

**SOUTH CENTRAL REGIONAL COUNCIL
OF GOVERNMENTS
FINANCIAL STATEMENTS AND
SUPPLEMENTAL SCHEDULES
FOR THE YEAR ENDED JUNE 30, 2009**

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS

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June 30, 2009

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NORTH HAVEN, CONNECTICUT 06473

INDEPENDENT AUDITOR'S REPORT

To the Executive Committee
South Central Regional Council of Governments
North Haven, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS

as of and for the year ended June 30, 2009, which collectively comprise the organization's basic financial statements as listed in the table of contents. These financial statements are the responsibility of management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, each major fund, and the aggregate remaining fund information of the South Central Regional Council of Governments, as of June 30, 2009, and the respective changes in 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 a report dated September 12, 2009, on our consideration of the SCRCOG'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 and testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

Management's discussion and analysis and budgetary comparison information on pages 9 through 13 and 27 through 28 are not a required part of the basic financial statements but are supplementary information required by 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 that collectively comprise the South Central Regional Council of Governments' basic financial statements. The introductory section and combining and individual nonmajor fund financial statements and schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

KIRCALDIE, RANDALL & McNAB LLC

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North Haven, Connecticut
September 12, 2009

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH Government Auditing Standards**

To the Executive Committee
South Central Regional Council of Governments
North Haven, Connecticut

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Central Regional Council of Governments as of and for the year ended June 30, 2009, which collectively comprise the South Central Regional Council of Governments' basic financial statements and have issued our report thereon dated September 12, 2009. 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 South Central Regional Council of Governments' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Central Regional Council of Governments' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Central Regional Council of Governments' internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the South Central Regional Council of Governments' ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of South Central Regional Council of Governments' financial statements that is more than inconsequential will not be prevented or detected by South Central Regional Council of Governments' internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the South Central Regional Council of Governments' internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

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COMPLIANCE AND OTHER MATTERS:

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

This report is intended solely for the information of the executive committee, management, and federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kircaldie Randall, McNab LLC

North Haven, Connecticut
September 12, 2009

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NORTH HAVEN, CONNECTICUT 06473

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Executive Committee
South Central Regional Council of Governments
North Haven, Connecticut

COMPLIANCE:

We have audited the compliance of South Central Regional Council of Governments with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2009. The South Central Regional Council of Governments' major federal program is identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the South Central Regional Council of Governments' management. Our responsibility is to express an opinion on the South Central Regional Council of Governments' compliance based on our audit.

We conducted our audit of compliance accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the South Central Regional Council of Governments' compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the South Central Regional Council of Governments' compliance with those requirements.

In our opinion, the South Central Regional Council of Governments complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

INTERNAL CONTROL OVER COMPLIANCE:

The management of the South Central Regional Council of Governments is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the South Central Regional Council of Governments' internal control over compliance with requirements that could have a direct and material effect

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on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the South Central Regional Council of Governments' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would necessarily identify all deficiencies in internal control over that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information of the executive committee, management, and federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kircaldie Randall & McNab LLC

North Haven, Connecticut
September 12, 2009

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NORTH HAVEN, CONNECTICUT 06473

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT, AND ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

To the Executive Committee
South Central Regional Council of Governments
North Haven, Connecticut

COMPLIANCE:

We have audited the compliance of South Central Regional Council of Governments with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that are applicable to each of its major state programs for the year ended June 30, 2009. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the SCRCOG's management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the SCRCOG's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the SCRCOG's compliance with those requirements.

In our opinion, the SCRCOG complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2009.

INTERNAL CONTROL OVER COMPLIANCE:

The management of the SCRCOG is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the

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effectiveness of the South Central Regional Council of Governments' internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would necessarily identify all deficiencies in internal control over that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE:

We have audited the basic financial statements of the SCRCOG as of and for the year ended June 30, 2009, and have issued our report thereon dated September 12, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information of the executive committee, management, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Kircaldie Randall, McNab LLC

North Haven, Connecticut
September 12, 2009

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS

Management Discussion and Analysis

For the Year Ended June 30, 2009

This discussion and analysis of the South Central Regional Council of Governments (“SCRCOG”) financial performance is provided by management as an overview of the SCRCOG’s financial activities for the fiscal year ended June 30, 2009. This reporting is in accordance with Statement No. 34 of the Governmental Accounting Standards Board. Please read this MD&A in conjunction with the SCRCOG’s financial statements.

FINANCIAL HIGHLIGHTS

- Net assets of our governmental activities decreased by \$2,781 or 0.3%
- During the year, the SCRCOG had expenses that were \$6,551 less than revenue
- Total cost of all of the SCRCOG’s programs was \$1,361,837
- The Total Funds reported a fund balance this year of \$794,585
- The resources available for appropriation were \$2,170,482. All expenditures are within authorized limits.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities (Exhibits A and B, respectively) provide information about the activities of the SCRCOG as a whole and present a longer term view of the SCRCOG’s finances. Fund financial statements are presented in Exhibit C and D. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the SCRCOG’s operations in more detail than the government wide statements by providing information about the SCRCOG’s most significant funds.

Government-Wide Financial Statements

The analysis of the SCRCOG as a whole begins on Exhibit A and B. The statement of net assets and the statement of activities report information about the SCRCOG as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the SCRCOG’s net assets and changes in them. The SCRCOG’s net assets, the difference between assets and liabilities, are one way to measure the SCRCOG’s financial health, or financial position. Over time, increases or decreases in the SCRCOG’s net assets are one indicator of whether its financial health is improving or deteriorating. The reader

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS

Management Discussion and Analysis

For the Year Ended June 30, 2009

needs to consider other non-financial factors, however, such as changes in the SCRCOG's funding sources.

