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**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

*Carl Amento, Executive Director*

**EXECUTIVE COMMITTEE**  
**MEETING NOTICE & AGENDA**  
**November 17, 2010 – 9:00 A.M.**

Location: 127 Washington Avenue, 4<sup>th</sup> Floor West  
North Haven, CT 06473

**Full agenda materials can be found at our website – [www.scrkog.org](http://www.scrkog.org)**

1. Call to order
2. Adopt Minutes of September 22, 2010 Executive Committee Meeting –  
Anthony DaRos, *Secretary* Pages 2-3
3. Progress Report on SCRCOG FY 2010-2011 Work Program - Carl Amento Pages 4-5
4. Formation of Labor Relations Committee - Carl Amento
5. SCRCOG 2011 Legislative Agenda Process – Carl Amento Pages 6-9
6. Review and Accept Audit Report for FY2009 -2010 - Brian Borgerson of  
Kircaldie, Randall & McNab LLC Attached
7. Other Business
8. Adjournment

Special needs: Hearing impaired closed audio loops and/or sign language interpreter and limited English proficiency translator will be provided upon two weeks notice. Agenda can be requested in a language other than English by contacting SCRCOG.

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127 Washington Avenue, 4<sup>th</sup> Floor West  
North Haven, CT 06473-1715  
Website: [www.scrkog.org](http://www.scrkog.org)

*Equal  
Opportunity  
Employer*

Phone: (203) 234-7555  
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**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

*Carl Amento, Executive Director*

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Special needs: Hearing impaired closed audio loops and/or sign language interpreter and limited English proficiency translator will be provided upon two weeks notice. Agenda can be requested in a language other than English by contacting SCRCOG.

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**Item #6 - Other Business**

There was no other business.

**Item #7 - Adjournment**

A motion to adjourn was made at 9:35 A.M. by Mayor Picard, seconded by First Selectman DaRos. The vote was unanimous.

Respectfully submitted,

Anthony DaRos  
Secretary

## **SCRCOG FY2010-11 Goals and Work Program**

### **SCRCOG Meeting – November 17, 2010**

#### **ADMINISTRATIVE AND LEGISLATIVE**

##### **Due Date: Tasks:**

##### **July 2010**

- Complete move of REX Development into SCRCOG offices- COMPLETED
- Initiate direct deposit of employee payroll checks-COMPLETED

##### **August-November 2010**

- Legislation Committee meets, develops and adopts legislative agenda- In PROGRESS

##### **September-October 2010**

- Complete personnel evaluations of employees- DEFERRED

##### **October-December 2010**

- Executive Director visits mayors and first selectmen

##### **November-December 2010**

- Executive Director resumes active involvement in legislature's MORE Commission- UNCERTAIN STATUS

##### **November-December 2010**

- Executive Director and Legislation Committee meet with legislators and advocate legislative agenda

##### **December 2010**

- Complete updates to SCRCOG website

##### **December 2010**

- Complete re-write of Personnel Management Procedures

##### **February 2011**

- Complete personnel evaluations of employees

##### **January - May 2011**

- Executive Director and Legislation Committee members advocate legislative agenda during General Assembly session
- Executive Director visits mayors and first selectmen

##### **March 2011**

- Submit draft FY 2011-12 SCRCOG budget and proposed work program/ goals

##### **May 2011**

- Adopt FY 2011-2012 Budget and work program/goals

##### **July 2010 - June 2011**

- Executive Director's continued participation in Transportation Strategy Board, Regional Growth Connection, Workforce Alliance, Rideworks, Regional Alliance, C-Med Board, Regional Planning Commission, Regional Growth Partnership, Regional Economic Development Directors, Connecticut Association of Regional Planning Organizations and Department of Emergency Management and Homeland Security – Region 2

#### **TRANSPORTATION**

##### **Due Date: Tasks:**

##### **July-August 2010**

- Review 24 RFQ submissions for 15 UPWP studies, conduct interviews, select consultants-COMPLETED
- Submit application(s) for federal Sustainable Communities Regional Planning Grant -COMPLETED

##### **September 2010**

- Obtain SCRCOG approval to execute consultant contracts for UPWP Studies-COMPLETED

##### **October 2010**

- Plan and hold Regional Transit Forum along with Greater New Haven Transit District- COMPLETED

- o Awarded Sustainable Communities Regional Planning Grant- COMPLETED

**September - December 2010**

- o Outreach to Region for input on update of Regional Long Range Transportation Plan- IN PROGRESS

**January - February 2011**

- o Solicit, if necessary, additional proposals for UPWP studies from municipalities

**January - March 2011**

- o Update region's locally-coordinated Public Transit Human Services Transportation Plan (LOCHSTP)

**January - May 2011**

- o Prepare, review and approve update to Regional Long Range Transportation Plan

