



SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS  
*Planning for Our Region's Future*

Bethany Branford East Haven Guilford Hamden Madison Meriden Milford  
New Haven North Branford North Haven Orange Wallingford West Haven Woodbridge

Carl J. Amento, Executive Director

**EXECUTIVE COMMITTEE**  
**MEETING NOTICE & AGENDA**  
**Wednesday November 16, 2016 – 9:00A.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.scrcog.org](http://www.scrcog.org)

1. Call to order- Mayor Benjamin Blake, *Chairman*
2. Adopt Minutes of June 22, 2016 Executive Committee Meeting-  
First Selectman Joseph Mazza, *Secretary* Page 2
3. Review and Accept Audit Report for FY2015- 2016 - *Brian Borgerson, CPA*  
*of Kircaldie, Randall & McNab LLC, Carl Amento, Executive Director and Albert*  
*Ruggiero, Finance Director* Attached
4. Discussion of possible CIRCA grant and match funds Page 3-5
5. Discussion of potential reduction in state grants to SCRCOG and impact on municipal dues
6. Other Business
7. Adjournment

The agenda and attachments for this meeting are available on our website at [www.scrcog.org](http://www.scrcog.org). Please contact SCRCOG for copy of agenda in a language other than English. Auxiliary aids/services and limited English proficiency translators will be provided with two week's notice.  
*“Necesidades especiales: a las personas con discapacidad auditiva se les proveerá con medios auditivos y/o intérpretes de signos. Igualmente intérpretes para personas que hablan poco inglés, pero será preciso avisar con dos semanas de antelación. Se puede solicitar la agenda en otro idioma que no sea inglés comunicándose con SCRCOG”.*

127 Washington Avenue, 4th Floor West, North Haven, CT 06473

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SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS

Bethany Branford East Haven Guilford Hamden Madison Meriden Milford  
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Carl J. Amento, Executive Director

TO: **SCRCOG Executive Committee**  
FROM: **First Selectman Joseph Mazza, Secretary**  
DATE: **November 9, 2016**  
SUBJECT: **SCRCOG Executive Committee Minutes of June 22, 2016**

**Present:**

Branford	First Selectman James Cosgrove- <i>Treasurer</i>
East Haven	Salvatore Brancati, <i>proxy for Mayor Joseph Maturo</i>
Guilford	First Selectman Joseph Mazza, <i>Secretary</i>
Milford	Mayor Benjamin Blake – <i>Chairman</i>
New Haven	Serena Neal-Sanjurjo, <i>proxy for Mayor Toni Harp-Vice-Chairwoman</i>
North Haven	First Selectman Michael Freda- <i>Immediate Past Chair</i>
Wallingford	Mayor William Dickinson

SCRCOG Staff: Carl Amento, *Executive Director*, Al Ruggiero, *Business Manager*

1. **Call to order** –  
The Executive Committee meeting was called to order at 9:10 a.m. by Chairman Blake.
2. **Adopt Minutes of May 25, 2016 Executive Committee Meeting** –  
Mayor Blake presented the minutes of the April 27, 2016 Executive Committee meeting, which were on Pages 2-3 of the agenda packet. First Selectman Mazza moved for their acceptance. Serena Neal-Sanjurjo seconded. All were in favor of acceptance of the minutes
3. **Approval of SCRCOG Job Position Descriptions**–  
Executive Director Amento and Business Manager Al Ruggiero reviewed the proposed SCRCOG Job Position Descriptions, which had been distributed several days before the meeting by email. The consensus of the Executive Committee was that the proposed re-structuring of the staff positions, including new titles, were approved in concept, the Committee requested that the Executive Committee return at a subsequent Executive Committee meeting with more detailed job position descriptions, including qualifications for each position, and a complete staff organizational chart.
4. **Other Business**–  
None
5. **Adjournment**–  
First Selectman Mazza moved to adjourn the meeting, First Selectman Cosgrove seconded, and all were in favor. The meeting adjourned at 9:55 am.

Respectfully submitted,  
First Selectman Joseph Mazza, *Secretary*



SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS  
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Carl J. Amento, Executive Director

***Resolution Authorizing Executive Director to Accept CIRCA Municipal Resilience Grant Program Award, if Awarded, to Expend Matching Funds, and to Negotiate and Execute Related Agreements***

*Whereas:* The Connecticut Institute for Resilience and Climate Adaptation (CIRCA) sponsored a competitive solicitation from municipal governments and councils of government for the award of Municipal Resilience Grant Program (MRGP) funding for initiatives that advance resilience, including the creation of conceptual design, construction of (demonstration projects or other) structures, or the design of practices and policies that increase their resilience to climate change and severe weather; and

*Whereas:* The South Central Regional Council of Governments (SCRCOG) was approached by Alex Felson on behalf of the Yale Urban Ecology and Design Laboratory (UEDLAB) to form a partnership to propose the following project for MRGP funding: “Design and technical guide for implementing innovative municipal scale coastal resilience in Southern Connecticut”; and

*Whereas:* The initiative will build upon the work completed by the UEDLAB as part of a Coastal Adaptation Project (CA) funded by The Nature Conservancy (TNC). The CA Project was a complementary effort to the Regional Framework for Coastal Resilience in Southern CT Project, which is a partnership between SCRCOG, MetroCOG, and TNC, and which was funded through the Hurricane Sandy Resiliency Competitive Grant Program administered by the National Fish and Wildlife Foundation (NFWF); and

*Whereas:* The Coastal Adaption Project focused on evaluating sites and developing near-to-long-term plans. The proposed CIRCA MRGP proposal will focus upon seven different locations evaluated as part of the Coastal Adaptation Project across 5 SCRCOG communities (West Haven, New Haven, East Haven, Branford and Madison); and

