



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 20, 2013 – 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.scrkog.org](http://www.scrkog.org)**

1. Call to order – Mayor John Picard, *Chairman*
2. Adopt Minutes of August 28, 2013 Executive Committee Meeting-  
First Selectman Michael Freda, *Secretary* Pages 2-3
3. Review and Accept Audit Report for FY2012- 2013 - Brian Borgerson, CPA  
of Kircaldie, Randall & McNab LLC Attached
4. Update on Envision Process- Executive Director Carl Amento.
5. Other Business
6. Adjournment

The agenda and attachments for this meeting are available on our website at [www.scrkog.org](http://www.scrkog.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

[www.scrkog.org](http://www.scrkog.org) T (203) 234-7555 F (203) 234-9850 [camento@scrkog.org](mailto:camento@scrkog.org)



SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS

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

TO: **SCRCOG Executive Committee**  
FROM: **First Selectman Michael Freda, Secretary**  
DATE: **November 12, 2013**  
SUBJECT: **SCRCOG Executive/Personnel Committees Minutes of August 28, 2013**

---

**Present:**

Branford	First Selectman Anthony DaRos
Hamden	Mayor Scott Jackson – <i>Vice Chairman</i>
Milford	Mayor Benjamin Blake
New Haven	Mayor John DeStefano
North Haven	First Selectman Michael Freda- <i>Secretary</i>
Wallingford	Mayor William Dickinson
West Haven	Mayor John Picard— <i>Chairman</i>

SCRCOG Staff Present: Executive Director Carl Amento

---

**ITEM 1 - Call to Order**

The Executive Committee meeting was called to order at 11:10 a.m. by Chairman Picard.

**ITEM 2 – Adopt Minutes of June 26, 2013 Executive Committee Meeting**

First Selectman Freda presented the minutes of the June 26, 2013 Executive Committee meeting contained in the agenda packet on pages 2-3. First Selectman Freda moved for their acceptance. Mayor Blake seconded. The minutes were accepted unanimously.

**ITEM 3- Review and Discussion of RPA Proposal for “Envision Greater New Haven”**

Mayor DeStefano explained that members of the Executive Committee had begun meeting with Robert Yaro of the Regional Plan Association in June and had asked him to put together a proposal for a regional visioning process. That proposal is contained in the agenda packet at pages 4-11. The process, which would take approximately 6 months, would involve 4 phases: (1) meeting with leaders in the region and framing the issues; (2) initiating a substantial public engagement process; (3) drafting of goals and objectives; and (4) adoption of a shared vision and action steps. The total cost of \$225,000 would be paid 1/2 by SCRCOG, 1/4 by the Community Foundation of Greater New Haven, and 1/4 by the business sector, led by Jim Torgerson of UI. The Executive Committee members discussed the proposal at length and decided to obtain more details and bring it back to the full SCRCOG membership in September.

**ITEM 4 - Other Business**

None

**ITEM 5 - Adjournment**

Motion to adjourn made by First Selectman Freda and seconded by Mayor DeStefano. It passed unanimously. The meeting was adjourned at 11:30 a.m.

Respectfully submitted,

First Selectman Michael Freda, Secretary

**SOUTH CENTRAL REGIONAL COUNCIL  
OF GOVERNMENTS**  
*Financial Statements and  
Supplemental Schedules  
For the Year Ended June 30, 2013*

# **SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

## **TABLE OF CONTENTS**

---

### **Independent Auditor's Opinions:**

• Independent Auditor's Report	1
• Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4
• 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 <i>OMB Circular A-133</i>	6
• Independent Auditor's Report on the Schedule of Indirect Costs	9

<b>Management's Discussion and Analysis</b>	11
---	----

### **Financial Statements:**

Exhibit A	Statement of Net Assets	16
Exhibit B	Statement of Activities	17
Exhibit C	Balance Sheet – Governmental Funds	18
Exhibit D	Statement of Revenues Expenditures and Changes in Fund Balances – Governmental Funds	19

<b>Notes to combined financial statements</b>	20
---	----

### **Required Supplementary Information:**

Schedule 1	Statement of Revenue and Other Financing Sources – Budget and Actual	29
Schedule 2	Statement of Expenditures and Other Financing Uses – Budget and Actual	30