**March - April 2011**

- o Approve any revisions to UPWP and submit to DOT for approval

**April 2011**

- o Submit municipal grant applications for senior and disabled transportation in the region

**May - June 2011**

- o Solicit consultants for FY 2012 UPWP studies

**May 2011**

- o Develop Section 5310 funding priorities for purchase of wheelchair accessible vehicles

**March - June 2011**

- o Work closely with consultants to complete UPWP planning studies

**July 2010 - June 2011**

- o Regular maintenance and amendments to Transportation Improvement Plan (TIP)

**LAND USE PLANNING:**

**Due Date: Tasks:**

**July - September 2010**

- o Organize and update GIS data, zoning regulations/maps, Plans of Conservation and Development from all of the region's cities and towns- COMPLETED

**September 2010**

- o Prepare Sustainability Fact Sheets for Regional Planning Commission- COMPLETED

**October 2010**

- o Address vacancies on Regional Planning Commission- COMPLETED

**November 2010 - January 2011**

- o Plan and hold 2011 Regional Planning Commission Annual Meeting and Dinner- IN PROGRESS

**February - June 2011**

- o Begin initial stages of five-year update to the Regional Plan of Conservation and Development

**REGIONAL SERVICE DELIVERY INITIATIVES**

**Due Date: Tasks:**

**October 2010**

- o Present proposal for regional SeeClickFix service- DEFERRED
- o Present proposal for regional bid matching service- DEFERRED

**September - October 2010**

- o Application to FEMA for Regional Pre-Disaster Hazard Mitigation Planning Grant- COMPLETED

**September - December 2010**

- o Meet with mayors and first selectmen and determine interest in regional housing, energy, recycling and other initiatives

**January - June 2011**

- o Implement new service delivery initiatives

## **SCRCOG Legislative Agenda**

### **Proposed Legislation (as of 11/17/10)**

Providing "seed" funding for Regional Planning Organizations to create regional service and resource sharing projects

Restoring funding for regional land use planning activities

Legislation restoring municipal immunity for recreational liability

Legislation allowing municipal employees to join the state health insurance plan

Legislation providing health insurance pooling for towns and Boards of Education

Legislation funding the Incentive Housing Zone program

Legislation providing incentives to manufacturers for job creation

Legislation providing municipal mandate relief

Legislation providing for a moratorium on new unfunded municipal mandates without 2/3rds vote

Legislation restoring funding for tourism promotion

2011 Legislative Agenda  
Greater New Haven Chamber of Commerce  
Draft 10/18/10

By 2015 put in place reforms so Connecticut becomes known as one of the top 20 states in the country in which to do business.

Recognize that employment growth in the State will come from the private sector.

Undertake a multi-year plan to resolve state and municipal budget shortfalls including retirement benefits for current and future employees. Do not play budget games which hide the problem or defer them to future years.

Oppose attempts to restrict global trade as trade is not a zero sum game.

Put in place sunset provisions on all new legislated programs

Sell off surplus state assets.

Reform state employee compensation so it is competitive with the private sector.

Implement competitive medical insurance exchanges under the Federal Health Care Program.

Encourage the State to join in the multi-state law suit against the constitutionality of the Federal Health care program that usurps states' rights.

Put in place tax policies that are equitable to the cities.

Reduce by 50 percent the time it takes to obtain State and Municipal permits to do business.

Support reforms and experimental programs to improve our secondary school education systems

Develop a program to recognize Connecticut's University and Colleges are amongst the best in the world and educated students are one of the State's export products.

Anything on expediting the clean up of brown field sites?

## **2011 Regional Legislative Agenda recommendations**

It is time for government to deal with record budget deficits and make comprehensive, systemic and fundamental changes to its structure. Our current economic situation, combined with the state's long-term unfunded liabilities, makes it imperative for policymakers to begin the hard task of reforming state government.

In addition, controlling state spending is the only way to avoid harmful tax increases that will devastate businesses and the state's economy. Government must begin to cut the size of the bureaucracy and change the way it delivers services.

### **Priorities include:**

- Examine every aspect of state government to reduce wasteful spending and modify or eliminate underperforming programs.
- During contract negotiations, bring state employee wages and benefits in line with those of the private sector.

### **Economic Development:**

- Expand the use of nonprofit agencies that provide high-quality community services at a much lower cost than the state.
- Develop a plan to reduce Connecticut's long-term state and municipal unfunded liabilities.
- Encourage manufacturers to reinvest in their Connecticut facilities by creating tax-exempt investment savings accounts.
- Fund statewide economic development marketing through the hotel occupancy tax.

Because jobs are critical to economic recovery, state lawmakers must do all they can to help employers succeed and grow here in Connecticut. Connecticut's lack of job creation is a serious problem. We need a pro-jobs business climate as businesses won't grow and create more jobs if the legislature continually increases their costs.