In the statement of net assets and the statement of activities, the SCRCOG reports its activities:

Governmental activities – The SCRCOG's basic planning programs are reported here, including land use, transportation, transit, environmental, and homeland security for the region. Federal and State grants fund most activities supplemented by local municipal dues.

Fund Financial Statements

The fund financial statements begin with Exhibit C and provide detailed information about the most significant funds. SCRCOG establishes other funds to help control and manage financial activities for particular purposes – Homeland Security, State Grant In Aid, Sewer GIS Mapping, Regional Web Portal, and Solid Waste Disposal (OPM), Shoreline Trails and Safe Routes to Schools (FHWA), FTA and CTDOT funding to show that it is meeting legal responsibilities required by the grants. Of the three proscribed categories of funds the SCRCOG utilizes only Governmental Funds; there are no Proprietary or Fiduciary Funds

Governmental funds (Exhibits C and D) – These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the SCRCOG's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the SCRCOG's programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is described in a reconciliation at the bottom of the fund financial statements.

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Management Discussion and Analysis
For the Year Ended June 30, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The SCRCOG's combined net assets decreased from a year ago from \$800,347 to \$806,218. The analysis below focuses on the net assets (Table 1) of the SCRCOG's governmental activities.

Table 1
Net Assets

	Governmental Activities <u>2009</u>
ASSETS	
Cash and cash equivalents	\$ 813,238
Due from Federal and State Governments	280,403
Prepaid expenses	99
Other assets	<u>11,663</u>
Total Assets	<u>\$ 1,105,403</u>
LIABILITIES	
Accounts payable	\$ 103,647
Deferred revenue	207,171
Non-current liabilities	<u>8,652</u>
Total liabilities	<u>\$ 319,470</u>
NET ASSETS	
Investment in capital assets	\$ 11,633
General Fund	<u>794,585</u>
Total net assets	<u>\$ 806,218</u>

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SCRCOG experienced a decrease in net assets of its governmental activities of 0.3% as compared to 0.7% the prior year.

The SCRCOG's total revenues were \$1,368,388. The total cost of all programs and services was \$1,361,837. See Exhibit D in the financial report.

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS

Management Discussion and Analysis

For the Year Ended June 30, 2009

Governmental Activities

Overall revenues were \$731,102 lower than budgeted. Expenditures were \$808,645 less than anticipated. SCRCOG revenue figures in the budget reflect grantors request that we budget 100% of grants, even though we may not intend to use the entire grant in a particular year. This does allow flexibility should a new project come up during the year which the SCRCOG wishes to pursue. All revenue generated from FHWA, FTA, and CT Department of Transportation funds are on a reimbursement basis with a 10% local match required. Municipal dues make up the 10% local match. The local match also has been taken from reserve on a case by case basis, rather than increasing local dues.

Maximum overhead rate allowance set by our grantor is 1.50. Our rate in this fiscal year was 1.3461

(See Schedule 7 in the financial statements.)

SCRCOG FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the SCRCOG completed the year, its governmental funds (as presented in the balance sheet – Exhibit C) reported a combined fund balance of \$794,585 which is an increase from last year's total of \$788,034.

General Fund Budgetary Highlights

The SCRCOG's budget received several new one time funding sources; still relying heavily on FHWA, FTA and CT Department of Transportation to fund 82% of SCRCOG total revenue. Municipal dues make up 11% of the total revenue. Department of Emergency Management and Homeland Security, State Grant in Aid, and Regional Performance Incentive Grants (OPM) complete the funding sources this fiscal year. The municipal dues are assessed at \$.27/person (based on municipal population). Either an increase in municipal dues or use of unrestricted reserve can generate a larger local match which could have allowed the agency to access more reimbursable funding. In general the reserve has been held to meet cash flow needs since the majority of our funding is on a reimbursable basis.

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Management Discussion and Analysis
For the Year Ended June 30, 2009

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2009, the SCRCOG had \$122,503 of capital assets basically office and computer equipment located in the SCRCOG's leased office space. (See Note 5 or Schedule 5 in the financial statements).

Debt Administration

The SCRCOG has no authority to issue bonds or other types of debt instruments.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The SCRCOG's elected officials considered many factors when adopting the fiscal year 2009-2010 budget. As a result of these efforts and adherence to federal guidelines, SCRCOG adopted a budget of \$1,283,085 for 2009-2010. Since SCRCOG did not use all of the revenue from the FHWA and FTA in the current year, we continue to carryover those dollars for future years.

CONTACTING THE SCRCOG'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, creditors and state and federal funders with a general overview of the SCRCOG's finances and to show the SCRCOG's accountability for the money it receives. If you have questions about this report or need additional financial information, contact, Judy Gott, Executive Director, SCRCOG, 127 Washington Ave.,
4th Floor West, North Haven, CT 06473.

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS

Statement of Net Assets

June 30, 2009

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 813,238
Due from Federal and State Governments	280,403
Fixed assets, net of depreciation	11,633
Prepaid expenses	8,751
Other assets	11,663
Total assets	<u>\$ 1,125,688</u>
LIABILITIES	
Accounts payable	\$ 103,647
Deferred revenue	207,171
Noncurrent liabilities	8,652
Total liabilities	<u>\$ 319,470</u>
NET ASSETS	
Investment in capital assets	\$ 11,633
Unrestricted	794,585
Total net assets	<u><u>\$ 806,218</u></u>

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The accompanying notes are an integral part of the financial statements