### **Combining Financial Statements and Supplemental Schedules:**

Schedule 3	Comparative Balance Sheet – General Fund	31
Schedule 4	Combining Statements of Revenue Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds	32
Schedule 5	Capital Assets used in the Operation of Governmental Funds	33
Schedule 6	Schedule of Indirect Costs	34
Schedule 7	Cost Analysis	35
Schedule 8	Financial Summary – Transportation Grants	36

### **Schedules required by the Federal Single Audit Act:**

Schedule 9	Schedule of Expenditures of Federal Awards	38
Schedule 10	Notes to Schedule of Expenditures of Federal Awards	39
Schedule 11	Schedule of Federal Findings and Questioned Costs	40

**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, 2013, 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 audits. We conducted our audits 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, 2013, 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 10–14 and 28–29 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 statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not part of the basic 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 November 7, 2013, 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  
November 7, 2013



**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, 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, 2013, 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 November 7, 2013.

**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.

*Kircaldie Randall & McNab LLC*

North Haven, Connecticut  
November 7, 2013

**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

**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 Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. The Company'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 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 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, 2013.

### **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.

## **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited 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, 2013, and the related notes to the financial statements, which collectively comprise the organization's basic financial statements. We have issued our report thereon dated November 7, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic 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  
November 7, 2013

**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, 2013. 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, 2013, 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 7, 2013, 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 7, 2013

DRAFT

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2013**

---

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, 2013. 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 \$7,040 or 0.97%.
- During the year, the SCRCOG had expenses that were \$19,811 more than revenue. This occurred as a result of SCRCOG’s \$10,000 contribution to the Regional ROOF (foreclosure prevention) Project, the audited allocation of rent of office space to REX being \$16,857, which exceeded the \$10,000 actually received from REX, and the Hazard Mitigation Planning Grant not allowing use of an overhead rate for SCRCOG’s staff time.
- Total cost of all of the SCRCOG’s programs was \$1,331,013.
- The Total Funds reported a fund balance this year of \$695,142.
- The resources available for appropriation were \$1,787,149. 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 68% of total SCRCOG revenue in FY 2012-2013.

**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



**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2013**

---

companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

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

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, 2013**

---

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

The SCRCOG's combined net assets decreased from a year ago from \$723,835 to 716,795. Again, this decrease was caused by the \$10,000 contribution to the Regional ROOF Project. The analysis below focuses on the net assets (Table 1) of the SCRCOG's governmental activities.

<p><b>Table 1</b> <b>Net Assets</b></p>	
	<p><b>Governmental</b> <b>Activities</b> <b><u>2013</u></b></p>
<b>ASSETS</b>	
Cash and cash equivalents .....	\$ 392,271
Due from Federal and State Governments.....	445,400
Other receivables .....	9,999
Prepaid expenses .....	40,415
Fixed assets, net of depreciation.....	34,468
Other assets .....	<u>11,663</u>
Total Assets.....	<u>\$ 934,216</u>
<b>LIABILITIES</b>	
Accounts payable.....	\$ 183,341
Deferred revenue.....	21,265
Non-current liabilities .....	<u>12,815</u>
Total liabilities .....	<u>\$ 217,421</u>
<b>NET ASSETS</b>	
Investment in capital assets.....	\$ 34,468
General Fund.....	<u>682,327</u>
Total net assets .....	<u>\$ 716,795</u>

SCRCOG experienced a decrease in net assets of its governmental activities of 2.77% as compared to a decrease of 9.39% in the prior year. These decreased have occurred primarily as a result of contributions from SCRCOG reserves to REX Development and the Regional ROOF Project.

The SCRCOG's total revenues were \$1,311,202. The total cost of all programs and services was \$1,131,327. See Exhibit D in the financial report.

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2013**

---

***Governmental Activities***

Overall revenues were \$475,947 lower than budgeted. Expenditures were \$456,136 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. The Hazard Mitigation Planning Grant disburses funds on a reimbursement basis with a 25% local match required. The Sustainable Communities Planning Grant is also funded on a reimbursement basis with a 17% local match required. All revenue generated to fund the OPM Regional Performance Incentive Grants is on a 100% reimbursement basis. 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 1.2582 compared to 1.1991 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 \$716,835 which is a decrease from last year's total of \$723,835.