### **State government must not:**

- Mandate minimum paid time off work policies that ignore employers' existing policies, business needs, or financial condition.
- Approve captive audience legislation that limits workplace communications and prevents employees from hearing directly from their employers about issues that affect their jobs, benefits or workplace.



- Invent new categories or expand those that currently exist for workplace claims that hold employers liable for employee actions beyond their control.
- Propose changes to Connecticut's workers' compensation system, one of the most generous in the United States.

### **Energy:**

Energy costs in Connecticut are among the highest in the United States and this weakens the long-term health of our economy and our ability to keep businesses competitive. Increasing the role of state government in the energy arena will not reduce costs.

- Encourage a competitive electricity procurement process and support development of alternative energy sources that ensure reliable and affordable sources of energy.

### **Healthcare:**

- Increase Medicaid rates and State Administered General Assistance (SAGA) to end the practice of shifting costs to the private sector.
- Refrain from imposing any new health care mandates on health insurance plans that increase costs



**SOUTH CENTRAL REGIONAL COUNCIL  
OF GOVERNMENTS  
FINANCIAL STATEMENTS AND  
SUPPLEMENTAL SCHEDULES  
FOR THE YEAR ENDED JUNE 30, 2010**

DRAFT

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS  
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**KIRCALDIE, RANDALL & MCNAB LLC**

CERTIFIED PUBLIC ACCOUNTANTS

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, 2010, 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 opinion.

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, 2010, 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 October 29, 2010, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 9 through

13 and 26 through 27 to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with managements' responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Central Regional Council of Governments' financial statements as a whole. 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 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. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 or provide any assurance on it.

*Kircaldie Randall • McNab LLC*

North Haven, Connecticut  
October 29, 2010

**KIRCALDIE, RANDALL & MCNAB LLC**

CERTIFIED PUBLIC ACCOUNTANTS

NORTH HAVEN, CONNECTICUT 06473

**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, 2010, which collectively comprise the South Central Regional Council of Governments' basic financial statements and have issued our report thereon dated October 29, 2010. 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 deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**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  
October 29, 2010

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**KIRCALDIE, RANDALL & MCNAB LLC**

CERTIFIED PUBLIC ACCOUNTANTS

NORTH HAVEN, CONNECTICUT 06473

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A  
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND  
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 (the COG), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of South Central Regional Council of Governments' major federal programs for the year ended June 30, 2010. The COG's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the COG's management. Our responsibility is to express an opinion on the COG's 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 COG complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each its major federal program for the year ended June 30, 2010.

**INTERNAL CONTROL OVER COMPLIANCE:**

The management of the COG 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 on a major federal program in order to determine our

auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 *deficiency in 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 material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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  
October 29, 2010

**KIRCALDIE, RANDALL & MCNAB LLC**

CERTIFIED PUBLIC ACCOUNTANTS

NORTH HAVEN, CONNECTICUT 06473

**INDEPENDENT AUDITOR'S REPORT ON THE  
SCHEDULE OF INDIRECT COSTS**

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

We have audited the Schedule of Indirect Costs for the year ended June 30, 2010. This schedule is the responsibility of the South Central Regional Council of Governments' management. Our responsibility is to express an opinion on this schedule 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 schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedule of Indirect Costs. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying schedule was prepared on a basis of accounting practices prescribed by 2 *CFR Part 225 (OMB Circular A-87)* and certain other Federal and state regulations as discussed in Note B to the Schedule of Expenditures of Federal Awards, and is not intended to be a presentation in conformity with generally accepted accounting principles.

In our opinion, the schedule referred to above presents fairly, in all material respects, the direct labor, fringe benefits and general overhead of the South Central Regional Council of Governments for the year ended June 30, 2010, on the basis of accounting described in Note B to the Schedule of Expenditures of Federal Awards.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 29, 2010, 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.

This report is intended solely for the use and information of the South Central Regional Council of Governments and government agencies or other customers related to contracts employing the cost principles of the 2 CFR Part 225 (OMB Circular A-87) and should not be used for any other purpose.

*Kircaldie Randall, McNab LLC*

North Haven, Connecticut  
October 29, 2010

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# **SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

## **Management Discussion and Analysis**

**For the Year Ended June 30, 2010**

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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, 2010. 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 \$3,589 or 0.45%
- During the year, the SCRCOG had expenses that were \$8,495 less than revenue
- Total cost of all of the SCRCOG’s programs was \$1,446,305
- The Total Funds reported a fund balance this year of \$792,04
- The resources available for appropriation were \$1,720,565. 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, 2010**

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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, Regional Web Portal, and (OPM), Shoreline Trails, FTA and CTDOT funding to show that it is meeting legal responsibilities required by the grants. Of the three prescribed 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, 2010**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The SCRCOG's combined net assets decreased from a year ago from \$806,218 to \$793,977. The analysis below focuses on the net assets (Table 1) of the SCRCOG's governmental activities.

