

**SOUTHEASTERN CONNECTICUT  
COUNCIL OF GOVERNMENTS**

**AUDITED FINANCIAL STATEMENTS  
TOGETHER WITH SUPPLEMENTAL  
REPORTS AND SCHEDULES**

**FOR THE YEAR ENDED JUNE 30, 2010**

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
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YEAR ENDED JUNE 30, 2010**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of the  
Southeastern Connecticut Council of Governments  
Norwich, Connecticut

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments, Norwich, Connecticut, as of and for the year ended June 30, 2010, which collectively comprise the Southeastern Connecticut Council of Government's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Southeastern Connecticut Council of Government's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

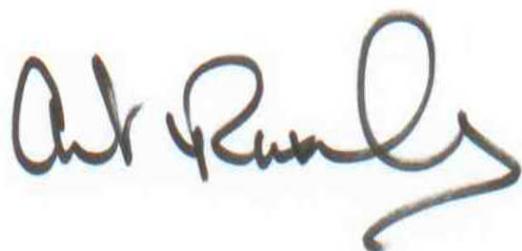
In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated November 1, 2010, on my consideration of the Southeastern Connecticut Council of Government's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 my audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 6 and 24 through 25, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

(Continued)

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Southeastern Connecticut Council of Government's basic financial statements. The combining and individual nonmajor fund financial statements, and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Additionally, the accompanying schedule of expenditures of State financial assistance is also presented for purposes of additional analysis as required by the State of Connecticut Single Audit Act and is also not a required part of the basic financial statements of the Southeastern Connecticut Council of Governments. The combining and individual nonmajor fund financial statements and supplemental schedules and the schedule of expenditures of State financial assistance have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in dark ink, appearing to read "Albert J. Rusilowicz". The signature is fluid and cursive, with a long, sweeping tail at the end.

Albert J. Rusilowicz  
Certified Public Accountant, LLC  
Killingworth, Connecticut  
November 1, 2010

**Southeastern Connecticut Council of Governments  
Management's Discussion and Analysis  
For the year ended June 30, 2010**

As management of the Southeastern Connecticut Council of Governments (the "SCCOG") we offer readers of the financial statements this narrative overview and analysis of the financial activities of the SCCOG for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here along with the SCCOG's basic financial statements.

**Financial Highlights**

On a government-wide basis, the assets of the SCCOG exceeded its liabilities resulting in total net assets of \$875,530. The total unrestricted net assets at June 30, 2010 were \$569,335.

On a government-wide basis, during the year, the SCCOG's net assets decreased by \$5,854, from \$881,384 to \$875,530.

Governmental activities expenses were \$1,077,144.

At the end of the fiscal year the general fund had a balance of \$615,135.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the SCCOG's basic financial statements. The basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other supplementary information as well as the basic financial statements.

**Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the SCCOG's finances, in a manner similar to a private-sector business. These statements include all assets and liabilities on the accrual basis of accounting. All of the SCCOG's revenues and expenses are recorded regardless of when received or paid.

The statement of net assets presents information on all of the SCCOG's assets and liabilities, with the difference reported as net assets. Increases or decreases in net assets may serve as an indicator that the SCCOG's financial position is either improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the current fiscal year. Revenues and expenses are reported regardless of when received or paid and thus might be a future source or use of cash.

The statement of net assets and statement of activities can be found at Exhibit I and II.

(Continued)

**Southeastern Connecticut Council of Governments  
Management's Discussion and Analysis, Continued  
For the year ended June 30, 2010**

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control and accountability over resources. The SCCOG has only governmental type funds.

**Governmental Funds**

Governmental funds are used to account for basically the same functions reported as governmental activities in the government-wide financial statements. Governmental funds, unlike governmental-wide financial statements, focus on the short-term inflows and outflows of expendable resources, as well as on balances of expendable resources at the end of the year. These funds are reported on the modified accrual basis. The differences between governmental activities and governmental funds is reflected on the bottom of the fund financial statements.

The governmental fund financial statements are reflected at Exhibit III and IV.

**Fiduciary Funds**

The SCCOG holds funds for the Southeastern Connecticut Housing Alliance and the Tri-Town Trail Project in a custodial capacity. Receipts and expenditures of these funds are entirely for the benefit of these entities.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a complete understanding of the data contained in the government-wide and fund financial statements.