***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 68% of SCRCOG total revenue. The receipt of non-transportation grants in recent years has reduced this percentage from a long-standing benchmark of 80%. Municipal dues continue to make up 10% of the total revenue. The Hazard Mitigation Planning Grant, The Sustainable Communities Planning Grant, OPM Regional Performance Incentive Grants, Department of Emergency Management and Homeland Security 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.

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Management Discussion and Analysis**  
**For the Year Ended June 30, 2013**

---

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At June 30, 2013, the SCRCOG had \$113,661 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 2013-2014 budget. As a result of these efforts and adherence to federal guidelines, SCRCOG adopted a budget of \$1,728,761 for 2013-2014. 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 includes grant revenues from SCRCOG's participation in the Sustainable Communities Regional Planning Grant and from the FEMA Regional Hazard Mitigation planning grant 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 began in FY 2012-2013 and will continue in FY 2013-2014.

**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, 2013**

---

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 392,271
Due from Federal and State Governments	445,400
Other receivables	9,999
Prepaid expenses	40,415
Fixed assets, net of depreciation	34,468
Other assets	11,663
Total assets	<u>\$ 934,216</u>
<b>LIABILITIES</b>	
Accounts payable	\$ 183,341
Deferred revenue	21,265
Noncurrent liabilities	12,815
Total liabilities	<u>\$ 217,421</u>
<b>NET ASSETS</b>	
Investment in capital assets	\$ 34,468
Unrestricted	682,327
Total net assets	<u><u>\$ 716,795</u></u>

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, 2013**

	<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	\$ 431,288	\$ 382,135	\$ (49,153)
Employee benefits	177,140	106,302	(70,838)
Rent	89,161	59,507	(29,654)
Postage and telephone	7,712	4,628	(3,084)
Office supplies	1,506	904	(602)
Equipment maintenance	9,607	5,765	(3,842)
Insurance	6,559	3,936	(2,623)
Printing and reproduction	921	553	(368)
Travel	6,718	5,960	(758)
Data processing	24,338	21,902	(2,436)
Dues and publications	1,078	844	(234)
Meetings	4,570	3,174	(1,396)
Advertising	3,147	3,118	(29)
Consulting	514,011	514,011	-
Professional services	8,500	5,101	(3,399)
Miscellaneous	11,172	6,998	(4,174)
Depreciation	10,814	6,489	(4,325)
Total expenditures	<u>\$ 1,308,242</u>	<u>\$ 1,131,327</u>	<u>\$ (176,915)</u>
<b>General Revenues:</b>			
Municipal dues			\$ 154,100
State GIA Planning Grant			14,087
Unrestricted investment income			408
Miscellaneous revenue			1,280
Total general revenues			<u>\$ 169,875</u>
Change in net assets			<u>\$ (7,040)</u>
Net assets, July 1, 2012			723,835
Net assets, June 30, 2013			<u>\$ 716,795</u>

The accompanying notes are an integral part of the financial statements

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

**Governmental Funds**

**Balance Sheet**

**June 30, 2013**

<b>ASSETS</b>	<b>General Fund</b>	<b>Transportation Planning</b>	<b>Hazard Mitigation</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Activities</b>
Cash and cash equivalents	\$ 392,271	\$ -	\$ -	\$ -	\$ 392,271
Due from Federal and State Governments	-	291,845	143,378	10,177	445,400
Due from other funds	445,400	(291,845)	(143,378)	(10,177)	-
Other receivables	9,999	-	-	-	9,999
Prepaid expenses	40,415	-	-	-	40,415
Other assets	11,663	-	-	-	11,663
Total assets	<u>\$ 899,748</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 899,748</u>
<b>LIABILITIES AND FUND BALANCE</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 183,341	\$ -	\$ -	\$ -	\$ 183,341
Due to other funds	21,265	-	-	-	21,265
Deferred revenue	-	-	-	-	-
Total liabilities	<u>\$ 204,606</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,606</u>
<b>Fund Balances:</b>					
Nonspendable	\$ 52,078	\$ -	\$ -	\$ -	\$ 52,078
Restricted	-	-	-	-	-
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	643,064	-	-	-	643,064
Total fund balances	<u>\$ 695,142</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 695,142</u>
Total liabilities and fund balances	<u>\$ 899,748</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					34,468
Long-term liabilities, including accrued vacation leave are not due and payable in the current period and are not reported in the funds					(12,815)
					<u>\$ 716,795</u>