	<b>Governmental Activities 2010</b>
<b>ASSETS</b>	
Cash and cash equivalents .....	\$ 454,416
Due from Federal and State Governments .....	532,282
Prepaid expenses .....	46,701
Fixed assets, net of depreciation .....	1,773
Other assets .....	<u>11,663</u>
Total Assets .....	<u>\$ 1,046,835</u>
<b>LIABILITIES</b>	
Accounts payable .....	\$ 225,091
Deferred revenue .....	16,893
Non-current liabilities .....	<u>10,874</u>
Total liabilities .....	<u>\$ 252,858</u>
<b>NET ASSETS</b>	
Investment in capital assets .....	\$ 1,733
General Fund .....	<u>792,204</u>
Total net assets .....	<u>\$ 793,977</u>

SCRCOG experienced a decrease in net assets of its governmental activities of 1.5% as compared to an increase of 0.7% the prior year.

The SCRCOG's total revenues were \$1,454,800. The total cost of all programs and services was \$1,446,305. See Exhibit D in the financial report.

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2010**

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***Governmental Activities***

Overall revenues were \$265,765 lower than budgeted. Expenditures were \$274,260 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 1.4143

(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 \$803,078 which is a 1 increase from last year's total of \$794,585.

***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 80% of SCRCOG total revenue. Municipal dues make up 10% 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, 2010**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets*

At June 30, 2009, the SCRCOG had \$97,329 of capital assets consisting of 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 2010-2011 budget. As a result of these efforts and adherence to federal guidelines, SCRCOG adopted a budget of \$1,518,725 for 2010-2011. 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. The 2010-2011 budget reflects reduced expenditures for health and liability insurance and rent.

**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, Carl Amento, Executive Director, SCRCOG, 127 Washington Ave., 4<sup>th</sup> Floor West, North Haven, CT 06473.

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

**Statement of Net Assets**

**June 30, 2010**

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	<u><b>Governmental Activities</b></u>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 454,416
Due from Federal and State Governments	532,282
Prepaid expenses	46,701
Fixed assets, net of depreciation	1,773
Other assets	11,663
Total assets	<u>\$ 1,046,835</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 225,091
Deferred revenue	16,893
Noncurrent liabilities	10,874
Total liabilities	<u>\$ 252,858</u>
<b>NET ASSETS</b>	
Investment in capital assets	\$ 1,773
Unrestricted	792,204
Total net assets	<u><u>\$ 793,977</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, 2010**

	<u>Expenses</u>	<u>Program Revenues Operating Grants &amp; Contributions</u>	<u>Net (Expense) Revenue &amp; Changes in Net Assets</u>
<b>Governmental Activities:</b>			
Salaries	\$ 398,533	\$ 363,867	\$ (34,666)
Employee benefits	208,345	135,133	(73,212)
Rent	98,562	63,927	(34,635)
Postage and telephone	5,213	3,381	(1,832)
Office supplies	1,935	1,255	(680)
Equipment maintenance	10,475	6,794	(3,681)
Insurance	12,100	7,848	(4,252)
Printing and reproduction	1,452	942	(510)
Travel	5,219	4,934	(285)
Data processing	8,336	6,283	(2,053)
Dues and publications	635	412	(223)
Meetings	17,937	16,587	(1,350)
Advertising	2,872	2,455	(417)
Consulting	657,941	656,662	(1,279)
Professional services	11,968	7,762	(4,206)
Miscellaneous	233	151	(82)
Depreciation	16,635	12,847	(3,788)
Total expenditures	<u>\$ 1,458,391</u>	<u>\$ 1,291,240</u>	<u>\$ (167,151)</u>
General Revenues:			
Municipal dues			151,100
State GIA Planning Grant			10,612
Unrestricted investment income			1,847
Miscellaneous revenue			3
Total general revenues			<u>\$ 163,562</u>
Change in net assets			<u>\$ (3,589)</u>
Net assets, July 1, 2009			797,566
Net assets, June 30, 2010			<u>\$ 793,977</u>