Exhibit A

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS

Statement of Activities

For the Year Ended June 30, 2009

KIRCALDIE, RANDALL & MCNAB LLC

	<u>Expenses</u>	<u>Program Revenues Operating Grants & Contributions</u>	<u>Net (Expense) Revenue & Changes in Net Assets</u>
Governmental Activities:			
Salaries	\$ 395,590	\$ 358,219	\$ (37,371)
Employee benefits	177,860	112,568	(65,292)
Rent	97,365	61,622	(35,743)
Postage and telephone	5,862	3,710	(2,152)
Office supplies	1,369	866	(503)
Equipment maintenance	14,048	8,891	(5,157)
Insurance	12,029	7,613	(4,416)
Printing and reproduction	56	56	0
Travel	6,273	6,136	(137)
Data processing	6,482	4,872	(1,610)
Dues and publications	2,446	1,548	(898)
Meetings	6,346	5,939	(407)
Advertising	1,483	1,124	(359)
Consulting	609,545	609,545	0
Professional services	10,793	6,831	(3,962)
Miscellaneous	12,520	12,515	(5)
Depreciation	11,103	7,031	(4,072)
Total expenditures	<u>\$ 1,371,170</u>	<u>\$ 1,209,086</u>	<u>\$ (162,084)</u>
General Revenues:			
Municipal dues			151,400
Unrestricted investment income			7,902
Miscellaneous revenue			1
Total general revenues			<u>\$ 159,303</u>
Change in net assets			<u>\$ (2,781)</u>
Net assets, July 1, 2008			<u>800,347</u>
Net assets, June 30, 2009			<u>\$ 797,566</u>

The accompanying notes are an integral part of the financial statements

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS

Governmental Funds

Balance Sheet

June 30, 2009

ASSETS	<u>General Fund</u>	<u>Transportation Planning</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Activities</u>
Cash and cash equivalents	\$ 813,238	\$	\$	\$ 813,238
Due from Federal and State Governments		273,031	7,372	280,403
Due from other funds	280,403	(273,031)	(7,372)	0
Prepaid expenses	99			99
Other assets	11,663			11,663
Total assets	<u>\$ 1,105,403</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,105,403</u>

LIABILITIES AND FUND BALANCE

Liabilities:

Accounts payable	\$ 103,647	\$	\$	\$ 103,647
Due to other funds	207,171		(207,171)	0
Deferred revenue			207,171	207,171
Total liabilities	<u>\$ 310,818</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 310,818</u>

Fund Balances:

Reserved	\$	\$	\$	\$ 0
Unreserved, reported in:				
General Fund	794,585			794,585
Special Revenue Funds				0
Total net assets	<u>\$ 794,585</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 794,585</u>
Total liabilities and net assets	<u>\$ 1,105,403</u>	<u>\$ 0</u>	<u>\$ 0</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	11,633
Long-term liabilities, including accrued vacation leave are not due and payable in the current period and are not reported in the funds	(8,652)
	<u>\$ 797,566</u>

The accompanying notes are an integral part of the financial statements

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Governmental Funds
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year ended June 30, 2009

	<u>General Fund</u>	<u>Transportation Planning</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Activities</u>
Revenues:				
Municipal dues	\$ 151,400	\$	\$	\$ 151,400
Federal & State governments		942,715	261,112	1,203,827
Interest income	7,902			7,902
Other income	1		5,258	5,259
Total revenue	<u>\$ 159,303</u>	<u>\$ 942,715</u>	<u>\$ 266,370</u>	<u>\$ 1,368,388</u>
Expenditures:				
Salaries	\$ 103,564	\$ 238,381	\$ 55,416	\$ 397,361
Employee benefits	177,860			177,860
Rent	97,365			97,365
Postage and telephone	5,862			5,862
Office supplies	1,369			1,369
Equipment maintenance	14,048			14,048
Insurance	12,029			12,029
Printing and reproduction			56	56
Travel	374	5,405	494	6,273
Data processing	4,387	1,990	105	6,482
Dues and publications	2,446			2,446
Meetings	1,110		5,236	6,346
Advertising		977	506	1,483
Consulting		479,809	129,736	609,545
Professional services	10,793			10,793
Miscellaneous	13			13
Indirect costs allocated	(395,479)	320,885	74,594	0
Capital outlay			12,506	12,506
	<u>\$ 35,741</u>	<u>\$ 1,047,447</u>	<u>\$ 278,649</u>	<u>\$ 1,361,837</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 123,562</u>	<u>\$ (104,732)</u>	<u>\$ (12,279)</u>	<u>\$ 6,551</u>
Other financing sources (uses):				
Local match/over spending	(117,011)	104,732	12,279	0
				0
Total other financing sources (uses)	<u>\$ (117,011)</u>	<u>\$ 104,732</u>	<u>\$ 12,279</u>	<u>\$ 0</u>
Change in fund balance	\$ 6,551	\$ 0	\$ 0	\$ 6,551
Fund balance, July 1, 2008	788,034			
Fund balance, June 30, 2009	<u>\$ 794,585</u>	<u>\$ 0</u>	<u>\$ 0</u>	

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Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Governmental funds report capital outlays for equipment as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period (11,103)

Expenses on the statement of activities for accumulated vacation pay do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds 1,771
Change in net assets of governmental activities (Exhibit B) \$ (2,781)

The accompanying notes are an integral part of the financial statements

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Notes to Combined Financial Statements

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of the South Central Regional Council of Government (SCRCOG) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the SCRCOG are described below.

In June 1999, GASB issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. The statement established a new reporting model for governments that is substantially different from prior reporting standards. This is the second year that the SCRCOG is reporting under the new reporting model, which includes the following segments:

Management's Discussion & Analysis – provides introductory information on basic financial statements and an analytical overview of the SCRCOG's financial activities.

Government-wide financial statements – consist of a statement of net assets and a statement of activities, which are prepared on the accrual basis of accounting. These statements distinguish between governmental activities and business-type activities and exclude fiduciary (employee retirement system and agency funds). Capital assets and long-term obligations (compensated absences, etc.) are included along with current assets and liabilities.

Required supplementary information – in addition to the MD&A, budgetary comparison schedules are presented for the Governmental funds, which include the General Fund and all Special Revenue funds as this is the basis on which the SCRCOG prepares its annual budget. The final adjusted budget is presented in comparison with the actual final budgetary revenues and expenditures (including encumbrances).

