



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**  
**SPECIAL MEETING NOTICE & AGENDA**  
**Wednesday December 5, 2012 – 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 – First Selectman Anthony DaRos, *Chairman*
2. Adopt Minutes of September 25, 2012 Executive Committee Meeting –  
First Selectman Derrylyn Gorski, *Acting Secretary* Pages 2
3. Review and Accept Audit Report for FY2011 -2012 - Brian Borgerson, *CPA*  
*of Kircaldie, Randall & McNab LLC* Attached
4. Review of 2013 SCRCOG Draft Legislative Agenda Page 3
5. Review of 2013 Regional Legislative /Governmental Agenda Page 4,5
6. Other Business
7. Adjournment

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

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 Derrylyn Gorski, Acting Secretary**  
DATE: **November 26, 2012**  
SUBJECT: **SCRCOG Executive Committee Minutes of September 25, 2012**

**Present:**

Bethany First Selectwoman Derrylyn Gorski - *Acting Secretary*  
Madison First Selectman Fillmore McPherson  
New Haven Mayor John DeStefano  
North Haven First Selectman Michael Freda - *Treasurer and Acting Chairman*  
Woodbridge First Selectman Edward Sheehy

SCRCOG Staff Executive Director Carl J. Amento

Others present: Attorney General George Jepson, Robert Blanchard and Matthew Budzik, Attorney General's Office, ROOF Director Karah Johnson, ROOF Vista Volunteer Brianna Gavigan, ROOF Counsel Jeff Gentes, Greater New Haven Community Loan Fund Director Carla Weil

**ITEM 1 - Call to Order**

The Executive Committee meeting was called to order at 9:00 a.m. by Chairman DaRos.

**ITEM 2 – Adopt Minutes of June 27, 2012 Executive Committee Meeting**

Chairman DaRos presented the minutes contained in the agenda packet on pages 2-3. First Selectman Sheehy moved for their acceptance. First Selectwoman Gorski seconded. The minutes were accepted unanimously.

**ITEM 3-Foreclosure Prevention Discussion with Attorney General Jepson**

Attorney General Jepson presented a summary of the mortgage settlement and the planned use of funds, and answered questions from the Executive Committee members. The discussion resulted in identification of possible funding for ROOF and for a bank servicing event in the SCRCOG Region.

**ITEM 4 - Adjournment:**

Motion to adjourn made by First Selectwoman Gorski and seconded by First Selectman Freda. It passed unanimously. The meeting was adjourned at 9:50 a.m.

Respectfully submitted,

First Selectwoman Derrylyn Gorski, Acting Secretary



SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS

*Planning for Our Region's Future*

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Carl J. Amento, Executive Director

## DRAFT SCRCOG LEGISLATIVE AGENDA- 2013

We urge the General Assembly to:

1. Invest in and support Union Station Transit-Oriented Development project to create a major transportation hub with enhanced rail service, expanded parking and new retail and commuter services.
2. Support the NEC FUTURE Study giving serious consideration to priority investment and routing of high speed and high quality rail improvements through the City of New Haven and the existing shoreline rail alignment
3. Invest in and support improvements to the New Haven-Hartford - Springfield rail line and Transit Oriented Development projects along the rail line such as the Meriden Hub project and new train stations in Wallingford and North Haven.
4. Invest in and support improvements to and enhanced service for the Shoreline East rail service.
5. Develop a strategy and financial plan to ensure that Connecticut's and the region's highways and bridges are maintained in a state of good repair.
6. Invest in and support and create a long-term strategy for the State's continuing role in support of Tweed-New Haven Regional Airport.
7. Invest in and support a long-term strategy for the Port of New Haven as a major freight distribution hub for our region and state.
8. Support an ongoing stream of state funding for REX
9. Provide opportunities for local government spending to be reduced by investing in and supporting initiatives for cost-sharing of local government services and operations among municipalities and between municipalities and boards of education.

## 2013 Regional Legislative/Government Agenda

### **Business is the Backbone**

Business drives the economy, and the economy affects virtually every aspect of our lives. The Greater New Haven Chamber of Commerce respectfully offers this 2013 Legislative Agenda for review and consideration by the members of the General Assembly

The Chamber asks our elected leaders to make a renewed commitment to Connecticut businesses, large and small, in 2013. We ask that every legislative proposal be reviewed against the critical question of whether it helps Connecticut businesses succeed so they may expand and grow our economy.