*Whereas:* The proposal intends to work with these seven diverse sites to establish a range of flexible and integrative approaches to coastal adaptation that can inform other Northeastern U.S. coastal communities facing similar challenges; and

*Whereas:* SCRCOG, as the lead applicant, has applied to CIRCA for a \$128,836.48 Municipal Resilience Grant, which may or may not be awarded to SCRCOG, but if it is awarded, this may occur after the SCRCOG meeting of November 16, 2016 and before the next SCRCOG meeting of January 25, 2017, and but for this contingent resolution would require the calling of a Special Meeting so as not to delay initiation of the project;

*Whereas:* The grant proposal contains SCRCOG matching funds of \$25,000 to be utilized from SCRCOG’s receipt of the FY 2016-2017 Regional Services Grant (RSG) from the CT Office of Policy & Management (OPM);

*Now, Therefore, Be It Resolved By the Council of Governments*

The South Central Regional Council of Governments’ Executive Director, Carl J. Amento, is hereby authorized to accept a grant award, if awarded, from the CIRCA Municipal Resilience Grant Program for “Design and technical guide for implementing innovative municipal scale coastal resilience in Southern Connecticut”, to expend matching funds of up to \$25,000 from the SCRCOG FY 2016-2017 RSG, and to negotiate and execute all appropriate and necessary contractual instruments with the Yale Urban Ecology and Design Laboratory and Yale University in furtherance of this grant initiative.

*Certificate:*

The undersigned duly qualified and acting Secretary of the South Central Regional Council of Governments certified that the foregoing is a true and correct copy of a resolution adopted at a legally convened meeting of the SCRCOG on November 16, 2016.

Date: November 16, 2016

By: \_\_\_\_\_  
First Selectman Joseph Mazza, Secretary  
South Central Regional Council of Governments

In the event the CIRCA Municipal Resilience Grant is awarded, the \$25,000 in matching funds would be provided as shown in the table below, with a reduction in the Hazard Mitigation Planning Match and GIS Consultant line items.

In addition, the table shows a \$31,000 reallocation to account for the statutory delay in the issuance of the first installment of the 2016-17 Regional Services Grant. The grant was not available until October 28, 2016 and local funds were utilized to cover the expenses during the period of July 1 – October 28. The Regional Services Grant will cover the amount of Transportation Planning Match which local funds would have provided.

**2016-17 Regional Services Grant**

	<b>Approved Allocation</b>	<b>Change</b>	<b>Revised Allocation</b>
Regional Planning (Labor and Expenses)	173,839	(31,000)	142,839
Transportation Planning (Match)	14,500	31,000	45,500
Hazard Mitigation Planning (Match)	30,000	(15,000)	15,000
Coastal Resilience Planning (Match)	6,661	-	6,661
Capital Region Purchasing Council	7,500	-	7,500
Shared Services Consultant	12,500	-	12,500
Regional Stormwater	25,000	-	25,000
Regional Plan of Conservation & Development	50,000	-	50,000
Internship Program	20,000	-	20,000
GIS Consultant	20,000	(10,000)	10,000
CIRCA Municipal Resilience Grant	-	25,000	25,000
<b>Total</b>	<b>360,000</b>	<b>-</b>	<b>360,000</b>





**KIRCALDIE RANDALL & McNAB LLC**

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Kenneth A. Batt, CPA

October 31, 2016

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

South Central Regional Council of Governments

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the South Central Regional Council of Governments (SCRCOG) for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 29, 2016. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by SCRCOG are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016. We noted no transactions entered into by SCRCOG during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The financial statement disclosures are neutral, consistent, and clear.

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 31, 2016.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to SCRCOG's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as SCRCOG's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the MD&A, which are (is) required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary schedules, the indirect cost rate and combining financial statements, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of SCRCOG and management of SCRCOG and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Kircaldie Randall McNab LLC*

North Haven, Connecticut

**SOUTH CENTRAL REGIONAL COUNCIL  
OF GOVERNMENTS**  
*Financial Statements and  
Supplemental Schedules*  
*For the Year Ended June 30, 2016*

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**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

### **Report on the Financial Statements**

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, 2016, and the related notes to the financial statements, which collectively comprise the organization's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***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, 2016, and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 13–18 and 32–33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the South Central Regional Council of Governments' basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedules 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, as required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements.

The combining and individual nonmajor fund financial statements and the schedule of federal awards are the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic

financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2016, on our consideration of South Central Regional Council of Governments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering South Central Regional Council of Governments' internal control over financial reporting and compliance.

*Kircaldie Randall & McNab LLC*

North Haven, Connecticut  
October 31, 2016

**KIRCALDIE, RANDALL & MCNAB LLC**

CERTIFIED PUBLIC ACCOUNTANTS

NORTH HAVEN, CONNECTICUT 06473

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Central Regional Council of Governments, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the South Central Regional Council of Governments' basic financial statements, and have issued our report thereon dated October 31, 2016.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered South Central Regional Council of Governments' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of South Central Regional Council of Governments' internal control. Accordingly, we do not express an opinion on the effectiveness of South Central Regional Council of Governments' internal control.

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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## 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*.

## Purpose of this report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Kicaldie Randall McNab LLC*

North Haven, Connecticut  
October 31, 2016

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**KIRCALDIE, RANDALL & MCNAB LLC**

CERTIFIED PUBLIC ACCOUNTANTS

NORTH HAVEN, CONNECTICUT 06473

**Report on Compliance for Each Major Program; and Report on  
Internal Control over Compliance Required by the Uniform Guidance**

**Independent Auditor's Report**

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

**Report on Compliance for Each Major Federal Program**

We have audited South Central Regional Council of Governments' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. The Entity's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of South Central Regional Council of Governments' major federal programs based on our audit of the types of compliance requirements referred to above. 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 South Central Regional Council of Governments' 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 on compliance for each major federal program. However, our audit does not provide a legal determination of South Central Regional Council of Governments' compliance.