The accompanying notes are an integral part of the financial statements

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year ended June 30, 2013**

	<b>General Fund</b>	<b>Transportation Planning</b>	<b>Hazard Mitigation</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Activities</b>
<b>Revenues:</b>					
Municipal dues	\$ 154,100	\$ -	\$ -	\$ -	\$ 154,100
Federal & State governments	-	889,711	157,712	97,991	1,145,414
Interest income	408	-	-	-	408
Other income	11,280	-	-	-	11,280
Total revenue	<u>\$ 165,788</u>	<u>\$ 889,711</u>	<u>\$ 157,712</u>	<u>\$ 97,991</u>	<u>\$ 1,311,202</u>
<b>Expenditures:</b>					
Salaries	\$ 118,481	\$ 274,333	\$ 14,883	\$ 21,835	\$ 429,532
Employee benefits	177,139	-	-	-	177,139
Rent	99,161	-	-	-	99,161
Postage and telephone	7,712	-	-	-	7,712
Office supplies	1,506	-	-	-	1,506
Equipment maintenance	9,607	-	-	-	9,607
Insurance	6,559	-	-	-	6,559
Printing and reproduction	921	-	-	-	921
Travel	1,895	3,330	508	985	6,718
Data processing	6,091	1,200	-	17,047	24,338
Dues and publications	585	-	-	493	1,078
Meetings	3,490	-	-	1,080	4,570
Advertising	72	1,320	1,325	430	3,147
Consulting	-	362,500	151,511	-	514,011
Professional services	8,500	-	-	-	8,500
Miscellaneous	10,438	734	-	-	11,172
Indirect costs allocated	(391,365)	345,166	18,726	27,473	-
Capital outlay	-	-	-	25,342	25,342
	<u>\$ 60,792</u>	<u>\$ 988,583</u>	<u>\$ 186,953</u>	<u>\$ 94,685</u>	<u>\$ 1,331,013</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 104,996</u>	<u>\$ (98,872)</u>	<u>\$ (29,241)</u>	<u>\$ 3,306</u>	<u>\$ (19,811)</u>
<b>Other financing sources (uses):</b>					
Local match/over spending	(124,807)	98,872	29,241	(3,306)	-
Total other financing sources (uses)	<u>\$ (124,807)</u>	<u>\$ 98,872</u>	<u>\$ 29,241</u>	<u>\$ (3,306)</u>	<u>\$ -</u>
Change in fund balance	\$ (19,811)	\$ -	\$ -	\$ -	\$ (19,811)
Fund balance, July 1, 2012	714,954	-	-	-	-
Fund balance, June 30, 2013	<u>\$ 695,143</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

14,528

Expenses on the statement of activities for accumulated vacation pay do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds

(1,757)

Change in net assets of governmental activities (Exhibit B)

\$ (7,040)

The accompanying notes are an integral part of the financial statements

**Exhibit D**



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

---

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

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

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

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

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

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

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

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

**Government-Wide and Fund Financial Statements:** The government-wide financial

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

---

**Note 1 (continued):**

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 accounting. However, debt service expenditures, as well as expenditures related to compensated

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

---

**Note 1 (continued):**

absences and claims and judgments, are recorded only when payment is due.

The SCRCOG reports the following major governmental funds:

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

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

**The Hazard Mitigation Special Revenue Fund:** represents a project to develop a regional plan to reduce the loss of life and damages to property incurred as a result of natural disasters.

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

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

---

**Note 1 (continued):**

estimated useful lives, generally 3 to 7 years.

**Compensated absences:** During the first five years of employment, an employee accrues 5 and 3/4 hours per month up to a maximum of ten days of vacation leave per year. During the second five years of employment, an employee accrues 1 and 1/4 days per month up to a maximum of 15 days per year. After ten full years of employment, an employee accrues 1 and 2/3 days per month up to a maximum of 20 days per year. Employees may carryover a maximum of 10 vacation days to the next fiscal year after approval of the Executive Director. The carryover days must be used within the first quarter of the subsequent fiscal year. The employee, upon termination of employment from SCRCOG, is paid for accrued vacation leave based on the accrual limits specified above. The liability for accumulated vacation \$12,815 at June 30, 2013, 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, 2013, was 1.2585. 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