To make a commitment to Connecticut businesses, large and small, the **General Assembly** is asked to:

### **Balance the Books**

It is vital that Connecticut continue on its path to responsible budgeting. Critical steps towards reaching this goal include:

- Fund the Rainy Day Fund;
- Fully implement GAAP;
- Implement recommendations of the Connecticut Institute for the 21<sup>st</sup> Century (long term care, corrections, governmental retiree benefits, municipal shared services and nonprofit provision of state-run community services).
- Maintain current funding to cities and towns to avoid transferring state deficit problems to local taxpayers;
- Continue support of non-profit organizations that contribute to the economy.

### **Cut the Red Tape**

Governor Malloy is to be commended for making a good-faith effort at reducing the bureaucracy of state government. With an eye towards eliminating unnecessary overlap, he reduced the number of agencies and made government leaner. However, the real culprit that stands in the way of Connecticut becoming more business-friendly is bureaucratic and regulatory red tape.

Specific ways to streamline bureaucracy and help our state's struggling economy include:

- Expand the LEAN initiative started by DEEP to all other state agencies;
- Further deploy and implement state IT and e-government services;
- Continue to reduce the time it takes to obtain state and municipal permits and expedite agency approvals for clean-up of Brownfields sites.
- Realize savings by shifting implementation of social service programs from the public sector to the not-for-profit sector.

### **Infrastructure, Infrastructure, Infrastructure**

Our roads, airports, and other critical infrastructure are the work of past generations and must be modernized. Whether by neglect or simply the need to commit resources elsewhere, much of our state's vital public infrastructure has simply not kept pace. This unfortunate reality works

against us in attracting business investment to Connecticut at a time when our economy needs it most.

Our priorities for the **General Assembly** and **Governmental Agencies** include:

- Continue working with the USDOT and Metropolitan Transportation Authority to upgrade the existing Northeast Corridor in CT and introduce new service;
- Invest in Union Station, New Haven Harbor, and other nearby transportation-oriented assets to create a major transportation hub;
- Support the plan to formally adopt the 34+ acres of land west of the Air Rights Garage into the Route 34 West Municipal Development Plan (MDP).
- Focus on a long-term strategy for the State's continuing role in support of Tweed-New Haven Regional Airport;
- Modernize and expand the state's energy infrastructures with an emphasis towards conversion to natural gas.

### **Stop the Brain Drain**

Too often young citizens choose to move out of Connecticut once they graduate from our excellent colleges and universities. Our state's ability to compete in the global market is inextricably tied to persuading the best and the brightest to make Connecticut their home.

To fully position Connecticut to compete in the global marketplace, the **General Assembly** and **Government Agencies** are asked to:

- Ensure that school curriculum meets the needs of industry, by strengthening the use and scope of Trade Technology Advisory Committees;
- Maintain support and incentives for knowledge industries; and
- Increase Investment in Incumbent Worker Training through Connecticut's Workforce Investment Boards.



**SOUTH CENTRAL REGIONAL COUNCIL  
OF GOVERNMENTS**  
*Financial Statements and  
Supplemental Schedules*  
*For the Year Ended June 30, 2012*

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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

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, 2012, which collectively comprise the organization's basic financial statements as listed in the table of contents. These financial statements are the responsibility of management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of governmental activities, each major fund, and the aggregate remaining fund information of the South Central Regional Council of Governments, as of June 30, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2012, on our consideration of the SCRCOG's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope and testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

13 and 27 through 28 be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Government Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with managements'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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the South Central Regional Council of Governments' financial statements as a whole. The accompanying supplementary information, such as the combining and individual nonmajor fund financial statements and schedules listed in the table of contents as schedules 3 through 11, including the expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations (Circular A-133)* are presented for purposes of additional analysis and are 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information, such as the combining and individual nonmajor fund financial statements and schedules listed in the table of contents as schedules 3 through 11, including the expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

*Kircaldie Randall • McNab LLC*

North Haven, Connecticut  
November 9, 2012

**KIRCALDIE, RANDALL & MCNAB LLC**  
CERTIFIED PUBLIC ACCOUNTANTS  
NORTH HAVEN, CONNECTICUT 06473

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

**Independent Auditor's Report**

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Central Regional Council of Governments as of and for the year ended June 30, 2012, which collectively comprise the South Central Regional Council of Governments' basic financial statements and have issued our report thereon dated November 9, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**INTERNAL CONTROL OVER FINANCIAL REPORTING:**

Management of the South Central Regional Council of Governments is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered South Central Regional Council of Governments' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the South Central Regional Council of Governments' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the South Central Regional Council of Governments' internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

**COMPLIANCE AND OTHER MATTERS:**

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

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

*Kircaldie Randall • McNab LLC*

North Haven, Connecticut  
November 9, 2012

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**KIRCALDIE, RANDALL & MCNAB LLC**  
CERTIFIED PUBLIC ACCOUNTANTS  
NORTH HAVEN, CONNECTICUT 06473

**Report on Compliance with Requirements That Could Have a Direct and  
Material Effect on Each Major Program and Internal Control over  
Compliance in Accordance with OMB Circular A-133**

**Independent Auditor's Report**

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

**COMPLIANCE:**

We have audited the compliance of South Central Regional Council of Governments (the COG), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of South Central Regional Council of Governments' major federal programs for the year ended June 30, 2012. The COG's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the COG's management. Our responsibility is to express an opinion on the COG's compliance based on our audit.

