities	9,200	9,374	(174)
Printing	988	646	342
Miscellaneous	100	4	96
	<u>\$ 222,719</u>	<u>\$ 212,146</u>	<u>\$ 10,573</u>
Basis of allocation of indirect costs:			
Direct salaries	\$ 334,158	\$ 328,917	\$ 5,241
Direct fringe benefits	<u>190,325</u>	<u>153,243</u>	<u>37,082</u>
Total direct costs (B)	<u>\$ 524,483</u>	<u>\$ 482,160</u>	<u>\$ 42,323</u>
Indirect cost rate (A:B)	42.4645%	43.9991%	

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COMPLIANCE SECTION

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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, 2006, and have issued our report thereon dated December 14, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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. However, we noted certain matters involving internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Council's ability to initiate, record, process, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Management Letter as items 05-02 Segregation of Duties, and 06-04 Unauthorized Disbursements.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe all of the above referenced items are 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.

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 CPAs, LLP

The NCT Group CPA's, L.L.P.
Lakeland, Florida
December 14, 2006



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, 2006, and have issued our report thereon dated December 14, 2006.

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 except as noted in Status of Prior Year Comments.

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, 2006, 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, 2006.

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

05-02 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;
- Approve journal entries and supporting documentation;
- Review ADP payroll reports.

Management Response:

We recognize the lack of separation of duties has been an ongoing area of concern due to the small number of Council employees. To correct this situation, effective October 1, 2006, we have amended our accounting policies and procedures to reassign duties to several different employees and establish a more comprehensive review process. All auditor recommendations have been incorporated into the amended accounting policies and procedures currently in effect. We have a strong commitment to ensure internal controls are in place and working effectively.

05-03 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.

Status:

This finding was still noted in the current year for one instance tested.

Recommendation:

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

Management Response:

As noted previously, we have amended our accounting policies and procedures. Purchase orders are no longer required. However, the same policies remain in effect that state purchases under \$1,000 are made with the Finance Director's approval. Purchases in the amount of \$1,001 to \$5,000 require written quotes and the approval of the Executive Director. Purchases in the amount of \$5,001 to \$20,000 require competitive sealed bids and the approval of the Executive Director. Purchases in excess of \$20,000 require competitive sealed bids and the approval of the Executive Committee.

CURRENT YEAR COMMENTS

06-01 Indirect Costs

Condition:

During our testing of cash disbursements, we noted that several items are charged to Member Assessments instead of to the indirect costs. Items such as mortgage payments, vehicle payments, legal fees, subscriptions, dues and board meeting expenses are charged to Member Assessments.

Recommendation:

We recommend that the Council look into allocating some of these expenses to various programs through indirect costs.

Management Response:

We have reviewed the allocation of indirect costs and agree that costs which serve all programs should be allocated accordingly. As such, effective October 1, 2006, these costs are allocated to all programs.

06-02 Accounting Procedures

Condition:

During our inquiry of accounting procedures, we noted that the bank reconciliations and monthly journal entries are not being reviewed.

Recommendation:

We recommend that the Executive Director, or their designee, review all bank reconciliations and monthly journal entries.

Management Response:

In accordance with our new accounting policies and procedures, all monthly bank reconciliations and journal entries are reviewed by the Executive Director or his/her designee.

06-03 Accounting Software

Condition:

During our inquiry of accounting procedures, we noted that the general ledger software is very old and no longer has support available. It will not run proper financial statements for the Council and it has many limitations regarding data entry.

Recommendation:

We recommend that the Council update their general ledger software to a current version with support available and one that will produce the proper financial statements needed by the Council.

Management Response:

Effective October 1, 2006, the Council uses QuickBooks Premier Nonprofit 2007 Edition for all accounting functions except payroll, which continues to be performed by ADP. The software has excellent support. It is flexible to meet the Council's needs and is capable of producing reports, which greatly improve the timeliness and accuracy of financial information.

06-04 Unauthorized Disbursements

Condition:

During our testing of payroll we noted that an employee was not contributing their share of the retirement contribution. The Council is contributing their portion as well as the employee's portion. In addition, we noted that an employee was issuing an additional check to themselves for several pay periods and coding the payment to leave expense in indirect cost. These irregularities are currently under investigation by the State Attorney's office.

Recommendation:

As noted in 05-02, we recommend management review ADP payroll reports for proper pay rates and retirement match.

Management Response:

We recognize the lack of separation of duties enabled internal controls to be compromised by an individual who had sole responsibility for all accounting functions. To correct this situation, effective October 1, 2006, we have amended our accounting policies and procedures to reassign duties to several different employees and establish a more comprehensive review process. The Council has a strong commitment to ensure internal controls are in place and working effectively. All auditor recommendations have been incorporated into the amended accounting policies and procedures.

06-05 Subsequent Receipts

Condition:

During our testing of subsequent receipts, we noted that an invoice for an impact fee study had not been included in the funds receivable as of September 30, 2006.

Recommendation:

We recommend that all items are properly accrued for in the correct fiscal year.

Management Response:

In accordance with the new accounting policies and procedures, each Director or program manager reviews the financial information for his or her program on a monthly basis. This ensures that all invoices and receivables are properly recorded. The new accounting software as well as the new accounting policies and procedures are designed to ensure all receivables and payables are recorded accurately and in a timely manner.

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 CPAs, LLP

The NCT Group CPA's, L.L.P.
Lakeland, Florida
December 14, 2006