The Reporting Entity: The South Central Regional Council of Governments (the “SCRCOG”) is an association established under the provisions of the Statutes of the State of Connecticut Sections 4-124i through 4-124p. The Council is made up of the municipalities of Bethany, Branford, East Haven, Guilford, Hamden, Madison, Meriden, Milford, New Haven, North Branford, North Haven, Orange, Wallingford, West Haven and Woodbridge.

The purpose of the SCRCOG is to serve as a continuing forum to promote cooperative arrangements between its members to initiate and implement programs and to coordinate actions on a voluntary basis determined to be of benefit to the South Central Connecticut Region and to serve as a regular forum for contact and discussion of items of mutual interest among town and city officials. The Council considers such matters of a public nature common to two or more member communities as it deems appropriate, including matters affecting health, safety, welfare, education and economic conditions of the area comprised by its members.

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Notes to Combined Financial Statements

Note 1 (continued):

Government-Wide and Fund Financial Statements: The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the SCRCOG. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Major individual governmental funds are reported as separate columns in the fund financial statements.

The only funds presented in the financial statements are governmental funds as the SCRCOG has no activities which would be included in Proprietary Funds or Fiduciary Funds. The funds which are included in the financial statements are described below.

Governmental Funds: Are those through which most governmental functions typically are financed.

General Fund - the primary operating fund of the SCRCOG. This fund is used to account for all financial transactions and resources except those required to be accounted for in another fund. Revenues are derived primarily from municipal dues, state and federal grants, and interest income.

Special Revenue Funds - account for revenue derived from specific sources, generally federal and state grants that are restricted by legal and regulatory provisions to finance specific activities.

Measurement focus, Basis of Accounting and Financial Statement presentation: 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. Expenditures generally are recorded when a liability is incurred, as under accrual

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Notes to Combined Financial Statements

Note 1 (continued):

accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The SCRCOG reports the following major governmental funds:

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

The Regional Planning FHWA Special Revenue Fund: represents the SCRCOG's main source of grant funding and source of funds for direct salaries to carry out the regional highway planning function of the SCRCOG.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include operating grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues, as such, general revenues include municipal dues. There are no Program Revenues associated with the "Charges for Services" or "Capital Grants and Contributions" categories.

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

Cash and Cash Equivalents: The SCRCOG considers all highly liquid investments and those with a maturity of three months or less when purchased to be cash equivalents.

Capital Assets: Capital assets, which include property and equipment are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment is depreciated using the straight line method over the following estimated useful lives, generally 3 to 7 years.

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Notes to Combined Financial Statements

Note 1 (continued):

Compensated absences: During the first five years of employment, an employee accrues 5 and 3/4 hours per month up to a maximum of ten days of vacation leave per year. During the second five years of employment, an employee accrues 1 and 1/4 days per month up to a maximum of 15 days per year. After ten full years of employment, an employee accrues 1 and 2/3 days per month up to a maximum of 20 days per year. Employees may carryover a maximum of 10 vacation days to the next fiscal year after approval of the Executive Director. The carryover days must be used within the first quarter of the subsequent fiscal year. The employee, upon termination of employment from SCRCOG, is paid for accrued vacation leave based on the accrual limits specified above. The liability for accumulated vacation \$8,652 at June 30, 2009, which represents normal accumulations, has been recorded in the government-wide statement of net assets. The council's sick leave policy permits the accumulation of 15 sick days per year up to a maximum of 75 days. Employees are not paid for unused sick days upon termination of employment and, accordingly, sick pay is charged to expenditures when taken. No provision has been made in the financial statements for unused sick leave.

Allocation of Employee Benefits and Indirect Costs: SCRCOG employee benefits and indirect costs are allocated based upon actual expenditures to all grants in accordance with the Office of Management and Budget Circular A-87. SCRCOG employee benefits and indirect costs necessary to sustain overall operations are allocated to grant projects as a percentage of SCRCOG labor costs. The indirect cost factor for the year ended June 30, 2009, was 1.3461. The maximum allowed indirect cost rate by ConnDOT is 1.5.

Annual budget and budgetary accounting: SCRCOG's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30. SCRCOG's primary funding source are federal and state grants which have grant periods that generally coincide with SCRCOG's fiscal year. These grants normally are for a twelve-month period; however, they can be awarded for periods shorter or longer than twelve months.

Because of SCRCOG's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding.

The Executive Committee reviews and the full council formally approves the annual budget but emphasis must also be placed on complying with the grant budget, terms and conditions on a grant-by-grant basis. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances.

NOTE 2 — RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS:

Explanation of Certain Differences Between the Governmental Fund Balance and the Government-Wide Statement of Net Assets: The governmental fund balance sheet includes a reconciliation between fund balance - total governmental funds and net assets governmental

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Notes to Combined Financial Statements

Note 2 (continued):

activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including accrued vacation days are not due and payable in the current period and are not reported in the funds". The details of this \$8,652 difference are as follows:

Accrued vacation days	\$8,652
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Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities:

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances - total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays for equipment as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense". The details of this \$(11,103) difference are as follows:

Capital outlay	\$ 0
Depreciation expense	<u>(11,103)</u>
Net adjustment per Exhibit D	<u><u>\$ (11,103)</u></u>

Another element of the reconciliation states that "Expenses on the statement of activities for accumulated vacation pay do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds". The details of this \$1,771 difference are as follows:

Accumulated vacation pay, July 1	\$ 10,423
Accumulated vacation pay, June 30	<u>8,652</u>
Difference	<u><u>\$ 1,771</u></u>

NOTE 3 — CASH, REPURCHASE AGREEMENTS, AND INVESTMENTS:

Statutes authorize the SCRCOG to invest in repurchase agreements, certificates of deposit, tax exempt funds, and direct and indirect obligations of the United States Government, which is interpreted to include repurchase agreements and the State Short-term Investment Fund. In conformity with these statutes the SCRCOG adopted an investment policy August 25, 1999, which allows for investment in the following instruments:

- U.S. Treasury Bills
- Treasury Notes or Bonds maturing within two years
- Bank savings accounts and certificates of deposit of banks and savings and loan institutions maturing within two years
- The State Treasurer's Short Term Investment Fund (STIF)

KIRCALDIE, RANDALL & MCNAB LLC

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Notes to Combined Financial Statements

Note 3 (continued):

Assets of the employee pension fund, tax shelter fund and deferred compensation fund are not subject to the guidelines in State Statutes or the SCRCOG investment policy

Cash and Cash Equivalents:

The following is a summary of cash and cash equivalents at June 30, 2009:

Deposits:	
Demand accounts	\$ 53,745
Other Cash Equivalents*	
State Short-Term Investment Fund	<u>759,493</u>
Total cash and Cash Equivalents	<u>\$ 813,238</u>

* Short-term, highly liquid investments readily convertible into known amounts of cash

Deposits:

At June 30, 2009, the carrying amount of the SCRCOG's deposits and certificates of deposits was \$53,745 and the bank balance was \$58,403. Of these deposits \$58,403 was covered by federal depository insurance and \$0 was collateralized as required by State statute. All such deposit were in institutions considered to be "qualified public depositories" as defined in Section 36a-333 of the Connecticut General Statutes.

Investments:

The SCRCOG will periodically invest in certificates of deposit with a maturity greater than 90 days. At year end there were no investments although, at various times during the year, such investment were held by the SCRCOG.

NOTE 4 — ACCOUNTS RECEIVABLE:

Accounts receivable consist of federal and state administered grant receivables for reimbursement of expenditures under various programs and grants. All amounts are expected to be collected within the next year.

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Notes to Combined Financial Statements

NOTE 5 — FIXED ASSETS:

Capital assets activity for the year is summarized as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending</u>
Assets:				
Furniture and fixtures	\$ 54,684	\$	\$ 175	\$ 54,509
Equipment	12,918			12,918
Computer equipment	<u>59,576</u>	<u> </u>	<u>4,500</u>	<u>55,076</u>
	<u>\$ 127,178</u>	<u>\$</u>	<u>\$ 4,675</u>	<u>\$ 122,503</u>
Accumulated depreciation:				
Furniture and fixtures	\$ 54,684	\$	\$ 175	\$ 54,509
Equipment	12,918			12,918
Computer equipment	<u>36,840</u>	<u>11,103</u>	<u>4,500</u>	<u>43,443</u>
	<u>\$ 104,442</u>	<u>\$ 11,103</u>	<u>\$ 4,675</u>	<u>\$ 110,870</u>
Book Value	<u>\$ 22,736</u>			<u>\$ 11,633</u>

Depreciation in the amount of \$2,660 was charged to general operations as an indirect expense with the balance charged as a direct expense against local dues.

NOTE 6 — RETIREMENT PLAN:

SCRCOG sponsors a defined contribution money purchase pension plan titled the *South Central Regional Council of Governments Money Purchase Plan*, which provides retirement benefits for all full-time permanent employees. The assets are administered by the Principal Financial Group and held in trust by Principal Trust Company and invested in mutual funds as directed by participants. SCRCOG contributes an amount equal to five percent (5%) of eligible employees' gross salaries. For the year ended June 30, 2009, the contribution totaled \$18,240 of which \$1,774 was offset by forfeitures. Employees become 20 percent (20%) vested after one year of employment. An additional 20 percent (20%) is vested for each additional full year of employment. An employee becomes fully vested after 5 years of employment. The plan has been established by the governing board of the SCRCOG and may be amended by the board.

Forfeitures are used to reduce the plan sponsor's contribution under the Plan. As of June 30, 2009, forfeitures totaling \$0 were available to reduce future contributions.

NOTE 7 — DEFERRED COMPENSATION PLAN:

SCRCOG employees may elect to defer a portion of their compensation under the provisions of Internal Revenue Code section 457 in the *South Central Regional Council of Governments Deferred Comp Plan*. Pursuant to Internal Revenue Code Section 457, such deferred income is only taxable in the year in which it is paid or otherwise made available to the employee or his/her beneficiary.

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Notes to Combined Financial Statements

Note 7 (continued):

The assets of the deferred compensation plan are administered by the Principal Financial Group and held in trust by Principal Trust Company and invested in mutual funds as directed by participants. Pursuant to the provisions of GASB Statement 32 "Accounting and Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans a determination was made that there was not a fiduciary relationship between SCRCOG and the existing I.R.C. Section 457 plan that would require SCRCOG to report balances and transactions related to the plan. Employee contributions totaled \$26,576 during the year.

NOTE 8 — OPERATING LEASES:

The SCRCOG entered into a five year noncancellable operating lease effective December 1, 2000, for office space at 127 Washington Avenue, North Haven, Connecticut. On June 23, 2005 the lease was modified to extend the term through November 30, 2010. Monthly rent under this agreement was \$8,213 as of June 30, 2009. Rent expense for the year ended June 30, 2009, totaled \$97,365.

The following is a schedule of future minimum rental payments required under the operating lease as of June 30, 2009:

<u>Year Ended June 30</u>	
2010	\$ 98,561
2011	<u>41,067</u>
	<u>\$ 139,628</u>

KIRCALDIE, RANDALL & MCNAB LLC

NOTE 9 — FEDERAL INCOME TAXES:

The council is exempt from Federal taxation under Section §115 of the Internal Revenue Code as a political subdivision of the State of Connecticut.

NOTE 10 — RELATED PARTY ACTIVITY:

"Due from Special Revenue Fund" and "Due to General Fund" represent the amount due from the Special Revenue Fund to the General Fund for expenditures paid by one fund on behalf of the other fund.