***Opinion on Each Major Federal Program***

In our opinion, South Central Regional Council of Governments, complied, in all material

respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

## **Report on Internal Control Over Compliance**

Management of South Central Regional Council of Governments is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered South Central Regional Council of Governments' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Kircaldie Randall, McNab LLC*

North Haven, Connecticut  
October 31, 2016

**KIRCALDIE, RANDALL & MCNAB LLC**

CERTIFIED PUBLIC ACCOUNTANTS

NORTH HAVEN, CONNECTICUT 06473

**Report on Compliance for Each Major State Program;  
Report on Internal Control over Compliance; Report on the Schedule of  
Expenditures of State Financial Assistance Required the State Single Audit Act**

**Independent Auditor's Report**

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

**Report on Compliance for Each Major State Program**

We have audited South Central Regional Council of Governments' compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016. The South Central Regional Council of Governments' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs-state financial assistance.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of South Central Regional Council of Governments' major state programs based on our audit of the types of compliance requirements referred to above. 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 South Central Regional Council of Governments' 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 on compliance for each major state program. However, our audit does not provide a legal determination of South Central Regional Council of Governments' compliance.

## ***Opinion on Each Major State Program***

In our opinion, South Central Regional Council of Governments complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2016.

## **Report on Internal Control Over Compliance**

Management of South Central Regional Council of Governments is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered South Central Regional Council of Governments' internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with The State Single Audit Act, 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 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 over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of The State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of State Financial Assistance Required by The State Single Audit Act**

We have audited the financial statements of the South Central Regional Council of Governments, as of and for the year ended June 30, 2016, and have issued our report thereon dated October 31, 2016, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Kircaldie Randall McNab LLC*

North Haven, Connecticut  
October 31, 2016

DRAFT

**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

**Report on the Schedule of Indirect Costs**

We have audited the accompanying schedule of indirect costs of the South Central Regional Council of Governments (SCRCOG) for the year ended June 30, 2016.

**Management's Responsibility for the Schedule**

Management is responsible for the preparation and fair presentation of the schedule in accordance with the basis of accounting practices prescribed by Part 31 of the Federal Acquisition Regulations (FAR). Management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the financial audit standards 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the SCRCOG's preparation of the schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Opinion**

In our opinion, the schedule referred to above presents fairly, in all material respects, the indirect cost rate of the SCRCOG for the year ended June 30, 2016 on the basis of accounting described in Note C to the Schedule of Expenditures of Federal Awards.

## **Basis of Accounting**

We draw attention to Note C to the Schedule of Expenditures of Federal Awards, which describes the basis of accounting. As described in Note C, the schedule is prepared by the SCRCOG on the basis of accounting prescribed by Part 31 of the Federal Acquisition Regulations (FAR), which is the basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Restriction on Use**

Our report is intended solely for the information and the use of the SCRCOG and government agencies or other customer related to contracts employing the Federal Acquisition Regulation cost principles and is not intended and should not be used by anyone other than these specified parties.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have issued a report dated October 31, 2016, on our consideration of the SCRCOG's internal controls over financial reporting as it relates to the schedule and on our tests of its compliance with certain provisions of laws, regulations and contracts, including provisions of the applicable sections of Part 31 of the Federal Acquisition Regulation. The purpose of that report is to describe the scope of our testing of internal controls over financial reporting and compliance and the results of the testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the SCRCOG's internal control over financial reporting and compliance.

*Kircaldie Randall, McNab LLC*

North Haven, Connecticut  
October 31, 2016

# **SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

## **Management Discussion and Analysis**

**For the Year Ended June 30, 2016**

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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, 2016. 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**

- <sup>Reserved for MD&A</sup> Net assets of our governmental activities increased by \$11,711 or 1.43%.
- During the year, the SCRCOG had expenses that were \$10,726 less than revenue.
- Total cost of all of the SCRCOG’s programs was \$1,906,531.
- The Total Funds reported a fund balance this year of \$808,540.
- The resources available for appropriation were \$1,917,257. All expenditures are within authorized limits.
- Revenue is becoming more diversified through receipt of grant funds causing funding from federal transportation sources, traditionally 80% of SCRCOG revenues, to be reduced to 46.26% of total SCRCOG revenue in FY 2015-2016. Transportation sources represented 66.52% of total SCRCOG revenue in FY 2014-2015.

### **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.

# **SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

## **Management Discussion and Analysis**

**For the Year Ended June 30, 2016**

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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 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, foreclosure prevention 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 grants, State Grant In Aid, Sustainable Communities, Hazard Mitigation, OPM Regional Performance Incentive grants, 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, 2016**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The SCRCOG's combined net assets increased from a year ago from \$818,652 to \$830,363. The analysis below focuses on the net assets (Table 1) of the SCRCOG's governmental activities.

<b>Table 1</b>		
<i>Net Assets</i>		
Reserved for MD&A		<b>Governmental Activities 2016</b>
<b>ASSETS</b>		
Cash and cash equivalents .....		\$ 805,717
Certificates of Deposit .....		101,988
Due from Federal and State Governments .....		576,907
Prepaid expenses .....		22,000
Fixed assets, net of depreciation .....		43,122
Other assets .....		<u>11,663</u>
Total Assets .....		<u>\$ 1,561,397</u>
<b>LIABILITIES</b>		
Accounts payable .....		\$ 293,200
Deferred revenue .....		424,999
Non-current liabilities .....		<u>12,835</u>
Total liabilities .....		<u>\$ 731,034</u>
<b>NET ASSETS</b>		
Investment in capital assets .....		\$ 43,122
General Fund .....		<u>787,241</u>
Total net assets .....		<u>\$ 830,363</u>

SCRCOG experienced an increase in net assets of its governmental activities of 1.43% in addition to a 9.95% increase in the prior year. These increases have now essentially replenished SCRCOG reserves that were expended in previous years to assist REX and the Regional ROOF project.