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

---

**Note 1 (continued):**

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 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 \$12,815 difference are as follows:

Accrued vacation days	\$12,815
-----------------------	----------

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

---

**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 \$14,528 difference are as follows:

Capital outlay	\$ 25,342
Depreciation expense	<u>(10,814)</u>
Net adjustment per Exhibit D	<u>\$ 14,528</u>

Another element of the reconciliation states that "Expenses on the statement of activities for accumulated vacation pay do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds". The details of this \$(1,757) difference are as follows:

Accumulated vacation pay, July 1	\$ 11,058
Accumulated vacation pay, June 30	<u>12,815</u>
Difference	<u>\$ (1,757)</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**

---

**Note 3 (continued):**

**Cash and Cash Equivalents:**

The following is a summary of cash and cash equivalents at June 30, 2013:

Deposits:	
Demand accounts	\$ 137,029
Other Cash Equivalents*	
State Short-Term Investment Fund	<u>255,242</u>
Total cash and Cash Equivalents	<u>\$ 392,271</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, 2013, the carrying amount of the SCRCOG's deposits and certificates of deposits was \$137,029 and the bank balance was \$237,244. Of these deposits \$237,244 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	3,191	-	-	3,191
Computer equipment	<u>51,627</u>	<u>25,342</u>	-	<u>76,969</u>
	<u>\$ 88,319</u>	<u>\$ 25,342</u>	<u>\$ -</u>	<u>\$ 113,661</u>

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

---

**Note 5 (continued):**

**Accumulated depreciation:**

Furniture and fixtures	\$ 33,501	\$ -	\$ -	\$ 33,501
Equipment	3,191	-	-	3,191
Computer equipment	31,687	10,814	-	42,501
	<u>\$ 68,379</u>	<u>\$ 10,814</u>	<u>\$ -</u>	<u>\$ 79,193</u>
 <b>Book Value</b>	 <u>\$ 19,940</u>			 <u>\$ 34,468</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, 2013, the contribution totaled \$21,439 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, 2013, 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 \$7,520 during the year.



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

---

**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 \$8,332 as of June 30, 2013. Rent expense for the year ended June 30, 2013, 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, 2013:

<u>Year Ended June 30</u>	
2014	\$ 101,163
2015	103,200
2016	<u>43,354</u>
	<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 7, 2013. The financial statements were available for issue on November 30, 2013.

**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, 2013**

---

	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance Favorable (Unfavorable)</b></u>
<b>Revenues:</b>			
U.S. Department of Transportation	\$ 1,023,305	\$ 790,854	\$ (232,451)
Homeland Security Grants	250,300	174,121	(76,179)
Sustainable Communities Regional Planning Grant	20,000	23,760	3,760
Connecticut Department of Transportation	127,914	98,857	(29,057)
Connecticut Office of Policy and Management	190,330	57,822	(132,508)
Municipal dues	154,100	154,100	-
Interest income	1,200	408	(792)
Other income	20,000	11,280	(8,720)
Total revenue	<u>\$ 1,787,149</u>	<u>\$ 1,311,202</u>	<u>\$ (475,947)</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 \$ 1,311,202

**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, 2013**

---

	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance Favorable (Unfavorable)</b></u>
<b>Expenditures:</b>			
Labor	\$ 618,100	\$ 606,671	\$ 11,429
Travel	8,930	6,718	2,212
Data processing	65,226	24,338	40,888
General operations	158,860	153,933	4,927
Consultant services	823,764	514,011	309,753
Contingencies	71,969	-	71,969
Capital expenditures	40,300	25,342	14,958
	<u>\$ 1,787,149</u>	<u>\$ 1,331,013</u>	<u>\$ 456,136</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

-

Total expenditures as reported in Exhibit D \$ 1,331,013

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS****General Fund****Comparative Balance Sheet****June 30, 2013 and 2012**