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

In our opinion, the COG complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each its major federal program for the year ended June 30, 2012.

**INTERNAL CONTROL OVER COMPLIANCE:**

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

could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the South Central Regional Council of Governments' internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

*Kircaldie Randsalt & McNab LLC*

North Haven, Connecticut  
November 9, 2012

**KIRCALDIE, RANDALL & MCNAB LLC**  
CERTIFIED PUBLIC ACCOUNTANTS  
NORTH HAVEN, CONNECTICUT 06473

**Independent Auditor's Report on the Schedule of Indirect Costs**

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

We have audited the Schedule of Indirect Costs for the year ended June 30, 2012. This schedule is the responsibility of the South Central Regional Council of Governments' management. Our responsibility is to express an opinion on this schedule based on our audit.

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

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

In our opinion, the schedule referred to above presents fairly, in all material respects, the direct labor, fringe benefits and general overhead of the South Central Regional Council of Governments for the year ended June 30, 2012, on the basis of accounting described in Note B to the Schedule of Expenditures of Federal Awards.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 9, 2012, on our consideration of the SCRCOG's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope and testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

*Kircaldie Randall • McNab LLC*

North Haven, Connecticut  
November 9, 2012

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

### **Management Discussion and Analysis**

**For the Year Ended June 30, 2012**

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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, 2012. This reporting is in accordance with Statement No. 34 of the Governmental Accounting Standards Board. Please read this MD&A in conjunction with the SCRCOG’s financial statements.

### **FINANCIAL HIGHLIGHTS**

- Net assets of our governmental activities decreased by \$54,777 or 7.00%. This included a one-time contribution to REX Development of \$50,000.
- During the year, the SCRCOG had expenses that were \$20,551 more than revenue.
- Total cost of all of the SCRCOG’s programs was \$1,477,120.
- The Total Funds reported a fund balance this year of \$718,453.
- The resources available for appropriation were \$1,734,800. All expenditures are within authorized limits.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

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

#### ***Government-Wide Financial Statements***

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

These two statements report the SCRCOG’s net assets and changes in them. The SCRCOG’s net assets, the difference between assets and liabilities, are one way to measure the SCRCOG’s

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2012**

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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, State Grant In Aid, Sustainable Communities, Hazard Mitigation, 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, 2012**

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The SCRCOG's combined net assets decreased from a year ago from \$782,112 to \$727,335. The analysis below focuses on the net assets (Table 1) of the SCRCOG's governmental activities.

<b>Table 1</b>	
<i>Net Assets</i>	
	<b>Governmental Activities <u>2012</u></b>
<b>ASSETS</b>	
Cash and cash equivalents .....	\$ 522,705
Due from Federal and State Governments.....	561,550
Other receivables .....	10,000
Prepaid expenses .....	25,208
Fixed assets, net of depreciation.....	19,940
Other assets .....	<u>11,663</u>
Total Assets.....	<u>\$ 1,151,066</u>
<b>LIABILITIES</b>	
Accounts payable .....	\$ 395,753
Deferred revenue.....	16,920
Non-current liabilities .....	<u>11,058</u>
Total liabilities .....	<u>\$ 423,731</u>
<b>NET ASSETS</b>	
Investment in capital assets.....	\$ 19,940
General Fund.....	<u>707,395</u>
Total net assets .....	<u>\$ 727,335</u>

SCRCOG experienced a decrease in net assets of its governmental activities of 8.94% as compared to a decrease of 1.5% in the prior year.

The SCRCOG's total revenues were \$1,406,569. The total cost of all programs and services was \$1,477,120. See Exhibit D in the financial report.

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2012**

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***Governmental Activities***

Overall revenues were \$328,231 lower than budgeted. Expenditures were \$286,380 less than anticipated. SCRCOG revenue figures in the budget reflect grantors request that we budget 100% of grants, even though we may not intend to use the entire grant in a particular year. This does allow flexibility should a new project come up during the year which the SCRCOG wishes to pursue. All revenue generated from FHWA, FTA, and CT Department of Transportation funds are on a reimbursement basis with a 10% local match required. Municipal dues make up the 10% local match. The local match also has been taken from reserve on a case by case basis, rather than increasing local dues.