The SCRCOG's total revenues were \$1,917,257. The total cost of all programs and services was \$1,906,531. See Exhibit D in the financial report.

## **SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

### **Management Discussion and Analysis**

**For the Year Ended June 30, 2016**

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#### ***Governmental Activities***

Overall revenues were \$998,606 lower than budgeted. Expenditures were \$1,009,332 less than budgeted. SCRCOG revenue figures in the budget reflect grantors' requests that SCRCOG budget 100% of grants, even though SCRCOG 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. Almost 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.

A state transportation project initiated over one year ago, called the Local Transportation Capital Improvement Program (LOTICIP), provides 100% reimbursement for construction services. However, under LOTICIP, the local municipalities are 100% responsible for the funding of the design of local transportation projects. SCRCOG has received significant funding from the award of grants in recent years. In FY 2015-2016, SCRCOG was receiving two federal grants: The National Fish and Wildlife Foundation (NFWF) Coastal Resiliency Planning Grant and the Federal Transit Administration (FTA) New Freedom's Grant for the Regional Mobility Management program. The NFWF grant provides 100% funding and the FTA grant requires a state match but no local match.

During FY 2015-2016, SCRCOG received grant funding from four state grants, including the LOTICIP grant described above and three grants administered by the Connecticut Office of Policy and Management (OPM). The OPM state grants were: State Grant in Aid (\$410,000), and two Regional Performance Incentive Program (RPIP) grants for the SCRCOG Regional Web-based GIS Program and SCRCOG's connection to the Nutmeg Network. The OPM funded SGIA grant is awarded to SCRCOG on a 100% basis. All revenue generated to fund the OPM Regional Performance Incentive Grants is on a 100% reimbursement basis.

For Fiscal Year 2015-2016, the SGIA grant funded a Regional Recreational Trails Mapping Project as an addition to SCRCOG's ongoing Regional GIS Program, continued Inter-Municipal Shared Services initiatives focused on creating cost-savings for SCRCOG's member municipalities, and a new Regional Business Assistance project designed to assist regional and municipal economic development.

Maximum overhead rate allowance set by our federal transportation grantors is 1.50. Our rate in this fiscal year was 1.3899 compared to 1.3126 in the prior year. (See Schedule 7 in the financial statements.)

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2016**

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**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 \$800,076 which is an increase from last year's total of \$789,351.

***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 46.26% of SCRCOG total revenue. The receipt of non-transportation grants in recent years has reduced this percentage from a long-standing benchmark of 80% (66.52% last year). Municipal dues continue to make up 10% of the total revenue. The Coastal Resiliency Planning Grant, the New Freedom (Mobility Management) grant, the state's LOTCIP grant, the two OPM Regional Performance Incentive Grants, and State Grant in Aid, complete the funding sources for 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 federal transportation funding. In general, the reserve has been held to meet cash flow needs since the majority of our funding is on a reimbursable basis.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At June 30, 2016, the SCRCOG had \$109,957 of capital assets, a decrease of \$31,124 over the previous fiscal year, 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 2015-2016 budget. As a result of these efforts and adherence to federal guidelines, SCRCOG adopted a budget of \$3,391.678 for 2015-2016. Since SCRCOG did not use all of the revenue from the FHWA and FTA budgeted at \$1,437,837 with \$1,168,576 actually spent in the current year, we continue to carryover those dollars for future years.

## **SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

### **Management Discussion and Analysis**

**For the Year Ended June 30, 2016**

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The FY2016-2017 budget contains State Grant in Aid at \$360,487.04 which represents a reduction from as last year's award of \$410,000, but which represents a substantial increase from \$125,000 in FY 2013-2015. This funding will be used to fund the initiation of three new programs: SCRCOG's Regional Plan of Conservation and Development, an update of a Multi-Jurisdiction Hazard Mitigation Plan, and a program designed to assist SCRCOG's member municipalities with compliance with the new storm water regulations. The SGIA funds will also be used for continued Inter-Municipal Shared Services initiatives. The FY2016-2017 budget includes continued grant revenues from the CT Office of Policy and Management to provide a Regional GIS Program. Further grant funding during FY2016-2017 is anticipated from the CDOT for the Local Transportation Capital Improvement Program (LOTICIP), and for the Mobility Ombudsman Program. Additionally, federal grant funding from the original award of \$700,000 is expected from the U.S. Department of the Interior, National Fish and Wildlife Foundation (NFWF) for a Coastal Resilience Plan for 7 SCRCOG coastal communities and 3 Greater Bridgeport Regional Council (GBRC) coastal communities. The Nature Conservancy is also a partner on the NFWF grant. The FY2016-2017 budget includes grant revenue from the state OPM for a Regional Performance Incentive Grant for the creation of a Regional Open Space Inventory, and from the CT Institute for Resilience and Climate Adaptation for a study to be conducted in partnership with the Regional Water Authority and the University of Connecticut of the effects of climate change on the region's drinking water quality and supply.