---

	<u>2013</u>	<u>2012</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 392,271	\$ 522,705
Due from other funds	445,400	593,050
Other receivables	9,999	10,000
Prepaid expenses	40,415	25,208
Other assets	11,663	11,663
Total assets	<u>\$ 899,748</u>	<u>\$ 1,162,626</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 183,341	\$ 430,753
Due to other funds	21,265	16,920
Total liabilities	<u>\$ 204,606</u>	<u>\$ 447,673</u>
<b>Fund Balance:</b>		
Nonspendable	\$ 52,078	\$ 36,871
Unassigned	643,064	678,082
Total fund balance	<u>\$ 695,142</u>	<u>\$ 714,953</u>
Total liabilities and fund balance	<u>\$ 899,748</u>	<u>\$ 1,162,626</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, 2013**

	<u><b>Total</b></u>	<u><b>Homeland Security</b></u>	<u><b>Sustainable Communities</b></u>	<u><b>Regional GIS</b></u>	<u><b>Regional Shared Services</b></u>	<u><b>State Grant In-Aid</b></u>
<b>Revenues:</b>						
Connecticut Office of Policy and Management	\$ 57,822	\$ -	\$ -	\$ 36,425	\$ 7,310	\$ 14,087
Regional Plan Association	23,760	-	23,760	-	-	-
Connecticut Dept. of Emergency Services	16,409	16,409	-	-	-	-
Total revenue	<u>\$ 97,991</u>	<u>\$ 16,409</u>	<u>\$ 23,760</u>	<u>\$ 36,425</u>	<u>\$ 7,310</u>	<u>\$ 14,087</u>
<b>Expenditures:</b>						
Salaries	\$ 21,835	\$ 748	\$ 12,499	\$ 4,626	\$ 3,046	\$ 916
Printing and reproduction	493	-	-	-	-	493
Data processing	17,047	16,409	-	-	-	638
Travel	985	-	601	-	-	384
Meetings	1,080	-	-	-	-	1,080
Consulting	-	-	-	-	-	-
Indirect cost allocation	27,473	941	15,727	5,820	3,832	1,153
Equipment	25,342	-	-	25,342	-	-
Advertising	430	-	-	-	430	-
	<u>\$ 94,685</u>	<u>\$ 18,098</u>	<u>\$ 28,827</u>	<u>\$ 35,788</u>	<u>\$ 7,308</u>	<u>\$ 4,664</u>
<b>Other Financing Sources (Uses):</b>						
Operating transfers in and local match	(3,306)	1,689	5,067	(637)	(2)	(9,423)
Total expenditures	<u>\$ 97,991</u>	<u>\$ 16,409</u>	<u>\$ 23,760</u>	<u>\$ 36,425</u>	<u>\$ 7,310</u>	<u>\$ 14,087</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>	<u>\$ -</u>

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Capital Assets Used in the Operation of Governmental Funds**  
**Comparative Schedule by Source**  
**June 30, 2013 and 2012**

---

	<u>2013</u>	<u>2012</u>
<b><u>Governmental Funds Capital Assets:</u></b>		
Furniture and Fixtures	\$ 33,501	\$ 33,501
Equipment	3,191	3,191
Computer Equipment	76,969	51,627
	<u>\$ 113,661</u>	<u>\$ 88,319</u>
<b><u>Investments in Governmental Funds Capital Assets by Source:</u></b>		
General Fund revenue	\$ 53,402	\$ 53,402
Special Revenue Funds	60,259	34,917
	<u>\$ 113,661</u>	<u>\$ 88,319</u>

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS****Schedule of Indirect Costs****For the Year Ended June 30, 2013**

---

		<b><u>Percentage</u></b>
Total payroll for the year	\$ 429,532	
Less		
Non-assignable salaries	106,270	
Base Payroll	<u>\$ 323,262</u>	<u>100.0000%</u>
Total indirect costs	<u>\$ 406,726</u>	<u>125.8193%</u>
Summary of indirect costs		
Non-assignable salaries	106,270	26.1282%
Fringe benefits	176,614	43.4233%
Non-personnel	<u>123,842</u>	<u>30.4485%</u>
Total indirect costs	<u>\$ 406,726</u>	<u>100.0000%</u>