NOTE 11 — ECONOMIC DEPENDENCY:

The SCRCOG derives substantial portions of its revenue from grants obtained from the U.S. Department of Transportation through the Connecticut Department of Transportation, should the relationship with either of these departments be jeopardized or these departments lose their own funding sources it is possible the SCRCOG would be unable to continue in its current form and function.

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Schedule of Revenues and Other Financing Sources
Budget and Actual (Non-GAAP Budgetary Basis) General and Special Revenue Funds
For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Federal Highway Administration	\$ 1,358,993	\$ 845,236	\$ (513,757)
Homeland Security Grant	53,197	13,301	(39,896)
Department of Justice	60,450	60,450	
Connecticut Department of Transportation	131,999	104,746	(27,253)
Connecticut Office of Policy and Management	313,080	180,094	(132,986)
Municipal dues	151,400	151,400	
Municipal matching funds	76,250	5,258	
Interest income	25,113	7,902	(17,211)
Other income		1	1
Total revenue	<u>\$ 2,170,482</u>	<u>\$ 1,368,388</u>	<u>\$ (731,102)</u>

KIRCALDIE, RANDALL & MCNAB LLC

Budgetary revenues are different from GAAP revenues because:

There are no differences between budgetary and GAAP revenues

Total revenues as reported in Exhibit D

\$ 1,368,388

The accompanying notes are an integral part of the financial statements

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Schedule of Expenditures and Other Financing Uses
Budget and Actual (Non-GAAP Budgetary Basis) General and Special Revenue Funds
For the Year Ended June 30, 2009

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Expenditures:			
Labor	\$ 659,700	\$ 575,582	\$ 84,118
Print and reproduction	3,600	56	3,544
Travel	19,700	6,289	13,411
Data processing	17,700	6,377	11,323
General operations	169,200	147,320	21,880
Consultant services	597,700	480,198	117,502
Contingencies	3,185		3,185
NHASH homeland security grant	51,997	13,351	38,646
JAGLLE Pilot Program	53,450	53,450	
Regional Performance Incentive Program	225,000	75,044	149,956
Shoreline Greenway Trails Planning Study	365,250	4,000	361,250
Capital expenditures	4,000	170	3,830
	<u>\$ 2,170,482</u>	<u>\$ 1,361,837</u>	<u>\$ 808,645</u>

KIRCALDIE, RANDALL & MCNAB LLC

Budgetary expenditures are different from GAAP expenditures because:

There are no differences between budgetary and GAAP

Total expenditures as reported in Exhibit D \$ 1,361,837

The accompanying notes are an integral part of the financial statements

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
General Fund
Comparative Balance Sheet
June 30, 2009 and 2008

KIRCALDIE, RANDALL & MGNAB LLC

	<u>2009</u>	<u>2008</u>
ASSETS		
Cash and cash equivalents	\$ 813,238	\$ 766,921
Due from other funds	280,403	523,974
Prepaid expenses	99	19,148
Other assets	11,663	11,663
Total assets	<u>\$ 1,105,403</u>	<u>\$ 1,321,706</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 103,647	\$ 307,041
Accrued expenses		1,631
Due to other funds	207,171	225,000
Total liabilities	<u>\$ 310,818</u>	<u>\$ 533,672</u>
Fund Balance:		
Reserve for encumbrances	\$	\$
Unreserved:		
Undesignated	794,585	788,034
Total net assets	<u>\$ 794,585</u>	<u>\$ 788,034</u>
Total liabilities and fund balance	<u>\$ 1,105,403</u>	<u>\$ 1,321,706</u>

The accompanying notes are an integral part of the financial statements

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Nonmajor Governmental Funds
Combined Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2009

KIRCALDIE, RANDALL & MGNAB LLC

	<u>Total</u>	<u>Homeland Security</u>	<u>State Grant In Aid</u>	<u>Shoreline Trails</u>	<u>Safe Routes to Schools</u>	<u>Sewer GIS Mapping</u>	<u>Regional Web Portal</u>	<u>Police Management Training</u>	<u>Solid Waste Disposal</u>
Revenues:									
Connecticut Office of Policy and Management	\$ 240,544	\$	\$ 70,079	\$	\$	\$ 18,000	\$ 57,376	\$ 60,450	\$ 34,639
Connecticut Department of Transportation	7,267			5,032	2,235				
Connecticut Dept of Homeland Security	13,301	13,301							
Local member match	5,258			5,258					
Total revenue	<u>\$ 266,370</u>	<u>\$ 13,301</u>	<u>\$ 70,079</u>	<u>\$ 10,290</u>	<u>\$ 2,235</u>	<u>\$ 18,000</u>	<u>\$ 57,376</u>	<u>\$ 60,450</u>	<u>\$ 34,639</u>
Expenditures:									
Salaries	\$ 55,416	\$ 351	\$ 33,077	\$ 2,393	\$ 953	\$ 8,003	\$ 2,850	\$ 3,412	\$ 4,377
Printing and reproduction	56		56						
Data processing	105	105							
Travel	494		450			44			
Meetings	5,236	690	1,096					3,450	
Consulting	129,736			4,676			50,690	50,000	24,370
Indirect cost allocation	74,594	472	44,525	3,221	1,282	10,773	3,836	4,593	5,892
Equipment	12,506	12,506							
Advertising	506		506						
	<u>\$ 278,649</u>	<u>\$ 14,124</u>	<u>\$ 79,710</u>	<u>\$ 10,290</u>	<u>\$ 2,235</u>	<u>\$ 18,820</u>	<u>\$ 57,376</u>	<u>\$ 61,455</u>	<u>\$ 34,639</u>
Other Financing Sources (Uses):									
Operating transfers in and local match	12,279	823	9,631			820		1,005	
Total expenditures	<u>\$ 266,370</u>	<u>\$ 13,301</u>	<u>\$ 70,079</u>	<u>\$ 10,290</u>	<u>\$ 2,235</u>	<u>\$ 18,000</u>	<u>\$ 57,376</u>	<u>\$ 60,450</u>	<u>\$ 34,639</u>
Excess (deficiency) of Revenues over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Fund balance, July 1	0	0	0	0	0	0	0	0	0
Fund balance, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Capital Assets Used in the Operation of Governmental Funds
Comparative Schedule by Source
June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<u>Governmental Funds Capital Assets:</u>		
Furniture and Fixtures	\$ 54,509	\$ 54,684
Equipment	12,918	12,918
Computer Equipment	<u>55,076</u>	<u>59,576</u>
	<u>\$ 122,503</u>	<u>\$ 127,178</u>