### **CONTACTING THE SCRCOG'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, 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, 2016**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 805,717
Certificates of deposit	101,988
Due from Federal and State Governments	576,907
Prepaid expenses	22,000
Fixed assets, net of depreciation	43,122
Other assets	11,663
Total assets	<u>\$ 1,561,397</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 293,200
Deferred revenue	424,999
Noncurrent liabilities	12,835
Total liabilities	<u>\$ 731,034</u>
<b>NET ASSETS</b>	
Investment in capital assets	\$ 43,122
Unrestricted	787,241
Total net assets	<u><u>\$ 830,363</u></u>

DRAFT

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, 2016**

	<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	\$ 474,858	\$ 433,739	\$ (41,119)
Employee benefits	174,289	121,586	(52,703)
Rent	104,050	72,492	(31,558)
Postage and telephone	7,795	5,431	(2,364)
Office supplies	2,080	1,449	(631)
Equipment maintenance	29,480	28,778	(702)
Insurance	10,344	7,207	(3,137)
Printing and reproduction	-	-	-
Travel	6,198	6,198	-
Data processing	29,706	23,170	(6,536)
Dues and publications	2,174	2,115	(59)
Meetings	10,728	10,701	(27)
Advertising	2,183	2,162	(21)
Consulting	1,021,486	1,021,486	-
Professional services	16,882	12,023	(4,859)
Miscellaneous	1,075	1,075	-
Depreciation	12,222	12,222	-
Total expenditures	<u>\$ 1,905,550</u>	<u>\$ 1,761,834</u>	<u>\$ (143,716)</u>
<b>General Revenues:</b>			
Municipal dues			\$ 154,200
Unrestricted investment income			1,227
Total general revenues			<u>\$ 155,427</u>
Change in net assets			\$ 11,711
Net assets, July 1, 2015			818,652
Net assets, June 30, 2016			<u>\$ 830,363</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, 2016**

ASSETS	General Fund	Transportation Planning	State GIA	Coastal Resilience Planning	Nonmajor Governmental Funds	Total Governmental Activities
Cash and cash equivalents	\$ 805,717	\$ -	\$ -	\$ -	\$ -	\$ 805,717
Certificates of deposit	101,988	-	-	-	-	101,988
Due from Federal and State Governments	-	265,549	-	296,633	14,725	576,907
Due from other funds	576,907	(265,549)	-	(296,633)	(14,725)	-
Prepaid expenses	22,000	-	-	-	-	22,000
Other assets	11,663	-	-	-	-	11,663
Total assets	<u>\$ 1,518,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,518,275</u>
<b>LIABILITIES AND FUND BALANCE</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 293,200	\$ -	\$ -	\$ -	\$ -	\$ 293,200
Deferred revenue	-	-	153,688	-	271,311	424,999
Due to other funds	424,999	-	(153,688)	-	(271,311)	-
Total liabilities	<u>\$ 718,199</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 718,199</u>
<b>Fund Balances:</b>						
Nonspendable	\$ 33,663	\$ -	\$ -	\$ -	\$ -	\$ 33,663
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	-	-	-	-	-	-
Unassigned	766,413	-	-	-	-	766,413
Total fund balances	<u>\$ 800,076</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 800,076</u>
Total liabilities and fund balances	<u>\$ 1,518,275</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:						
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds						43,122
Long-term liabilities, including accrued vacation leave are not due and payable in the current period and are not reported in the funds						(12,835)
						<u>\$ 830,363</u>

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, 2016**

	<u>General Fund</u>	<u>Transportation Planning</u>	<u>State GIA</u>	<u>Coastal Resilience Planning</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Activities</u>
<b>Revenues:</b>						
Municipal dues	\$ 154,200	\$ -	\$ -	\$ -	\$ -	\$ 154,200
Federal & State governments	-	798,156	467,760	376,782	119,133	1,761,831
Interest income	1,226	-	-	-	-	1,226
Other income	-	-	-	-	-	-
Total revenue	<u>\$ 155,426</u>	<u>\$ 798,156</u>	<u>\$ 467,760</u>	<u>\$ 376,782</u>	<u>\$ 119,133</u>	<u>\$ 1,917,257</u>
<b>Expenditures:</b>						
Salaries	\$ 149,652	\$ 251,045	\$ 60,727	\$ 6,125	\$ 5,052	\$ 472,601
Employee benefits	174,289	-	-	-	-	174,289
Rent	104,050	-	-	-	-	104,050
Telephone	7,795	-	-	-	-	7,795
Office supplies	2,080	-	-	-	-	2,080
Equipment maintenance	2,315	-	-	-	6,919	9,234
Insurance	10,344	-	-	-	-	10,344
Printing and reproduction	-	-	-	-	-	-
Travel	3,206	1,530	1,177	102	182	6,197
Data processing	21,648	1,200	20,245	-	6,858	49,951
Dues and publications	605	-	1,569	-	-	2,174
Meetings	6,233	50	4,444	-	-	10,727
Advertising	1,631	552	-	-	-	2,183
Consulting	-	282,675	279,310	366,403	93,100	1,021,488
Professional services	16,021	861	-	-	-	16,882
Miscellaneous	652	-	420	-	-	1,072
Indirect costs allocated	(448,866)	348,927	84,404	8,513	7,022	-
Capital outlay	-	-	15,464	-	-	15,464
	<u>\$ 51,655</u>	<u>\$ 886,840</u>	<u>\$ 467,760</u>	<u>\$ 381,143</u>	<u>\$ 119,133</u>	<u>\$ 1,906,531</u>
Excess (deficiency) of revenues over expenditures	\$ 103,771	\$ (88,684)	\$ -	\$ (4,361)	\$ -	\$ 10,726
<b>Other financing sources (uses):</b>						
Local match/over spending	(93,045)	88,684	-	4,361	-	-
Total other financing sources (uses)	<u>\$ (93,045)</u>	<u>\$ 88,684</u>	<u>\$ -</u>	<u>\$ 4,361</u>	<u>\$ -</u>	<u>\$ -</u>
Change in fund balance	\$ 10,726	\$ -	\$ -	\$ -	\$ -	\$ 10,726
Fund balance, July 1, 2015	797,814	-	-	-	-	-
Fund balance, June 30, 2016	<u>\$ 808,540</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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

3,242

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

(2,257)

Change in net assets of governmental activities (Exhibit B)

\$ 11,711

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 and 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.