Maximum overhead rate allowance set by our grantor is 1.50. Our rate in this fiscal year was 1.1991 compared to 1.3085 in the prior year. (See Schedule 7 in the financial statements.)

**SCRCOG FUNDS FINANCIAL ANALYSIS**

***Governmental Funds***

As the SCRCOG completed the year, its governmental funds (as presented in the balance sheet – Exhibit C) reported a combined fund balance of \$718,453 which is a decrease from last year's total of \$789,003.

***General Fund Budgetary Highlights***

The SCRCOG's budget received several new one time funding sources; still relying heavily on FHWA, FTA and CT Department of Transportation to fund 80% of SCRCOG total revenue. Municipal dues make up 10% of the total revenue. Department of Emergency Management and Homeland Security, and State Grant in Aid, complete the funding sources this fiscal year. The municipal dues are assessed at \$.27/person (based on municipal population). Either an increase in municipal dues or use of unrestricted reserve can generate a larger local match which could have allowed the agency to access more reimbursable funding. In general the reserve has been held to meet cash flow needs since the majority of our funding is on a reimbursable basis.

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2012**

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**CAPITAL ASSETS AND DEBT ADMINISTRATION**

*Capital Assets*

At June 30, 2012, the SCRCOG had \$88,319 of capital assets consisting of basically office and computer equipment located in the SCRCOG's leased office space. (See Note 5 or Schedule 5 in the financial statements).

*Debt Administration*

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The SCRCOG's elected officials considered many factors when adopting the fiscal year 2012-2013 budget. As a result of these efforts and adherence to federal guidelines, SCRCOG adopted a budget of \$1,577,519 for 2012-2013. Since SCRCOG did not use all of the revenue from the FHWA and FTA in the current year, we continue to carryover those dollars for future years. The 2012-2013 budget reflects reduced expenditures for personnel costs. The 2012-2013 budget includes grant revenues from SCRCOG's participation in the Sustainable Communities Regional Planning Grant and from the FEMA Regional Hazard Mitigation planning grant recently awarded to SCRCOG. Additionally, the SCRCOG has received two grants, totaling \$645,609, from the CT Office of Policy and Management, to provide a Regional GIS Program and Shared Services Study. These projects will begin in FY 2012-2013.

**CONTACTING THE SCRCOG'S FINANCIAL MANAGEMENT**

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

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

**Statement of Net Assets**

**June 30, 2012**

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	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 522,705
Due from Federal and State Governments	561,550
Other receivables	10,000
Prepaid expenses	25,208
Fixed assets, net of depreciation	19,940
Other assets	11,663
<b>Total assets</b>	<b><u>\$ 1,151,066</u></b>
<b>LIABILITIES</b>	
Accounts payable	\$ 395,753
Deferred revenue	16,920
Noncurrent liabilities	11,058
<b>Total liabilities</b>	<b><u>\$ 423,731</u></b>
<b>NET ASSETS</b>	
Investment in capital assets	\$ 19,940
Unrestricted	707,395
<b>Total net assets</b>	<b><u><u>\$ 727,335</u></u></b>

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, 2012**

	<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	\$ 414,114	\$ 366,369	\$ (47,745)
Employee benefits	178,794	96,400	(82,394)
Rent	87,217	47,027	(40,190)
Postage and telephone	7,252	3,910	(3,342)
Office supplies	1,821	982	(839)
Equipment maintenance	11,003	5,933	(5,070)
Insurance	6,726	3,627	(3,099)
Printing and reproduction	699	377	(322)
Travel	5,955	5,487	(468)
Data processing	9,955	5,921	(4,034)
Dues and publications	1,779	1,120	(659)
Meetings	6,748	4,465	(2,283)
Advertising	1,036	1,003	(33)
Consulting	649,318	649,318	-
Professional services	8,500	4,583	(3,917)
Miscellaneous	50,230	27,086	(23,144)
Depreciation	10,198	5,499	(4,699)
Total expenditures	<u>\$ 1,451,345</u>	<u>\$ 1,229,107</u>	<u>\$ (222,238)</u>
<b>General Revenues:</b>			
Municipal dues			\$ 151,400
State GIA Planning Grant			14,121
Unrestricted investment income			492
Miscellaneous revenue			1,448
Total general revenues			<u>\$ 167,461</u>
Change in net assets			<u>\$ (54,777)</u>
Net assets, July 1, 2011			782,112
Net assets, June 30, 2012			<u>\$ 727,335</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, 2012**