The accompanying notes are an integral part of the financial statements

**Exhibit B**

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

**Governmental Funds**

**Balance Sheet**

**June 30, 2010**

<b>ASSETS</b>	<b>General Fund</b>	<b>Transportation Planning</b>	<b>Shoreline Greenways</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Activities</b>
Cash and cash equivalents	\$ 454,416	\$	\$	\$	\$ 454,416
Due from Federal and State Governments		361,447	156,718	14,117	532,282
Due from other funds	532,282	(361,447)	(156,718)	(14,117)	0
Prepaid expenses	46,701				46,701
Other assets	11,663				11,663
Total assets	<u>\$ 1,045,062</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,045,062</u>
 <b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 225,091	\$	\$	\$	\$ 225,091
Due to other funds	16,893		(16,893)		0
Deferred revenue			16,893		16,893
Total liabilities	<u>\$ 241,984</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 241,984</u>
 <b>Fund Balances:</b>					
Reserved	\$ 11,359	\$	\$	\$	\$ 11,359
Unreserved, reported in:					
General Fund	791,719				791,719
Special Revenue Funds					0
Total net assets	<u>\$ 803,078</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 803,078</u>
Total liabilities and net assets	<u>\$ 1,045,062</u>	<u>\$ 0</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

1,773

Long-term liabilities, including accrued vacation leave are not due and payable in the current period and are not reported in the funds

(10,874)

\$ 793,977

The accompanying notes are an integral part of the financial statements

**Exhibit C**

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year ended June 30, 2010**

	<u>General Fund</u>	<u>Transportation Planning</u>	<u>Shoreline Greenways</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Activities</u>
<b>Revenues:</b>					
Municipal dues	\$ 151,100	\$	\$	\$	\$ 151,100
Federal & State governments	10,612	955,810	216,286	65,072	1,247,780
Interest income	1,847				1,847
Other income	1		54,072		54,073
Total revenue	<u>\$ 163,560</u>	<u>\$ 955,810</u>	<u>\$ 270,358</u>	<u>\$ 65,072</u>	<u>\$ 1,454,800</u>
<b>Expenditures:</b>					
Salaries	\$ 96,492	\$ 288,193	\$ 3,665	\$ 7,960	\$ 396,310
Employee benefits	208,345				208,345
Rent	98,562				98,562
Postage and telephone	5,213				5,213
Office supplies	1,935				1,935
Equipment maintenance	10,475				10,475
Insurance	12,100				12,100
Printing and reproduction	1,452				1,452
Travel	812	4,266	141		5,219
Data processing	5,841	2,495			8,336
Dues and publications	635				635
Meetings	3,842	115		13,980	17,937
Advertising	1,188	624	1,060		2,872
Consulting	3,641	360,298	260,309	33,693	657,941
Professional services	11,968				11,968
Miscellaneous	231				231
Indirect costs allocated	(424,032)	407,591	5,183	11,258	0
Capital outlay	920			5,854	6,774
	<u>\$ 39,620</u>	<u>\$ 1,063,582</u>	<u>\$ 270,358</u>	<u>\$ 72,745</u>	<u>\$ 1,446,305</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 123,940</u>	<u>\$ (107,772)</u>	<u>\$ 0</u>	<u>\$ (7,673)</u>	<u>\$ 8,495</u>
<b>Other financing sources (uses):</b>					
Local match/over spending	(115,445)	107,772		7,673	0
					0
Total other financing sources (uses)	<u>\$ (115,445)</u>	<u>\$ 107,772</u>	<u>\$ 0</u>	<u>\$ 7,673</u>	<u>\$ 0</u>
Change in fund balance	\$ 8,495	\$ 0	\$ 0	\$ 0	\$ 8,495
Fund balance, July 1, 2009	794,585				
Fund balance, June 30, 2010	<u>\$ 803,080</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	

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	(9,861)
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	(2,223)
Change in net assets of governmental activities (Exhibit B)	<u>\$ (3,589)</u>

The accompanying notes are an integral part of the financial statements

**Exhibit D**

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Notes to Combined Financial Statements**

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**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**

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**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**

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**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 Transportation Planning 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.

**The Shoreline Greenways Special Revenue Fund:** represents a multi-year project by SCRCOG to facilitate a greenways trail through four of the member communities.

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.



**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Notes to Combined Financial Statements**

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**Note 1 (continued):**

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

**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 \$10,874 at June 30, 2010, 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 direct labor 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, 2010, was 1.4143. 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.

**Fund Equity:** In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a use or specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Notes to Combined Financial Statements**

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**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 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 \$10,874 difference are as follows:

Accrued vacation days	\$10,874
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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 \$(9,861) difference are as follows:

Capital outlay	\$ 0
Depreciation expense	<u>(9,861)</u>
Net adjustment per Exhibit D	<u>\$ (9,861)</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 \$(2,223) difference are as follows:

Accumulated vacation pay, July 1	\$ 8,651
Accumulated vacation pay, June 30	<u>10,874</u>
Difference	<u>\$ (2,223)</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

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Notes to Combined Financial Statements**

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**Note 3 (continued):**

- 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)

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, 2010:

Deposits:	
Demand accounts	\$ 110,575
Other Cash Equivalents*	
State Short-Term Investment Fund	343,841
Total cash and Cash Equivalents	<u>\$ 454,416</u>

\* Short-term, highly liquid investments readily convertible into known amounts of cash. The STIF fund is rated AAAM by S&P.