**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

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

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**Note 1 (continued):**

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

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

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**Note 1 (continued):**

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 planning function of the SCRCOG.

**The Regional GIS Special Revenue Fund:** represents a project to develop a regional plan the great a GIS mapping system for 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 \$5,000 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**

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**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 \$12,835 at June 30, 2016, 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 Uniform Guidance. 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, 2016, was 1.3899. 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:** Equity in the government-wide financial statements is defined as "net assets" and is classified in the following categories:

Invested in Capital Assets, Net of Related Debt - This component of net assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

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

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**Note 1 (continued):**

Restricted Net Assets - Net assets are restricted because they are externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Assets - This component consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The equity of the fund financial statements is defined as "fund balance" and is classified in the following categories:

Nonspendable Fund Balance - This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

Restricted Fund Balance - This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors or laws and regulations of their governments.

Committed Fund Balance - This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Board).

Assigned Fund Balance - For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as restricted or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the executive committee

Unassigned Fund Balance - This represents fund balance in the General Fund in excess of nonspendable, restricted, committed and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

**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 \$12,835 difference are as follows:

Accrued vacation days	\$12,835
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**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Notes to Combined Financial Statements**

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**Note 2 (continued):**

**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 \$(8,932) difference are as follows:

Capital outlay	\$ 15,464
Depreciation expense	<u>(12,222)</u>
Net adjustment per Exhibit D	<u>\$ 3,242</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 \$(2,257) difference are as follows:

Accumulated vacation pay, July 1	\$ 10,579
Accumulated vacation pay, June 30	<u>12,835</u>
Difference	<u>\$ (2,257)</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)

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

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

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**Note 3 (continued):**

**Cash and Cash Equivalents:**

The following is a summary of cash and cash equivalents at June 30, 2016:

Deposits:		
Demand accounts		\$ 649,546
Other Cash Equivalents*:		
State Short-Term Investment Fund		<u>156,171</u>
Total cash and Cash Equivalents		<u>\$ 805,717</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, 2016, the carrying amount of the SCRCOG's deposits and certificates of deposit was \$751,534 and the bank balance was \$758,696. Of these deposits \$351,988 was covered by federal depository insurance and \$406,708 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 \$101,988 in certificates of deposit bearing an interest rate of 0.75% and an initial maturity of 1 year.

**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.

**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	\$ 33,501	\$ -	\$ 829	\$ 32,672
Equipment	3,191	-	-	3,191
Computer equipment	<u>104,389</u>	<u>15,464</u>	<u>45,759</u>	<u>74,094</u>
	<u>\$ 141,081</u>	<u>\$ 15,464</u>	<u>\$ 45,588</u>	<u>\$ 109,957</u>

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

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**Note 5 (continued):**

**Accumulated depreciation:**

Furniture and fixtures	\$ 33,501	\$ -	\$ 829	\$ 32,672
Equipment	3,191	-	-	3,191
Computer equipment	64,509	12,222	45,759	30,972
	<u>\$ 101,201</u>	<u>\$ 12,222</u>	<u>\$ 45,588</u>	<u>\$ 66,835</u>
<b>Book Value</b>	<u>\$ 39,880</u>			<u>\$ 43,122</u>

Depreciation in the amount of \$0 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, 2016, the contribution totaled \$23,123 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, 2016, 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.

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 \$12,068 during the year.

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

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**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 November 2015 the lease was modified to extend the term through November 30, 2020. Monthly rent under this agreement was \$8,671 as of June 30, 2016. Rent expense for the year ended June 30, 2016, totaled \$104,050

The following is a schedule of future minimum rental payments required under the operating lease as of June 30, 2016:

<u>Year Ended June 30</u>	
2017	\$ 104,050
2018	105,264
2019	106,131
2020	107,369
2021	45,106
	<u>\$ 467,920</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.

**NOTE 12 — SUBSEQUENT EVENTS:**

Subsequent events have been evaluated by management through October 31, 2016. The financial statements were available for issue on November 30, 2016.

**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, 2016**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues:</b>			
U.S. Department of Transportation	\$ 1,022,544	\$ 795,999	\$ (226,545)
U.S. Coastal Resilience Planning Grant	608,447	376,783	(231,664)
Connecticut Department of Transportation	371,014	90,872	(280,142)
Connecticut Office of Policy and Management	758,658	498,176	(260,482)
Municipal dues	154,200	154,200	-
Interest income	1,000	1,227	227
Other income	-	-	-
Total revenue	<u>\$ 2,915,863</u>	<u>\$ 1,917,257</u>	<u>\$ (998,606)</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

\$ 1,917,257

**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, 2016**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Expenditures:</b>			
Labor	\$ 707,814	\$ 646,890	\$ 60,924
Travel	14,600	6,197	8,403
Data processing	59,750	59,185	565
General operations	184,950	157,307	27,643
Consultant services	1,384,013	1,021,488	362,525
Contingencies	529,736	-	529,736
Capital expenditures	35,000	15,464	19,536
	<u>\$ 2,915,863</u>	<u>\$ 1,906,531</u>	<u>\$ 1,009,332</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

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Total expenditures as reported in Exhibit D