<b>ASSETS</b>	<b>General Fund</b>	<b>Transportation Planning</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Activities</b>
Cash and cash equivalents	\$ 522,705	\$ -	\$ -	\$ 522,705
Due from Federal and State Governments	-	511,855	49,695	561,550
Due from other funds	561,550	(511,855)	(49,695)	-
Other receivables	10,000	-	-	10,000
Prepaid expenses	25,208	-	-	25,208
Other assets	11,663	-	-	11,663
Total assets	<u>\$ 1,131,126</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,131,126</u>

**LIABILITIES AND FUND BALANCE**

**Liabilities:**

Accounts payable	\$ 395,753	\$ -	\$ -	\$ 395,753
Due to other funds	16,920	-	(16,920)	-
Deferred revenue	-	-	16,920	16,920
Total liabilities	<u>\$ 412,673</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 412,673</u>

**Fund Balances:**

Nonspendable	\$ 11,663	\$ -	\$ -	\$ 11,663
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	706,790	-	-	706,790
Total fund balances	<u>\$ 718,453</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 718,453</u>
Total liabilities and fund balances	<u>\$ 1,131,126</u>	<u>\$ -</u>	<u>\$ -</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds

19,940

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

(11,058)

\$ 727,335

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, 2012**

	General Fund	Transportation Planning	Nonmajor Governmental Funds	Total Governmental Activities
<b>Revenues:</b>				
Municipal dues	\$ 151,400	\$ -	\$ -	\$ 151,400
Federal & State governments	-	1,167,681	74,549	1,242,230
Interest income	492	-	-	492
Other income	11,448	-	999	12,447
Total revenue	<u>\$ 163,340</u>	<u>\$ 1,167,681</u>	<u>\$ 75,548</u>	<u>\$ 1,406,569</u>
<b>Expenditures:</b>				
Salaries	\$ 99,723	\$ 293,950	\$ 16,503	\$ 410,176
Employee benefits	178,794	-	-	178,794
Rent	97,217	-	-	97,217
Postage and telephone	7,252	-	-	7,252
Office supplies	1,821	-	-	1,821
Equipment maintenance	11,003	-	-	11,003
Insurance	6,726	-	-	6,726
Printing and reproduction	699	-	-	699
Travel	1,015	3,075	1,865	5,955
Data processing	8,755	1,200	-	9,955
Dues and publications	1,779	-	-	1,779
Meetings	4,607	350	1,791	6,748
Advertising	73	434	530	1,037
Consulting	-	616,015	24,187	640,202
Professional services	8,500	-	-	8,500
Miscellaneous	50,225	5	-	50,230
Indirect costs allocated	(372,264)	352,475	19,789	-
Capital outlay	-	29,910	9,116	39,026
	<u>\$ 105,925</u>	<u>\$ 1,297,414</u>	<u>\$ 73,781</u>	<u>\$ 1,477,120</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 57,415</u>	<u>\$ (129,733)</u>	<u>\$ 1,767</u>	<u>\$ (70,551)</u>
<b>Other financing sources (uses):</b>				
Local match/over spending	(127,966)	129,733	(1,767)	-
Total other financing sources (uses)	<u>\$ (127,966)</u>	<u>\$ 129,733</u>	<u>\$ (1,767)</u>	<u>\$ -</u>
Change in fund balance	\$ (70,551)	\$ -	\$ -	\$ (70,551)
Fund balance, July 1, 2011	789,005	-	-	-
Fund balance, June 30, 2012	<u>\$ 718,454</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	19,712
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	(3,938)
Change in net assets of governmental activities (Exhibit B)	<u>\$ (54,777)</u>

The accompanying notes are an integral part of the financial statements

**Exhibit D**

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

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**NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

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

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

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

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

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

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

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

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

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**Note 1 (continued):**

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

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

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

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

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

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

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

**Measurement focus, Basis of Accounting and Financial Statement presentation:** The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual

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

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**Note 1 (continued):**

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

The SCRCOG reports the following major governmental funds:

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

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

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

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

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

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

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

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

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

**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

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

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**Note 1 (continued):**

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 \$11,058 at June 30, 2012, which represents normal accumulations, has been recorded in the government-wide statement of net assets. The council's sick leave policy permits the accumulation of 15 sick days per year up to a maximum of 75 days. Employees are not paid for unused sick days upon termination of employment and, accordingly, sick pay is charged to expenditures when taken. No provision has been made in the financial statements for unused sick leave.

**Allocation of Employee Benefits and Indirect Costs:** SCRCOG employee benefits and indirect costs are allocated based upon actual direct labor expenditures to all grants in accordance with the Office of Management and Budget Circular A-87. SCRCOG employee benefits and indirect costs necessary to sustain overall operations are allocated to grant projects as a percentage of SCRCOG labor costs. The indirect cost factor for the year ended June 30, 2012, was 1.1991. 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.