**Deposits:**

At June 30, 2010, the carrying amount of the SCRCOG's deposits and certificates of deposits was \$110,575 and the bank balance was \$214,772. Of these deposits \$214,772 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>
<b>Assets:</b>				
Furniture and fixtures	\$ 54,509	\$	\$ 21,008	\$ 33,501
Equipment	12,918			12,918
Computer equipment	55,077		4,167	50,910
	<u>\$ 122,504</u>	<u>\$</u>	<u>\$ 25,175</u>	<u>\$ 97,329</u>
<b>Accumulated depreciation:</b>				
Furniture and fixtures	\$ 54,509	\$	\$ 21,008	\$ 33,501
Equipment	12,918			12,918
Computer equipment	43,443	9,861	4,167	49,137
	<u>\$ 110,870</u>	<u>\$ 9,861</u>	<u>\$ 25,175</u>	<u>\$ 95,556</u>
<b>Book Value</b>	<u>\$ 11,634</u>			<u>\$ 1,773</u>

Depreciation in the amount of \$571 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, 2010, the contribution totaled \$17,672 of which \$0 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, 2010, 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**

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**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 \$14,844 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. In May 2010 the lease was modified to extend the term through November 30, 2015. Monthly rent under this agreement was \$8,213 as of June 30, 2010. Rent expense for the year ended June 30, 2010, totaled \$98,562.

The following is a schedule of future minimum rental payments required under the operating lease as of June 30, 2010:

<u>Year Ended June 30</u>	
2011	\$ 97,123
2012	97,217
2013	99,161
2014	101,163
2015	103,200
2016	<u>43,354</u>
	<u>\$ 541,218</u>

**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, 2010**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>			
U.S. Department of Transportation	\$ 1,278,397	\$ 1,065,894	\$ (212,503)
Homeland Security Grant	39,895	20,855	(19,040)
Connecticut Department of Transportation	122,556	106,201	(16,355)
Connecticut Office of Policy and Management	42,624	54,830	12,206
Municipal dues	151,100	151,100	
Municipal matching funds	70,993	54,072	(16,921)
Interest income	15,000	1,847	(13,153)
Other income		1	1
Total revenue	<u>\$ 1,720,565</u>	<u>\$ 1,454,800</u>	<u>\$ (265,765)</u>

Budgetary revenues are different from GAAP revenues because:

There are no differences between budgetary and GAAP revenues

Total revenues as reported in Exhibit D

\$ 1,454,800

The accompanying notes are an integral part of the financial statements

**Schedule 1**

**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, 2010**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures:</b>			
Labor	\$ 645,700	\$ 604,655	\$ 41,045
Print and reproduction	2,900	1,452	1,448
Travel	14,300	5,078	9,222
Data processing	32,700	8,336	24,364
General operations	167,400	146,888	20,512
Consultant services	404,500	375,299	29,201
Contingencies	14,585		14,585
NHASH homeland security grant	39,895	19,833	20,062
Regional Performance Incentive Program	42,624	33,693	8,931
Shoreline Greenway Trails Planning Study	354,961	261,510	93,451
Capital expenditures	1,000	920	80
	<u>\$ 1,720,565</u>	<u>\$ 1,457,664</u>	<u>\$ 262,901</u>

Budgetary expenditures are different from GAAP expenditures because:

Encumbrances for purchases and commitments ordered but not received are reported in the year the order is placed for budgetary purposes but in the year received for financial reporting

(11,359)

Total expenditures as reported in Exhibit D

\$ 1,446,305

The accompanying notes are an integral part of the financial statements

**Schedule 2**

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

**General Fund**

**Comparative Balance Sheet**

**June 30, 2010 and 2009**

	<u>2010</u>	<u>2009</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 454,416	\$ 813,238
Due from other funds	532,282	280,403
Prepaid expenses	46,701	99
Other assets	11,663	11,663
Total assets	<u>\$ 1,045,062</u>	<u>\$ 1,105,403</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 225,091	\$ 103,647
Accrued expenses		
Due to other funds	16,893	207,171
Total liabilities	<u>\$ 241,984</u>	<u>\$ 310,818</u>
<b>Fund Balance:</b>		
Reserve for encumbrances	\$ 11,359	\$
Unreserved:		
Undesignated	791,719	794,585
Total net assets	<u>\$ 803,078</u>	<u>\$ 794,585</u>
Total liabilities and fund balance	<u>\$ 1,045,062</u>	<u>\$ 1,105,403</u>