\$ 1,906,531

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

**General Fund**

**Comparative Balance Sheet**

**June 30, 2016 and 2015**

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	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 805,717	\$ 571,162
Certificates of deposit	101,988	101,224
Due from other funds	576,907	979,114
Prepaid expenses	22,000	29,957
Other assets	11,663	11,663
Total assets	<u>\$ 1,518,275</u>	<u>\$ 1,693,120</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 293,200	\$ 465,989
Due to other funds	424,999	437,780
Total liabilities	<u>\$ 718,199</u>	<u>\$ 903,769</u>
<b>Fund Balance:</b>		
Nonspendable	\$ 33,663	\$ 31,120
Unassigned	766,413	758,231
Total fund balance	<u>\$ 800,076</u>	<u>\$ 789,351</u>
Total liabilities and fund balance	<u>\$ 1,518,275</u>	<u>\$ 1,693,120</u>

**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, 2016**

	<u>Total</u>	<u>LOTICIP</u>	<u>Regional GIS</u>	<u>Mobility Management</u>
<b>Revenues:</b>				
Connecticut Office of Policy and Management	\$ 116,944	\$ -	\$ 30,416	\$ 86,528
Connecticut DOT	2,189	2,189	-	-
Total revenue	<u>\$ 119,133</u>	<u>\$ 2,189</u>	<u>\$ 30,416</u>	<u>\$ 86,528</u>
<b>Expenditures:</b>				
Salaries	\$ 5,052	\$ 840	\$ 685	\$ 3,527
Printing and reproduction	-	-	-	-
Data processing	6,858	-	6,858	-
Travel	182	182	-	-
Meetings	-	-	-	-
Consulting	93,100	-	15,000	78,100
Indirect cost allocation	7,022	1,167	954	4,901
Equipment	6,919	-	6,919	-
Advertising	-	-	-	-
	<u>\$ 119,133</u>	<u>\$ 2,189</u>	<u>\$ 30,416</u>	<u>\$ 86,528</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in and local match	-	-	-	-
Total expenditures	<u>\$ 119,133</u>	<u>\$ 2,189</u>	<u>\$ 30,416</u>	<u>\$ 86,528</u>
Excess (deficiency) of Revenues over Expenditures	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1	-	-	-	-
Fund balance, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedule by Source**  
**June 30, 2016 and 2015**

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	<u>2016</u>	<u>2015</u>
<b><u>Governmental Funds Capital Assets:</u></b>		
Furniture and Fixtures	\$ 32,672	\$ 33,501
Equipment	3,191	3,191
Computer Equipment	74,094	104,389
	<u>\$ 109,957</u>	<u>\$ 141,081</u>

**Investments in Governmental Funds Capital Assets by Source:**

General Fund revenue	\$ 43,531	\$ 53,402
Special Revenue Funds	66,426	87,679
	<u>\$ 109,957</u>	<u>\$ 141,081</u>

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

**Schedule of Indirect Costs**

**For the Year Ended June 30, 2016**

		<u>Percentage</u>
Total payroll for the year	\$ 472,601	
Less		
Non-assignable salaries	133,262	
Base Payroll	<u>\$ 339,339</u>	<u>100.0000%</u>
Total indirect costs	<u>\$ 471,631</u>	<u>138.9852%</u>
Summary of indirect costs		
Non-assignable salaries	133,262	28.2556%
Fringe benefits	173,764	36.8432%
Non-personnel	<u>164,605</u>	<u>34.9012%</u>
Total indirect costs	<u>\$ 471,631</u>	<u>100.0000%</u>

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**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

**Cost Analysis**

**For the Year Ended June 30, 2016**

	<u>Direct</u>	<u>Indirect</u>	<u>Total</u>
Salaries	\$ 339,339	\$ 133,262	\$ 472,601
Fringe benefits	\$ 525	\$ 173,764	\$ 174,289
Non-personnel			
Rent	\$ -	\$ 104,050	\$ 104,050
Postage and telephone	-	8,143	8,143
Office supplies	-	1,681	1,681
Equipment maintenance	-	13,329	13,329
Insurance	-	10,344	10,344
Printing and reproduction	1,298	52	1,350
Travel	6,695	-	6,695
Data processing	9,355	10,633	19,988
Dues and publications	1,746	195	1,941
Meetings	8,862	89	8,951
Advertising	2,060	68	2,128
Consulting	1,072,183	-	1,072,183
Professional services	-	16,021	16,021
Miscellaneous	1,775	-	1,775
Equipment use assessment	8,356	-	8,356
Capital purchases	2,798	-	2,798
Total non-personnel	<u>\$ 1,115,128</u>	<u>\$ 164,605</u>	<u>\$ 1,279,733</u>
Total costs	<u>\$ 1,454,992</u>	<u>\$ 471,631</u>	<u>\$ 1,926,623</u>
Total indirect costs absorbed by agency		<u>\$ -</u>	
Total allowable indirect costs		<u>\$ 471,631</u>	
Indirect cost rate		<u>1.3899</u>	

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Financial Summary for State of Connecticut Dept. of Transportation**  
**For the Year Ended June 30, 2016**