**Other Information**

Required supplementary information and supplemental schedules are presented after the notes to the financial statements.

**Government-wide Financial Analysis**

The analysis below reflects net assets and changes in net assets.

<b>Net Assets</b>	June 30, 2010 Governmental Activities	June 30, 2009 Governmental Activities
Current and other assets	\$ 681,015	\$ 870,784
Capital assets	306,195	322,072
Total Assets	<u>\$ 987,210</u>	<u>\$ 1,192,856</u>
Current liabilities	65,880	265,444
Long-term liabilities	45,800	46,028
Total Liabilities	<u>111,680</u>	<u>311,472</u>
Net assets:		
Invested in capital assets, net of debt	306,195	322,072
Restricted	-	-
Unrestricted	569,335	559,312
Total Net Assets	<u>\$ 875,530</u>	<u>\$ 881,384</u>

(Continued)

**Southeastern Connecticut Council of Governments  
Management's Discussion and Analysis, Continued  
For the year ended June 30, 2010**

Net assets of the SCCOG's governmental activities decreased by \$5,854. Unrestricted net assets of \$569,335 may be used to meet the SCCOG's ongoing obligations.

**Changes in Net Assets**

	<u>June 30, 2010 Governmental Activities</u>	<u>June 30, 2009 Governmental Activities</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 136,386	\$ 119,566
Operating grants and contributions	760,986	1,388,347
Capital grants and contributions	-	-
General Revenues:		
Municipal assessments	121,394	121,394
SECHA Reimbursements	50,503	-
Grants and contributions not restricted to specific programs	-	-
Unrestricted investment earnings	1,799	9,430
Miscellaneous	222	774
Total revenues	<u>1,071,290</u>	<u>1,639,511</u>
Program Expenses:		
Regional Planning	<u>1,077,144</u>	<u>1,567,389</u>
Total program expenses	<u>1,077,144</u>	<u>1,567,389</u>
Increase (decrease) in net assets	<u>\$ (5,854)</u>	<u>\$ 72,122</u>

The SCCOG's total revenues were \$1,071,290. The total cost of all programs was \$1,077,144.

**Governmental Activities**

For governmental activities, approximately 84% of the revenues were derived from program revenues, with 11% coming from municipal assessments and 5% from investment earnings and other sources. 100% of the SCCOG's expenditures related to regional planning.

**Fund Financial Analysis**

**Governmental Funds**

At the end of the year the governmental funds reported a fund balance of \$615,135. This was an increase of \$9,795 from last years total of \$605,340. Approximately 12% of the ending fund balance has been designated for the 2010/2011 budget. The remaining 88% is unreserved. The general fund is the chief operating fund of the SCCOG.

**General Fund Budgetary Highlights**

The final budget for revenues was \$1,145,890. This was a decrease of \$65,805 from the original budget of \$1,211,695. The final budget for expenditures was \$1,109,700. This was a decrease of \$101,995 from the original budget of \$1,211,695. During the current fiscal year, actual revenues were \$1,071,290 which were short of budgetary estimates by \$74,600. Actual expenditures on a budgetary basis totaled \$1,061,495, which were less than budgetary estimates by \$48,205 and were less than actual revenues on a budgetary basis by \$9,975.

(Continued)

**Southeastern Connecticut Council of Governments  
Management's Discussion and Analysis, Continued  
For the year ended June 30, 2010**

**Capital Assets and Debt Administration**

The SCCOG's investment in capital assets for its governmental activities as of June 30, 2010, amount to \$306,195, net of accumulated depreciation. This investment in capital assets includes land, buildings, roads, and machinery and equipment. This represents a net decrease of \$15,877 during the year.

<b>Capital Assets</b> (net of depreciation)	June 30, 2010 Governmental Activities	June 30, 2009 Governmental Activities
Land & Land Improvements	\$ 78,133	\$ 79,490
Building & Improvements	212,202	219,548
Equipment & Furnishings	15,860	23,034
	<u>\$ 306,195</u>	<u>\$ 322,072</u>

**Long-Term Debt**

At June 30, 2010 the SCCOG had no long-term debt other than accrued compensated absences.