The accompanying notes are an integral part of the financial statements

**Schedule 3**



**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, 2010**

	<u>Total</u>	<u>Homeland Security</u>	<u>Regional Web Portal</u>
<b>Revenues:</b>			
Connecticut Office of Policy and Management	\$ 44,218	\$	\$ 44,218
Connecticut Department of Transportation	0		
Connecticut Dept of Homeland Security	20,854	20,854	
Local member match	0		
Total revenue	<u>\$ 65,072</u>	<u>\$ 20,854</u>	<u>\$ 44,218</u>
<b>Expenditures:</b>			
Salaries	\$ 7,960	\$ 820	\$ 7,140
Printing and reproduction	0		
Data processing	0		
Travel	0		
Meetings	13,980	13,980	
Consulting	33,693		33,693
Indirect cost allocation	11,258	1,160	10,098
Equipment	5,854	5,854	
Advertising	0		
	<u>\$ 72,745</u>	<u>\$ 21,814</u>	<u>\$ 50,931</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in and local match	7,673	960	6,713
Total expenditures	<u>\$ 65,072</u>	<u>\$ 20,854</u>	<u>\$ 44,218</u>
Excess (deficiency) of Revenues over Expenditures	\$ 0	\$ 0	\$ 0
Fund balance, July 1	0	0	0
Fund balance, June 30	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements

**Schedule 4**

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedule by Source**  
**June 30, 2010 and 2009**

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	<u>2010</u>	<u>2009</u>
<b><u>Governmental Funds Capital Assets:</u></b>		
Furniture and Fixtures	\$ 33,501	\$ 54,509
Equipment	12,918	12,918
Computer Equipment	50,910	55,076
	<u>\$ 97,329</u>	<u>\$ 122,503</u>
<b><u>Investments in Governmental Funds Capital Assets by Source:</u></b>		
General Fund revenue	\$ 71,179	\$ 96,353
Special Revenue Funds	26,150	26,150
	<u>\$ 97,329</u>	<u>\$ 122,503</u>

The accompanying notes are an integral part of the financial statements

**Schedule 5**

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Schedule of Indirect Costs**  
**For the Year Ended June 30, 2010**

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		<u>Percentage</u>
Total payroll for the year	\$ 396,310	
Less		
Non-assignable salaries	84,298	
Base Payroll	<u>\$ 312,012</u>	<u>100.0000%</u>
Total indirect costs	<u>\$ 441,290</u>	<u>141.4337%</u>
Summary of indirect costs		
Non-assignable salaries	84,298	19.1026%
Fringe benefits	207,820	47.0937%
Non-personnel	<u>149,172</u>	<u>33.8037%</u>
Total indirect costs	<u>\$ 441,290</u>	<u>100.0000%</u>

The accompanying notes are an integral part of the financial statements

**Schedule 6**

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

**Cost Analysis**

**For the Year Ended June 30, 2010**

	<u>Direct</u>	<u>Indirect</u>	<u>Total</u>
Salaries	\$ 312,012	\$ 84,298	\$ 396,310
Fringe benefits	<u>\$ 525</u>	<u>\$ 207,820</u>	<u>\$ 208,345</u>
Non-personnel			
Rent	\$	\$ 98,562	\$ 98,562
Postage and telephone		5,213	5,213
Office supplies		1,935	1,935
Equipment maintenance		10,475	10,475
Insurance		12,100	12,100
Printing and reproduction	125	1,327	1,452
Travel	4,749	470	5,219
Data processing	2,495	5,841	8,336
Dues and publications	490	145	635
Meetings	17,039	898	17,937
Advertising	2,762	110	2,872
Consulting	657,941		657,941
Professional services	507	11,461	11,968
Miscellaneous	173	58	231
Equipment use assessment	9,290	571	9,861
Capital purchases	6,774		6,774
Total non-personnel	<u>\$ 702,345</u>	<u>\$ 149,166</u>	<u>\$ 851,511</u>
Total costs	<u>\$ 1,014,882</u>	<u>\$ 441,284</u>	<u>\$ 1,456,166</u>
Total indirect costs absorbed by agency		<u>\$ 0</u>	
Total allowable indirect costs		<u>\$ 441,284</u>	
Indirect cost rate		<u>1.4143</u>	

The accompanying notes are an integral part of the financial statements

**Schedule 7**

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Financial Summary for State of Connecticut Dept of Transportation**  
**For the Year Ended June 30, 2010**