**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

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

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**Note 1 (continued):**

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 \$11,058 difference are as follows:

Accrued vacation days	\$11,058
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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 \$(1,544) difference are as follows:

Capital outlay	\$ 29,910
Depreciation expense	<u>(10,198)</u>
Net adjustment per Exhibit D	<u>\$ 19,712</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 \$(3,938) difference are as follows:

Accumulated vacation pay, July 1	\$ 7,120
Accumulated vacation pay, June 30	<u>11,058</u>
Difference	<u>\$ (3,938)</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, 2012:

Deposits:	
Demand accounts	\$ 267,864
Other Cash Equivalents*	
State Short-Term Investment Fund	<u>254,841</u>
Total cash and Cash Equivalents	<u>\$ 522,705</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, 2012, the carrying amount of the SCRCOG's deposits and certificates of deposits was \$267,864 and the bank balance was \$397,774. Of these deposits \$397,774 was covered by federal depository insurance and \$0 was collateralized as required by State statute. All such deposit were in institutions considered to be "qualified public depositories" as defined in Section 36a-333 of the Connecticut General Statutes.

**Investments:**

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

**NOTE 4 — ACCOUNTS RECEIVABLE:**

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

**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	\$	\$	\$ 33,501
Equipment	12,918		9,727	3,191
Computer equipment	<u>50,910</u>	<u>29,910</u>	<u>29,193</u>	<u>51,627</u>
	<u>\$ 97,329</u>	<u>\$ 29,910</u>	<u>\$ 38,920</u>	<u>\$ 88,319</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	\$	\$	\$ 33,501
Equipment	12,918		9,727	3,191
Computer equipment	<u>50,682</u>	<u>10,198</u>	<u>29,193</u>	<u>31,687</u>
	<u>\$ 97,101</u>	<u>\$ 10,198</u>	<u>\$ 38,920</u>	<u>\$ 68,379</u>
<b>Book Value</b>	<u>\$ 228</u>			<u>\$ 19,940</u>

Depreciation in the amount of \$228 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, 2012, the contribution totaled \$19,895 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, 2012, 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 \$5,135 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 May 2010 the lease was modified to extend the term through November 30, 2015. Monthly rent under this agreement was \$8,168 as of June 30, 2012. Rent expense for the year ended June 30, 2012, totaled \$97,217. The SCRCOG currently sublets some of its space to a related organization, \$10,000 in rent was received from this group during the current fiscal year

The following is a schedule of future minimum rental payments required under the operating lease as of June 30, 2012:

<u>Year Ended June 30</u>	
2013	\$ 99,161
2014	101,163
2015	103,200
2016	43,354
	<u>\$ 346,878</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 November 9, 2012. The financial statements were available for issue on November 30, 2012.

**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, 2012**

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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	\$ 1,179,400	\$ 1,037,939	\$ (141,461)
Homeland Security Grant	150,000	38,993	(111,007)
Sustainable Communities Regional Planning Grant	48,300	21,435	(26,865)
Connecticut Department of Transportation	147,500	129,742	(17,758)
Connecticut Office of Policy and Management	30,000	14,121	(15,879)
Municipal dues	151,400	151,400	-
Interest income	3,200	492	(2,708)
Other income	25,000	12,447	(12,553)
Total revenue	<u>\$ 1,734,800</u>	<u>\$ 1,406,569</u>	<u>\$ (328,231)</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 \$ 1,406,569

**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, 2012**

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	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Expenditures:</b>			
Labor	\$ 598,800	\$ 588,970	\$ 9,830
Travel	7,900	5,955	1,945
Data processing	11,200	9,955	1,245
General operations	161,500	143,012	18,488
Consultant services	953,400	649,318	304,082
Contingencies	500	50,000	(49,500)
Capital expenditures	30,200	29,910	290
	<u>\$ 1,763,500</u>	<u>\$ 1,477,120</u>	<u>\$ 286,380</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

\$ 1,477,120

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**General Fund**  
**Comparative Balance Sheet**  
**June 30, 2012 and 2010**

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	<u>2012</u>	<u>2011</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 522,705	\$ 626,733
Due from other funds	561,550	197,703
Other receivables	10,000	6,667
Prepaid expenses	25,208	31,347
Other assets	11,663	11,663
Total assets	<u>\$ 1,131,126</u>	<u>\$ 874,113</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 395,753	\$ 68,190
Due to other funds	16,920	16,920
Total liabilities	<u>\$ 412,673</u>	<u>\$ 85,110</u>
<b>Fund Balance:</b>		
Nonspendable	\$ 11,663	\$ 11,663
Unassigned	706,790	777,340
Total fund balance	<u>\$ 718,453</u>	<u>\$ 789,003</u>
Total liabilities and fund balance	<u>\$ 1,131,126</u>	<u>\$ 874,113</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, 2012**