# **SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**

## **Cost Analysis**

**For the Year Ended June 30, 2013**

	<u><b>Direct</b></u>	<u><b>Indirect</b></u>	<u><b>Total</b></u>
Salaries	\$ 323,262	\$ 106,270	\$ 429,532
Fringe benefits	\$ 525	\$ 176,614	\$ 177,139
Non-personnel			
Rent	\$ 16,857	\$ 82,304	\$ 99,161
Postage and telephone	-	7,712	7,712
Office supplies	-	1,506	1,506
Equipment maintenance	-	9,607	9,607
Insurance	-	6,559	6,559
Printing and reproduction	903	175	1,078
Travel	6,650	68	6,718
Data processing	18,247	6,091	24,338
Dues and publications	-	921	921
Meetings	4,562	8	4,570
Advertising	3,075	72	3,147
Consulting	514,011	-	514,011
Professional services	-	8,500	8,500
Miscellaneous	10,853	319	11,172
Equipment use assessment	10,814	-	10,814
Capital purchases	-	-	-
Total non-personnel	\$ 585,972	\$ 123,842	\$ 709,814
Total costs	\$ 909,759	\$ 406,726	\$ 1,316,485
Total indirect costs absorbed by agency		\$ -	
Total allowable indirect costs		\$ 406,726	
Indirect cost rate		1.2582	



**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Financial Summary for State of Connecticut Dept. of Transportation**  
**For the Year Ended June 30, 2013**

	<b>FHWA-PL Project No. <u>DOT07139996PL</u></b>	<b>FTA-PL Project No. <u>DOT07139996PL</u></b>	<b><u>Total</u></b>
<b>I. Maximum Funds Authorized</b>			
FHWA	\$ 840,698	\$ -	\$ 840,698
ConnDOT - FHWA	105,088	-	105,088
FTA	-	182,607	182,607
ConnDOT - FTA	-	22,826	22,826
Local	105,088	22,826	127,914
	<u>\$ 1,050,874</u>	<u>\$ 228,259</u>	<u>\$ 1,279,133</u>
<b>II. Audited Expenditures</b>			
Direct salaries	\$ 225,379	\$ 48,954	\$ 274,333
Indirect costs @ 125.82%	283,572	61,594	345,166
Direct costs	303,221	65,862	369,083
	<u>\$ 812,172</u>	<u>\$ 176,410</u>	<u>\$ 988,582</u>
<b>III. Distribution of Audited Costs</b>			
FHWA	\$ 649,738	\$ -	\$ 649,738
ConnDOT - FHWA	81,217	-	81,217
FTA	-	141,128	141,128
ConnDOT - FTA	-	17,641	17,641
Local	81,217	17,641	98,858
	<u>\$ 812,172</u>	<u>\$ 176,410</u>	<u>\$ 988,582</u>
<b>IV. ConnDOT Responsibility</b>			
FHWA	\$ 649,738	\$ -	\$ 649,738
ConnDOT - FHWA	81,217	-	81,217
FTA	-	141,128	141,128
ConnDOT - FTA	-	17,641	17,641
	<u>\$ 730,955</u>	<u>\$ 158,769</u>	<u>\$ 889,724</u>
Submissions received to June 30	\$ 444,418	\$ 96,531	\$ 540,949
Submissions not received as of June 30	281,044	61,045	342,089
Total payments received	<u>\$ 725,462</u>	<u>\$ 157,576</u>	<u>\$ 883,038</u>
Amount due from (to) ConnDOT	<u>\$ 5,493</u>	<u>\$ 1,193</u>	<u>\$ 6,686</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, 2013**

---

<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	6.14-02(12)/07139996PL	\$ 790,854
<b><i>Total U.S. Department of Transportation</i></b>			<b><u>\$ 790,854</u></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	009ASCRA	\$ 16,409
Pass-Through Programs From State of Connecticut Department of Energy and Environmental Protection:			
Hazard Mitigation Grant	97.039	DEPA00002082005	\$ 157,712
<b><i>Total U.S. Department of Homeland Security</i></b>			<b><u>\$ 174,121</u></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		\$ 23,760
<b><i>Total U.S. Department of Homeland Security</i></b>			<b><u>\$ 23,760</u></b>
<b><i>Total Expenditures of Federal Awards</i></b>			<b><u>\$ 988,735</u></b>

**SOUTH CENTRAL REGIONAL COUNCIL OF GOVERNMENTS**  
**Schedule of Expenditures of Federal Awards**  
**Notes to the Schedule**  
**For the Year Ended June 30, 2013**

---

**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, 2013**

---

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

***Financial Statements:***

Type of auditor's report issued: *Unmodified*

	<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: *Unmodified*

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.