<b>Long-Term Liabilities</b>	June 30, 2010 Governmental Activities	June 30, 2009 Governmental Activities
Compensated Absences	\$ 45,800	\$ 46,028
Total Long-Term Liabilities	<u>\$ 45,800</u>	<u>\$ 46,028</u>

**Fiduciary Funds**

<b>Net Assets</b>	June 30, 2010 Fiduciary Funds	June 30, 2009 Fiduciary Funds (Restated)
Current & Total Assets	<u>\$ 43,148</u>	<u>\$ 98,768</u>
Current & Total Liabilities	\$ 43,148	\$ 98,768
Net Assets	-	-
Total Liabilities & Net Assets	<u>\$ 43,148</u>	<u>\$ 98,768</u>

**Changes In Net Assets**

Decrease in Assets	\$ (55,620)	\$ 14,840
Decrease in Liabilities	55,620	(14,840)
Decrease in Net Assets	<u>\$ -</u>	<u>\$ -</u>

**Economic Factors and Next Year's Budgets and Rates**

The region's economy remains stagnant and the unemployment rate continues to rise. The SCCOG has not permanently reduced employment levels, but has left a vacant Regional Planner position unfilled and has taken other budget cutting measures to address this year's further reduction in OPM's State Grant In Aid (SGIA) for regional planning.

**Requests for Information**

The financial report is designed to provide an overview of the SCCOG's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Southeastern Connecticut Council of Governments, Executive Director, 5 Connecticut Avenue, Norwich, Connecticut 06360.

## SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

## STATEMENT OF NET ASSETS

June 30, 2010

	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS:</b>		
Cash and cash equivalents	\$ 550,046	550,046
Receivables, net	124,866	124,866
Capital assets, net	306,195	306,195
Other assets	6,103	6,103
<b>Total Assets</b>	<b>987,210</b>	<b>987,210</b>
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	14,860	14,860
Deferred revenue	48,768	48,768
Due to other funds	2,252	2,252
Long-term liabilities:		
Due within one year	45,800	45,800
<b>Total Liabilities</b>	<b>111,680</b>	<b>111,680</b>
<b>NET ASSETS:</b>		
Invested in capital assets	306,195	306,195
Unrestricted	569,335	569,335
<b>Total Net Assets</b>	<b>\$ 875,530</b>	<b>875,530</b>

The accompanying notes to the financial statements are an integral part of this statement.

## SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

## STATEMENT OF ACTIVITIES

For the year ended June 30, 2010

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Assets Governmental Activities	Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental activities:						
Regional planning	\$ 1,077,144	136,386	760,986	-	(179,772)	(179,772)
Total governmental activities	<u>1,077,144</u>	<u>136,386</u>	<u>760,986</u>	<u>-</u>	<u>(179,772)</u>	<u>(179,772)</u>
Total government	<u>\$ 1,077,144</u>	<u>136,386</u>	<u>760,986</u>	<u>-</u>		
General revenues:						
Municipal assessments					121,394	121,394
SECHA reimbursements					50,503	50,503
Grants and contributions not restricted to specific programs					-	-
Unrestricted investment earnings					1,799	1,799
Miscellaneous					222	222
Total general revenues and transfers					<u>173,918</u>	<u>173,918</u>
Change in net assets					(5,854)	(5,854)
Net assets-beginning					881,384	881,384
Net assets-ending					<u>\$ 875,530</u>	<u>875,530</u>

The accompanying notes to the financial statements are an integral part of this statement.

## SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

## GOVERNMENTAL FUNDS

## BALANCE SHEET

JUNE 30, 2010

	General Fund	U.S. Department of Transportation	State of Connecticut		Municipal Assistance	Other Governmental Funds	Total Governmental Funds
		Regional Transportation Planning Agreement Number 3.27-12(08)	Department of Transportation	Regional Intermodal Transportation Center Master Plan and Study			
<b>ASSETS</b>							
Cash and equivalents	\$ 501,278	-	-	47,157	-	1,611	550,046
Grants receivable:							
Federal	-	71,777	-	-	-	-	71,777
State	-	8,972	-	-	-	1,558	10,530
Municipal assistance fees receivable	-	-	-	-	42,559	-	42,559
Due from other funds	122,987	-	-	-	-	-	122,987
Other assets	6,103	-	-	-	-	-	6,103
<b>Total Assets</b>	<b>\$ 630,368</b>	<b>80,749</b>	<b>-</b>	<b>47,157</b>	<b>42,559</b>	<b>3,169</b>	<b>804,002</b>
<b>LIABILITIES AND FUND BALANCES</b>							
<b>Liabilities:</b>							
Accounts payable and accrued expenses	\$ 12,981	-	-	-	1,879	-	14,860
Deferred revenue	-	-	-	47,157	-	1,611	48,768
Due to other funds	2,252	80,749	-	-	40,680	1,558	125,239
<b>Total Liabilities</b>	<b>15,233</b>	<b>80,749</b>	<b>-</b>	<b>47,157</b>	<b>42,559</b>	<b>3,169</b>	<b>188,867</b>
<b>Fund Balances:</b>							
Unreserved, reported in:							
General Fund	538,687	-	-	-	-	-	538,687
Designated for subsequent years budget	76,448	-	-	-	-	-	76,448
<b>Total Fund Balances</b>	<b>615,135</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>615,135</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 630,368</b>	<b>80,749</b>	<b>-</b>	<b>47,157</b>	<b>42,559</b>	<b>3,169</b>	
Amounts reported for governmental activities in the statement of net assets (Exhibit I) are different because:							
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.							306,195
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.							(45,800)
<b>Net assets of governmental activities</b>							<b>\$ 875,530</b>

The accompanying notes to the financial statements are an integral part of this statement.

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
GOVERNMENTAL FUNDS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	U.S. Department of Transportation	State of Connecticut		Municipal Assistance	Other Governmental Funds	Total Governmental Funds
		Regional Transportation Planning Agreement Number 3.27-12(08)	Department of Transportation	Office of Policy and Management			
			Regional Intermodal Transportation Center Master Plan and Study	Regional GIS System Project			
<b>Revenues:</b>							
Municipal assessments	\$ 121,394	-	-	-	-	-	121,394
Intergovernmental:							
Federal grants	-	417,523	-	-	-	8,389	425,912
State grants	-	52,190	203,288	65,139	-	14,457	335,074
Municipal assistance contracts	-	-	-	-	136,386	-	136,386
SECHA Reimbursements	50,503	-	-	-	-	-	50,503
Other	11,983	-	-	-	-	-	11,983
<b>Total Revenues</b>	<b>183,880</b>	<b>469,713</b>	<b>203,288</b>	<b>65,139</b>	<b>136,386</b>	<b>22,846</b>	<b>1,081,252</b>
<b>Expenditures:</b>							
Direct salaries	63,304	252,311	12,934	-	61,196	16,548	406,293
Indirect at 105.681%	23,693	266,644	13,669	-	64,673	17,487	386,166
Direct charges	17,070	2,949	178,211	65,139	14,264	1,365	278,998
<b>Total Expenditures</b>	<b>104,067</b>	<b>521,904</b>	<b>204,814</b>	<b>65,139</b>	<b>140,133</b>	<b>35,400</b>	<b>1,071,457</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>79,813</b>	<b>(52,191)</b>	<b>(1,526)</b>	<b>-</b>	<b>(3,747)</b>	<b>(12,554)</b>	<b>9,795</b>
<b>Other Financing Sources (Uses):</b>							
Operating transfers in	-	52,191	1,526	-	3,747	12,554	70,018
Operating transfers out	(70,018)	-	-	-	-	-	(70,018)
<b>Total Other Financing Sources (Uses):</b>	<b>(70,018)</b>	<b>52,191</b>	<b>1,526</b>	<b>-</b>	<b>3,747</b>	<b>12,554</b>	<b>-</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>9,795</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,795</b>
<b>Fund Balance (Deficit) June 30, 2009</b>	<b>605,340</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balance (Deficit) June 30, 2010</b>	<b>\$ 615,135</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Governmental funds report capital outlays 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. This is the amount by which depreciation expense exceeded capital outlays during the current year.

(15,877)

Some expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds

228

\$ (5,854)

The accompanying notes to the financial statements are an integral part of this statement.

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

FIDUCIARY FUNDS

BALANCE SHEET

June 30, 2010

	<b><u>Agency Funds</u></b>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 40,896
Due from other funds	2,252
Total Assets	<u>\$ 43,148</u>
<b><u>Liabilities</u></b>	
Due to other organizations	\$ 43,148
Total Liabilities	<u>\$ 43,148</u>

The accompanying notes to the financial statements are an integral part of this statement.

# SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

## Notes to Financial Statements

June 30, 2010

### Note 1 - Summary of Significant Accounting Policies

The financial statements of the Southeastern Connecticut Council of Governments (SCCOG) 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 standards setting body for establishing governmental accounting and financial reporting principles. The more significant policies of the SCCOG are described below:

#### A. Reporting entity

The Southeastern Connecticut Council of Governments (SCCOG) is a regional council of governments established under Chapter 50, Section 4-124i through 4-124p of the General Statutes of the State of Connecticut. Membership in the SCCOG is open to any municipality within the Southeastern Connecticut planning region. Each member municipality is entitled to one voting representative on the SCCOG who shall be the chief elected official. These representatives serve as the policy making Board of the SCCOG. The day-to-day affairs of the SCCOG are managed by the Executive Director and his staff.

The SCCOG provides comprehensive land use and transportation planning services in the southeastern Connecticut region. SCCOG is funded primarily by assessments of area municipalities and federal and state grants. As required by accounting principles generally accepted in the United States of America, the basic financial statements of the reporting entity include only those funds of the SCCOG (the primary government) as no component units exist based upon operational or financial relationships with the SCCOG.

#### B. Basis of Presentation

The SCCOG is considered a single-program governmental organization for financial reporting purposes. Governmental Accounting Standards Board (GASB) Statement Number 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*" requires the presentation of government-wide financial statements and fund financial statements. The government-wide financial statements consist of a statement of net assets and a statement of activities. The governmental fund financial statements consist of the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The SCCOG has no business type 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 report on all of the nonfiduciary activities of the SCCOG. For the most part, the effect of interfund activity has been removed from these statements. Capital assets, net of accumulated depreciation, are included along with long-term obligations. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided by a given function or segment and (2) grants and contributions (intergovernmental revenues) that are restricted to meeting the operational or capital requirements of a particular function or segment. Municipal assessments and other items not properly included among program revenues are reported instead as general revenues. Information presented in the government-wide statement of activities demonstrates the degree to which SCCOG's expenses are offset by revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. For SCCOG's purposes, all revenue and expenses are related to a single program, regional planning.

(Continued)

# SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

## Notes to Financial Statements, Continued

June 30, 2010

### Note 1 - Summary of Significant Accounting Policies, Continued

#### B. Basis of Presentation, Continued

**Fund financial statements** – provide information about the SCCOG's governmental and fiduciary funds. These statements emphasize major fund activity and, depending on the fund type, utilize different basis of accounting. Governmental funds focus on sources, uses, and balances of current financial resources and often have budgetary orientation, and therefore use a modified accrual basis of accounting. Fiduciary funds focus on net assets and changes in net assets, and include assets held in a trustee or agency capacity and utilize the accrual basis of accounting. Separate statements for each fund category – governmental and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each being displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

The SCCOG reports the following major governmental funds:

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

**U.S. Department of Transportation-Agreement Number 3.27-12(08)-Regional Transportation Planning** - This fund is used to account for revenues and expenditures relating to rural transportation planning in the southeastern Connecticut planning region.

**State of Connecticut Department of Transportation-Regional Intermodal Transportation Center Master Plan and Study** – This fund is to be used to account for the revenue and expenditures related to the planning and conduct of a regional intermodal transportation center study in the southeastern Connecticut planning region.

**State of Connecticut Office of Policy and Management-Regional GIS System Project** – This fund is to be used to account for the revenue and expenditures related to the development, updating and ongoing maintenance of a regional geographic information system (GIS).

**Municipal Assistance** - This fund is used to account for revenues and expenditures relating to technical assistance provided to various municipalities in the southeastern Connecticut planning region.

In addition, the SCCOG reports the following fiduciary fund type:

**Agency Funds** – This fund is used to account for resources held by the SCCOG in a purely custodial capacity. The SCCOG utilizes this fund to account for assets held on behalf of the Southeastern Connecticut Housing Alliance and the Tri-Town Trail Project.

**Required supplementary information** – in addition to the government-wide and governmental fund financial statements, budgetary comparison schedules are presented for the SCCOG as a whole. The SCCOG does not adopt an annual budget by governmental fund but rather adopts an annual budget for the organization as a whole. The original budget for revenues and expenditures and the final adjusted budget are presented in comparison with the actual final budgetary revenues and expenditures.