Investments in Governmental Funds Capital Assets by Source:

General Fund revenue	\$ 96,353	\$ 101,028
Special Revenue Funds	<u>26,150</u>	<u>26,150</u>
	<u>\$ 122,503</u>	<u>\$ 127,178</u>

KIRCALDIE, RANDALL & MCNAB LLC

The accompanying notes are an integral part of the financial statements

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS

Determination of Indirect Cost Rate

For the Year Ended June 30, 2009

KIRCALDIE, RANDALL & MCNAB LLC

		<u>Percentage</u>
Total payroll for the year	\$ 397,721	
Less		
Non-assignable salaries	88,936	
Base Payroll	<u>\$ 308,785</u>	<u>100.0000%</u>
Total indirect costs	<u>\$ 415,650</u>	<u>134.6082%</u>
Summary of indirect costs		
Non-assignable salaries	88,936	21.3968%
Fringe benefits	177,335	42.6645%
Non-personnel	149,379	35.9387%
Total indirect costs	<u>\$ 415,650</u>	<u>100.0000%</u>

The accompanying notes are an integral part of the financial statements

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS

Cost Analysis

For the Year Ended June 30, 2009

	<u>Direct</u>	<u>Indirect</u>	<u>Total</u>
Salaries	\$ 308,785	\$ 88,936	\$ 397,721
Fringe benefits	\$ 525	\$ 177,335	\$ 177,860
Non-personnel			
Rent	\$	\$ 97,366	\$ 97,366
Postage and telephone		5,861	5,861
Office supplies		1,369	1,369
Equipment maintenance		14,048	14,048
Insurance		12,029	12,029
Printing and reproduction	56		56
Travel	5,960	329	6,289
Data processing	1,990	4,387	6,377
Dues and publications	400	310	710
Meetings	2,449	962	3,411
Advertising	1,719	63	1,782
Consulting	609,432		609,432
Professional services	749	9,981	10,730
Miscellaneous	4,170	14	4,184
Equipment use assessment	8,443	2,660	11,103
Capital purchases	12,611		12,611
Total non-personnel	<u>\$ 647,979</u>	<u>\$ 149,379</u>	<u>\$ 797,358</u>
Total costs	<u>\$ 957,289</u>	<u>\$ 415,650</u>	<u>\$ 1,372,939</u>
Total indirect costs absorbed by agency		<u>\$ 0</u>	
Total allowable indirect costs		<u>\$ 415,650</u>	
Indirect cost rate		<u>1.3461</u>	

KIRCALDIE, RANDALL & MCNAB LLC

The accompanying notes are an integral part of the financial statements

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Financial Summary for State of Connecticut Dept of Transportation
For the Year Ended June 30, 2009

	FHWA-PL Project No. 7099996PL	Safe Rte's to Schools 170-2695	Shoreline Greenways 43-136	Shoreline Greenways 75-130	Total
I. Maximum Funds Authorized					
Regional Transportation Planning	\$ 1,039,493	\$ 14,000	\$ 216,750	\$ 72,250	\$ 1,342,493
ConnDOT	148,499				148,499
Local	148,499		57,187	19,063	224,749
	<u>\$ 1,336,491</u>	<u>\$ 14,000</u>	<u>\$ 273,937</u>	<u>\$ 91,313</u>	<u>\$ 1,715,741</u>
II. Audited Expenditures					
Direct salaries	\$ 238,381	\$ 953	\$ 1,795	\$ 598	\$ 241,727
Indirect costs	320,885	1,283	2,416	805	325,389
Direct costs	488,180		506	169	488,855
	<u>\$ 1,047,446</u>	<u>\$ 2,236</u>	<u>\$ 4,717</u>	<u>\$ 1,572</u>	<u>\$ 1,055,971</u>
III. Distribution of Audited Costs					
Regional Transportation Planning	\$ 837,956	\$ 2,236	\$ 3,774	\$ 1,258	\$ 845,224
ConnDOT	104,745				104,745
Local match	104,745		943	314	106,002
	<u>\$ 1,047,446</u>	<u>\$ 2,236</u>	<u>\$ 4,717</u>	<u>\$ 1,572</u>	<u>\$ 1,055,971</u>
IV. ConnDOT Responsibility					
Regional Transportation Planning	\$ 837,956	\$ 2,236	\$ 3,774	\$ 1,258	\$ 845,224
ConnDOT	104,745				104,745
	<u>\$ 942,701</u>	<u>\$ 2,236</u>	<u>\$ 3,774</u>	<u>\$ 1,258</u>	<u>\$ 949,969</u>
Submissions received to June 30	\$ 669,684	\$	\$	\$	\$ 669,684
Submissions not received as of June 30	226,454	2,221	3,604	1,201	233,480
Total payments received	<u>\$ 896,138</u>	<u>\$ 2,221</u>	<u>\$ 3,604</u>	<u>\$ 1,201</u>	<u>\$ 903,164</u>
Amount due from (to) ConnDOT	<u>\$ 46,563</u>	<u>\$ 15</u>	<u>\$ 170</u>	<u>\$ 57</u>	<u>\$ 46,805</u>