	<u>Total</u>	<u>Homeland Security</u>	<u>Sustainable Communities</u>	<u>Hazard Mitigation</u>	<u>State Grant In-Aid</u>
<b>Revenues:</b>					
Connecticut Office of Policy and Management	\$ 14,121	\$ -	\$ -	\$ -	\$ 14,121
Regional Plan Association	21,435	-	21,435	-	-
Connecticut Dept. of Emergency Services	32,925	32,925	-	-	-
Connecticut Dept. of Energy and Environmental Prot.	6,068	-	-	6,068	-
Local matching funds	999	-	-	999	-
Total revenue	<u>\$ 75,548</u>	<u>\$ 32,925</u>	<u>\$ 21,435</u>	<u>\$ 7,067</u>	<u>\$ 14,121</u>
<b>Expenditures:</b>					
Salaries	\$ 16,503	\$ 263	\$ 11,516	\$ 2,203	\$ 2,521
Printing and reproduction	-	-	-	-	-
Data processing	-	-	-	-	-
Travel	1,865	14	493	-	1,358
Meetings	1,791	-	13	-	1,778
Consulting	24,187	23,188	-	999	-
Indirect cost allocation	19,789	315	13,809	2,642	3,023
Equipment	9,116	9,116	-	-	-
Advertising	530	-	-	530	-
	<u>\$ 73,781</u>	<u>\$ 32,896</u>	<u>\$ 25,831</u>	<u>\$ 6,374</u>	<u>\$ 8,680</u>
<b>Other Financing Sources (Uses):</b>					
Operating transfers in and local match	(1,767)	(29)	4,396	(693)	(5,441)
Total expenditures	<u>\$ 75,548</u>	<u>\$ 32,925</u>	<u>\$ 21,435</u>	<u>\$ 7,067</u>	<u>\$ 14,121</u>
Excess (deficiency) of Revenues over Expenditures	\$ -	\$ -	\$ -	\$ -	\$ -
Fund balance, July 1	-	-	-	-	-
Fund balance, June 30	<u>\$ -</u>	<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, 2012 and 2010**

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	<u>2012</u>	<u>2011</u>
<b><u>Governmental Funds Capital Assets:</u></b>		
Furniture and Fixtures	\$ 33,501	\$ 33,501
Equipment	3,191	12,918
Computer Equipment	51,627	50,910
	<u>\$ 88,319</u>	<u>\$ 97,329</u>

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

General Fund revenue	\$ 53,402	\$ 71,179
Special Revenue Funds	34,917	26,150
	<u>\$ 88,319</u>	<u>\$ 97,329</u>

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Schedule of Indirect Costs**  
**For the Year Ended June 30, 2012**

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		<u>Percentage</u>
Total payroll for the year	\$ 410,176	
Less		
Non-assignable salaries	85,317	
Base Payroll	<u>\$ 324,859</u>	<u>100.0000%</u>
Total indirect costs	<u>\$ 389,536</u>	<u>119.9093%</u>
 Summary of indirect costs		
Non-assignable salaries	85,317	21.9022%
Fringe benefits	178,794	45.8992%
Non-personnel	<u>125,425</u>	<u>32.1987%</u>
Total indirect costs	<u>\$ 389,536</u>	<u>100.0001%</u>

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

**Cost Analysis**

**For the Year Ended June 30, 2012**

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	<u>Direct</u>	<u>Indirect</u>	<u>Total</u>
Salaries	\$ 324,859	\$ 85,317	\$ 410,176
Fringe benefits	\$ 525	\$ 178,794	\$ 179,319
<b>Non-personnel</b>			
Rent	\$ 16,527	\$ 80,690	\$ 97,217
Postage and telephone	-	7,252	7,252
Office supplies	-	1,819	1,819
Equipment maintenance	-	11,003	11,003
Insurance	-	6,201	6,201
Printing and reproduction	-	699	699
Travel	5,910	45	5,955
Data processing	1,200	8,755	9,955
Dues and publications	1,634	145	1,779
Meetings	6,733	15	6,748
Advertising	964	73	1,037
Consulting	649,318	-	649,318
Professional services	-	8,500	8,500
Miscellaneous	50,230	-	50,230
Equipment use assessment	9,970	228	10,198
Capital purchases	-	-	-
Total non-personnel	<u>\$ 742,486</u>	<u>\$ 125,425</u>	<u>\$ 867,911</u>
Total costs	<u>\$ 1,067,870</u>	<u>\$ 389,536</u>	<u>\$ 1,457,406</u>
Total indirect costs absorbed by agency		<u>\$ -</u>	
Total allowable indirect costs		<u>\$ 389,536</u>	
Indirect cost rate		<u>1.1991</u>	