	<b>FHWA-PL</b> <b>Project No.</b> <b><u>DOT07169996PL</u></b>	<b>FTA-PL</b> <b>Project No.</b> <b><u>DOT07169996PL</u></b>	<b><u>Total</u></b>
<b>I. Maximum Funds Authorized</b>			
FHWA	\$ 745,751	\$ -	\$ 745,751
ConnDOT - FHWA	93,220	-	93,220
FTA	-	189,787	189,787
ConnDOT - FTA	-	23,723	23,723
Local	93,220	23,723	116,943
	<u>\$ 932,191</u>	<u>\$ 237,233</u>	<u>\$ 1,169,424</u>
<b>II. Audited Expenditures</b>			
Direct salaries	\$ 200,117	\$ 50,928	\$ 251,045
Indirect costs @ 138.99%	278,142	70,785	348,927
Direct costs	228,673	58,195	286,868
	<u>\$ 706,932</u>	<u>\$ 179,908</u>	<u>\$ 886,840</u>
<b>III. Distribution of Audited Costs</b>			
FHWA	\$ 565,546	\$ -	\$ 565,546
ConnDOT - FHWA	70,693	-	70,693
FTA	-	143,926	143,926
ConnDOT - FTA	-	17,991	17,991
Local	70,693	17,991	88,684
	<u>\$ 706,932</u>	<u>\$ 179,908</u>	<u>\$ 886,840</u>
<b>IV. ConnDOT Responsibility</b>			
FHWA	\$ 565,546	\$ -	\$ 565,546
ConnDOT - FHWA	70,693	-	70,693
FTA	-	143,926	143,926
ConnDOT - FTA	-	17,991	17,991
	<u>\$ 636,239</u>	<u>\$ 161,917</u>	<u>\$ 798,156</u>
Submissions received to June 30	\$ 407,754	\$ 103,770	\$ 511,524
Submissions received after June 30	212,149	53,990	266,139
Total payments received	<u>\$ 619,903</u>	<u>\$ 157,760</u>	<u>\$ 777,663</u>
Amount due from (to) ConnDOT	<u>\$ 16,336</u>	<u>\$ 4,157</u>	<u>\$ 20,493</u>

Schedules Required  
By the Federal Single Audit Act

DRAFT

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2016**

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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	5.15-07(15)07169996PL	\$ 709,472
New Freedom Program	20.521	5.19-02(14)	68,966
<b><i>Total U.S. Department of Transportation</i></b>			<b><u>\$ 778,438</u></b>
<b><u>U.S. Department of the Interior:</u></b>			
Coastal Resiliency Grants	15.153		\$ 376,783
<b><i>Total U.S. Department of the Interior</i></b>			<b><u>\$ 376,783</u></b>
<b><i>Total Expenditures of Federal Awards</i></b>			<b><u>\$ 1,155,221</u></b>

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Schedule of Expenditures of Federal Awards**  
**Notes to the Schedule**  
**For the Year Ended June 30, 2016**

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**Note A — Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of South Central Regional Council of Governments, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The Schedule presents only a selected portion of the operations of South Central Regional Council of Governments. It is not intended to, and does not present, the financial position or changes in net assets of South Central Regional Council of Governments.

**Note B — Summary of Significant Accounting Policies:**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C — Indirect Cost Rate:**

The South Central Regional Council of Governments uses an indirect cost rate as required under their Unified Planning Work Program agreement (UPWP) with the Connecticut Department of Transportation, the Federal Highway Administration and the Federal Transit Administration. The UPWP provides for a provisional indirect cost rate for reimbursements during the year with a recalculation at the end of the year to an actual amount and retroactive application to all requests during the year. The indirect cost rate for the year ended June 30, 2016, was 138.99%.

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Schedule of Findings and Questioned Costs - Federal Awards**  
**For the Year Ended June 30, 2016**

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

***Financial Statements:***

Type of auditor's report issued: *Unmodified*

	<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: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with §200.516 of the OMB Uniform Guidance? ✓

Major programs:

- 20.205 Transportation Planning
- 15.153 Coastal Resiliency Grants

Dollar threshold used to distinguish between type A and B programs: \$750,000

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.

Schedules Required  
By the State Single Audit Act

DRAFT

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Schedule of Expenditures of State Financial Assistance**  
**For the Year Ended June 30, 2016**

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<u>Grantor/Program</u>	<u>State Grant Program Core-CT Number</u>	<u>State Expenditures</u>
<b><u>Department of Transportation:</u></b>		
Regional Transportation Planning - State match	(a) 16DOT0041AA 12062-DOT57184-22108	\$ 88,684
Local Transportation Capital Improvement Program	13033-DOT57000-43584	2,189
New Freedoms Program - State match	(a) 15DOT0001AA 12062-DOT57931-22241	17,242
<b><i>Total Department of Transportation</i></b>		<b><u>\$ 108,115</u></b>
<b><u>Office of Policy and Management:</u></b>		
RPI Grant-Regional Web-Based GIS Program	11000-OPM20600-35457	30,416
<b><i>Total Office of Policy and Management</i></b>		<b><u>\$ 30,416</u></b>
<b><i>Total Expenditures of State Awards Before Exempt Programs</i></b>		<b><u>\$ 138,531</u></b>
<b>Exempt Programs</b>		
<b><u>Office of Policy and Management:</u></b>		
Grant-In-Aid for Regional Planning Agencies	12060-OPM20600-35457	467,760
<b><i>Total Office of Policy and Management</i></b>		<b><u>\$ 467,760</u></b>
<b><i>Total Exempt Programs</i></b>		<b><u>\$ 467,760</u></b>
<b><i>Total Expenditures of State Awards</i></b>		<b><u>\$ 606,291</u></b>

(a) State share of U.S. Department of Transportation pass-through grant.

The accompanying notes are an integral part of the financial statements

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Schedule of Expenditures of State Awards**  
**Notes to the Schedule**  
**For the Year Ended June 30, 2016**

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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 Findings and Questioned Costs - State Awards**  
**For the Year Ended June 30, 2016**

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

***Financial Statements:***

Type of auditor's report issued: *Unmodified*

	<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?		✓

***State Financial Assistance:***

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: *Unmodified*

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? ✓

The following schedule reflects major programs included in the audit:

Department of Transportation		
Regional Transportation Planning	12062-DOT57184-22108	\$88,684

Dollar threshold used to distinguish between type A and B programs: \$100,000

**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.