	<b>FHWA-PL Project No. <u>7099996PL</u></b>	<b>Shoreline Greenways <u>43-136</u></b>	<b>Shoreline Greenways <u>75-130</u></b>	<b><u>Total</u></b>
<b>I. Maximum Funds Authorized</b>				
Regional Transportation Planning	\$ 897,472	\$ 212,878	\$ 70,960	\$ 1,181,310
ConnDOT	112,184			112,184
Local	112,184	53,244	17,748	183,176
	<u>\$ 1,121,840</u>	<u>\$ 266,122</u>	<u>\$ 88,708</u>	<u>\$ 1,476,670</u>
<b>II. Audited Expenditures</b>				
Direct salaries	\$ 288,193	\$ 2,475	\$ 1,190	\$ 291,858
Indirect costs	407,591	3,500	1,683	412,774
Direct costs	367,797	195,780	65,731	629,308
	<u>\$ 1,063,581</u>	<u>\$ 201,755</u>	<u>\$ 68,604</u>	<u>\$ 1,333,940</u>
<b>III. Distribution of Audited Costs</b>				
Regional Transportation Planning	\$ 850,865	\$ 161,404	\$ 54,883	\$ 1,067,152
ConnDOT	106,358			106,358
Local match	106,358	40,351	13,721	160,430
	<u>\$ 1,063,581</u>	<u>\$ 201,755</u>	<u>\$ 68,604</u>	<u>\$ 1,333,940</u>
<b>IV. ConnDOT Responsibility</b>				
Regional Transportation Planning	\$ 850,865	\$ 161,404	\$ 54,883	\$ 1,067,152
ConnDOT	106,358			106,358
	<u>\$ 957,223</u>	<u>\$ 161,404</u>	<u>\$ 54,883</u>	<u>\$ 1,173,510</u>
Submissions received to June 30	\$ 594,416	\$ 43,941	\$ 15,854	\$ 654,211
Submissions not received as of June 30	339,916	117,299	38,949	496,164
Total payments received	<u>\$ 934,332</u>	<u>\$ 161,240</u>	<u>\$ 54,803</u>	<u>\$ 1,150,375</u>
Amount due from (to) ConnDOT	<u>\$ 22,891</u>	<u>\$ 164</u>	<u>\$ 80</u>	<u>\$ 23,135</u>

The accompanying notes are an integral part of the financial statements

**Schedule 8**

Schedules Required  
By the Federal Single Audit Act

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**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2010**

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<b><u>Federal Grantor/Pass-Through Grantor/Program</u></b>	<b><u>Federal CFDA Number</u></b>	<b><u>Pass-Through Agreement/Project Number</u></b>	<b><u>Federal Expenditures</u></b>
<b><u>U.S. Department of Transportation:</u></b>			
Pass-Through Programs From State of Connecticut			
Department of Transportation:			
Transportation Planning	20.205	3.27-11(08)/7099996PL	\$ 849,609
Shoreline Greenways H074	20.205	5.01-04(08)/43-126	161,318
Shoreline Greenways H103	20.205	5.01-04(08)/75-130	54,968
<b><i>Total U.S. Department of Transportation</i></b>			<b><i>\$ 1,065,895</i></b>
<b><u>U.S. Department of Homeland Security:</u></b>			
Pass-Through Programs From State of Connecticut			
Department of Emergency Management and Homeland Security:			
Homeland Security Grant Program	97.067	007ASCRA	\$ 20,654
<b><i>Total U.S. Department of Homeland Security</i></b>			<b><i>\$ 20,654</i></b>
<b><i>Total Expenditures of Federal Awards</i></b>			<b><i>\$ 1,086,549</i></b>

The accompanying notes are an integral part of the financial statements

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Schedule of Expenditures of Federal Awards**  
**Notes to the Schedule**  
**For the Year Ended June 30, 2010**

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**NOTE A — BASIS OF PRESENTATION:**

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*. Because the Schedule presents only a selected portion of the operations of the South Central Regional Council of Governments it is not intended to and does not present the financial position or changes in net assets of the South Central Regional Council of Governments.

**NOTE B — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Pass-through entity identifying numbers are presented where available.

The accompanying notes are an integral part of the financial statements

**Schedule 10**



**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Schedule of Findings and Questioned Costs - Federal Awards**  
**For the Year Ended June 30, 2010**

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**Section I — Summary of Auditor's Results:**

*Financial Statements:*

Type of auditor's report issued: Unqualified

	<u>Yes</u>	<u>No/None Reported</u>
Internal control over financial reporting:		
• Material weaknesses identified?		✓
• Significant deficiencies identified?		✓
Noncompliance material to financial statements noted?		✓

*Federal Awards:*

Internal control over major programs:

- Material weaknesses identified? ✓
- Significant deficiencies identified? ✓

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? ✓

Major programs:

20.205 Transportation Planning

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

Auditee qualified as low risk? ✓

**Section II — Financial Statement Findings:**

No findings or questioned costs are reported relating to the financial statements.

**Section III — Federal Awards findings and Questioned Costs:**

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

The accompanying notes are an integral part of the financial statements