KIRCALDIE, RANDALL & MCNAB LLC

The accompanying notes are an integral part of the financial statements

SCHEDULES REQUIRED
BY THE FEDERAL SINGLE AUDIT ACT

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Agreement/Project Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation:</u>			
Pass-Through Programs From State of Connecticut Department of Transportation:			
FHWA Planning	20.205	3.27-11(08)/7099996PL	\$ 837,969
Safe Routes to Schools	20.205	8.15-08(07)/170-2695	2,235
Shoreline Greenways H074	20.205	5.01-04(08)/43.126	3,774
Shoreline Greenways H103	20.205	5.01-04(08)/75-130	1,258
<i>Total U.S. Department of Transportation</i>			\$ 845,236
<u>U.S. Department of Justice:</u>			
Pass-Through Programs From State of Connecticut Office of Policy and Management			
Police Management Training	16.738	05AG611SCR1	\$ 45,337
<i>Total U.S. Department of Homeland Security</i>			\$ 45,337
<u>U.S. Department of Homeland Security:</u>			
Pass-Through Programs From State of Connecticut Department of Emergency Management and Homeland Security:			
Homeland Security Grant Program	97.067	006ASCRA	\$ 13,196
Homeland Security Grant Program	97.067	007ASCRA	105
<i>Total U.S. Department of Homeland Security</i>			\$ 13,301
<i>Total Expenditures of Federal Awards</i>			\$ 903,874

KIRCALDIE, RANDALL & MGNAB LLC

The accompanying notes are an integral part of the financial statements

Schedule 9

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Schedule of Expenditures of Federal Awards
Notes to the Schedule
For the Year Ended June 30, 2009

Various departments and agencies of the United States have provided financial assistance to the South Central Regional Council of Governments through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including regional transportation projects.

NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule expenditure of federal awards includes the federal grant activity of South Central Regional Council of Governments and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Schedule of Federal Findings and Questioned Costs
For the Year Ended June 30, 2009

SECTION I — SUMMARY OF AUDITOR’S RESULTS:

Financial Statements:

Type of auditor’s report issued: Unqualified

	<u>Yes</u>	<u>No/None rep</u>
Internal control over financial reporting:		
• Significant deficiencies identified?		X
• Deficiencies identified that are not considered to be material weaknesses?		X
Noncompliance material to financial statements noted?		X

Federal Awards:

Internal control over major programs:		
• Significant deficiencies identified?		X
• Deficiencies identified that are not considered to be material weaknesses?		X

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	X
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Major Programs:
 20.205 Federal Highway Planning & Construction

Dollar threshold used to distinguish between type A and B programs: \$300,000

Auditee qualified as low risk? X

SECTION II — FINANCIAL STATEMENT FINDINGS

No findings or questioned costs are reported relating to Federal financial assistance programs

SECTION III — FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported relating to Federal financial assistance programs

KIRCALDIE, RANDALL & MGNAB LLC

SCHEDULES REQUIRED
BY THE STATE SINGLE AUDIT ACT

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2009

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>State Grant Program Core-CT Number</u>	<u>State Expenditures</u>
<u>Department of Transportation:</u>		
Regional Transportation Planning - State match (a)		\$ 104,746
<i>Total Department of Transportation</i>		<u>\$ 104,746</u>
<u>Office of Policy and Management:</u>		
Grant-In-Aid for Regional Planning Agencies	11000-OPM20600-16181	70,079
Police Management Training - State match (b)	11000-OPM20350-12251	15,113
Regional Economic Development Web Portal	11000-OPM20600-16194	57,376
Sewer Service Mapping	11000-OPM20600-16194	18,000
Solid Waste Planning Grant	11000-OPM20600-16194	34,639
<i>Total Office of Policy and Management</i>		<u>\$ 195,207</u>
<i>Total Expenditures of State Awards</i>		<u>\$ 299,953</u>

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(a) State share of U.S. Department of Transportation FHWA pass-through grant.
(b) State share of U.S. Department of Justice Police Management Training pass-through grant.

The accompanying notes are an integral part of the financial statements

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
State Financial Assistance Programs
Notes to the Schedule
For the Year Ended June 30, 2009

Various departments and agencies of the State of Connecticut have provided financial assistance to the South Central Regional Council of Governments through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including regional transportation projects and COG operations.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the South Central Regional Council of Governments conform to accounting principles generally accepted in the United States as applicable to governments. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting: The financial statements contained in the South Central Regional Council of Governments annual audit report are prepared on the modified accrual basis of accounting. The following is a summary of such basis:

- Revenues are recognized when they have become measurable and available.
- Expenditures are recorded when the related liability is incurred.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS
Schedule of State Findings and Questioned Costs
June 30, 2009

SECTION I — SUMMARY OF AUDITOR’S RESULTS:

Financial Statements:

Type of auditor’s report issued: Unqualified		
	<u>Yes</u>	<u>No/None rep</u>
Internal control over financial reporting:		
● Significant deficiencies identified?		X
● Deficiencies identified that are not considered to be material weaknesses?		X
Noncompliance material to financial statements noted?		X

State Financial Assistance

Internal control over major programs:		
● Significant deficiencies identified?		X
● Deficiencies identified that are not considered to be material weaknesses?		X
Type of auditor’s report issued on compliance for major programs: Unqualified		
Any audit findings disclosed that are required to be reported in accordance with section 4-236-24 of the Regulations to the State Single Audit Act?		X

Nonmajor State Programs tested:			
Office of Policy and Management			
Grant-in-aid planning organization	12060-OPM20600-90303		\$ 70,079
Regional Econ Dev Web Portal	12060-OPM20600-90303		\$ 57,376

SECTION II — FINANCIAL STATEMENT FINDINGS Required under GAGAS

- We issued reports dated September 12, 2009, on compliance and on internal control over financial reporting based on our audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no reportable conditions.

SECTION III — FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported relating to State financial assistance programs.