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Financial Summary for State of Connecticut Dept. of Transportation**  
**For the Year Ended June 30, 2012**

	<b>FHWA-PL</b>	<b>FTA-PL</b>	
	<b>Project No.</b>	<b>Project No.</b>	
	<b><u>DOT70119996PL</u></b>	<b><u>DOT70119996PL</u></b>	<b><u>Total</u></b>
<b>I. Maximum Funds Authorized</b>			
FHWA	\$ 933,113	\$ -	\$ 933,113
ConnDOT - FHWA	116,640	-	116,640
FTA	-	183,793	183,793
ConnDOT - FTA	-	22,974	22,974
Local	116,640	22,974	139,614
	<u>\$ 1,166,393</u>	<u>\$ 229,741</u>	<u>\$ 1,396,134</u>
<b>II. Audited Expenditures</b>			
Direct salaries	\$ 245,579	\$ 48,371	\$ 293,950
Indirect costs @ 119.91%	294,473	58,002	352,475
Direct costs	543,866	107,123	650,989
	<u>\$ 1,083,918</u>	<u>\$ 213,496</u>	<u>\$ 1,297,414</u>
<b>III. Distribution of Audited Costs</b>			
FHWA	\$ 867,134	\$ -	\$ 867,134
ConnDOT - FHWA	108,392	-	129,742
FTA	-	170,796	170,796
ConnDOT - FTA	-	21,350	21,350
Local	108,392	21,350	129,742
	<u>\$ 1,083,918</u>	<u>\$ 213,496</u>	<u>\$ 1,318,764</u>
<b>IV. ConnDOT Responsibility</b>			
FHWA	\$ 867,134	\$ -	\$ 867,134
ConnDOT - FHWA	108,392	-	108,392
FTA	-	170,796	170,796
ConnDOT - FTA	-	21,350	21,350
	<u>\$ 975,526</u>	<u>\$ 192,146</u>	<u>\$ 1,167,672</u>
Submissions received to June 30	\$ 540,079	\$ 106,378	\$ 646,457
Submissions not received as of June 30	482,997	95,135	578,132
Total payments received	<u>\$ 1,023,076</u>	<u>\$ 201,513</u>	<u>\$ 1,224,589</u>
Amount due from (to) ConnDOT	<u>\$ (47,550)</u>	<u>\$ (9,367)</u>	<u>\$ (56,917)</u>

**Schedules Required  
By the Federal Single Audit Act**

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**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2012**

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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	2.16-13(10)/70119996PL	\$ 1,037,939
<b><i>Total U.S. Department of Transportation</i></b>			<b><i>\$ 1,037,939</i></b>
<b><u>U.S. Department of Homeland Security:</u></b>			
Pass-Through Programs From State of Connecticut Department of Emergency Services and Public Protection:			
Homeland Security Grant Program	97.067	008ASCRA	\$ 4,190
Homeland Security Grant Program	97.067	009ASCRA	28,735
Pass-Through Programs From State of Connecticut Department of Energy and Environmental Protection:			
Hazard Mitigation Grant	97.039	DEPA00002082005	\$ 6,068
<b><i>Total U.S. Department of Homeland Security</i></b>			<b><i>\$ 38,993</i></b>
<b><u>U.S. Department of Housing and Urban Development:</u></b>			
Pass-Through Programs From Regional Plan Association:			
Sustainable Communities Regional Planning Grant Program	14.703		\$ 21,435
<b><i>Total U.S. Department of Homeland Security</i></b>			<b><i>\$ 21,435</i></b>
<b><i>Total Expenditures of Federal Awards</i></b>			<b><i>\$ 1,098,367</i></b>

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Schedule of Expenditures of Federal Awards**  
**Notes to the Schedule**  
**For the Year Ended June 30, 2012**

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**NOTE A — BASIS OF PRESENTATION:**

The accompanying schedule expenditure of federal awards includes the federal grant activity of South Central Regional Council of Governments and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of the South Central Regional Council of Governments it is not intended to and does not present the financial position or changes in net assets of the South Central Regional Council of Governments.

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

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

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Schedule of Findings and Questioned Costs - Federal Awards**  
**For the Year Ended June 30, 2012**

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

***Financial Statements:***

Type of auditor's report issued: *Unqualified*

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

***Federal Awards:***

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ✓

Major programs:

    20.205      Transportation Planning

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

Auditee qualified as low risk? ✓

**Section II — Financial Statement Findings:**

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

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

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