#### C. 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. Assessments from member towns are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

(Continued)

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements, Continued**

**June 30, 2010**

**Note 1 - Summary of Significant Accounting Policies, Continued**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation, Continued**

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. For this purpose, the SCCOG considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Charges for services, rental income, and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such, have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The SCCOG has elected not to follow subsequent private-sector guidance.

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

Amounts reported as program revenues include (1) charges to municipalities or applicants for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include municipal assessments.

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

**D. Deposits and Investments**

The SCCOG's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the SCCOG to invest in obligations of the United States Treasury, commercial paper, corporate bonds, repurchase agreements, and certain other investments as more fully described in Note 4.

**E. Receivables and Payables**

During the course of operations, numerous transactions occur between individual funds that may result in amounts being owed between funds. Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/due from other funds" (the current portion of interfund loans) or "advances to/from other funds" (the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/due from other funds." Interfund receivables and payables within governmental activities are eliminated in the Statement of Net Assets.

(Continued)

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements, Continued**

**June 30, 2010**

**Note 1 - Summary of Significant Accounting Policies, Continued**

**F. Inventories and Prepaid Expenses**

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. At June 30, 2010, the SCCOG had no inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. At June 30, 2010, prepaid items totaled \$6,103 and are included in "Other Assets" in the accompanying financial statements.

**G. Capital Assets**

Capital assets, which include land and related improvements, buildings and related improvements, and equipment and furnishings, are reported in the applicable governmental columns in the government-wide financial statements.

Fixed assets used in governmental fund operations are accounted for as capital outlays in the fund financial statements upon acquisition.

Capital assets are defined by the SCCOG 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 assets or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as acquisitions are made or projects are constructed.

Buildings and related improvements, land improvements, equipment and furnishings are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	39
Land improvements	15
Equipment and furnishings	5-7

**H. Compensated Absences**

Under the terms of the SCCOG's personnel policies, SCCOG employees are granted vacation and sick leave in varying amounts. Certain employees may carry over a limited number of unused vacation and sick days to subsequent years and, in the event of termination, are reimbursed for unused vacation days. Accumulated unused vacation time is recognized as a liability of the SCCOG in the government-wide financial statements.

**I. Long-Term Obligations**

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide financial statements. The long-term debt consists of accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and the payment of principal and interest are reported as expenditures.

(Continued)

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements, Continued**

**June 30, 2010**

**Note 1 - Summary of Significant Accounting Policies, Continued**

**J. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

**K. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. At June 30, 2010, none of the General Fund balance had been designated for the 2009/2010 budget.

**2. Reconciliation of Government-Wide and Fund Financial Statements**

**A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet 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 are not due and payable in the current period and therefore not reported in the funds.” The details of this (\$45,800) are as follows:

Compensated absences	\$ 45,800
Net adjustment to reduce fund balance - total government funds to arrive at net assets-governmental activities	<u>                    </u> <u>                    </u> \$ 45,800

**B. 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 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 (\$15,877) are as follows:

Depreciation expense	\$ (15,877)
Capital outlays	-
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net assets- governmental activities	<u>                    </u> <u>                    </u> \$ (15,877)

(Continued)

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements, Continued**

**June 30, 2010**

**2. Reconciliation of Government-Wide and Fund Financial Statements, Continued**

**B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities, Continued**

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this \$228 difference are as follows:

Change in compensated absences	\$	228
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net assets- governmental activities		<u>228</u>
	\$	<u>228</u>

**3. Stewardship, Compliance and Accountability**

The SCCOG establishes an organization-wide budget in accordance with provisions of its bylaws. A preliminary annual budget is prepared on or before January 1 and is presented to the Council for adoption prior to March 1 of each year. The operating budget includes proposed expenditures and the means of financing them.

The Council, as necessary, may amend the budget during the fiscal year.

Formal budgetary integration is employed as a management control device during the year for the SCCOG. There were no net additional appropriations approved during the year.

All unencumbered appropriations lapse at year-end, except those for certain special revenue funds.

**4. Cash, Cash Equivalents and Investments**

The deposit of public funds is controlled by Connecticut General Statutes (Section 7-402). Deposits may be invested in any "qualified public depository" as defined by State Statute, or, in amounts not exceeding the Federal Deposit Insurance Corporation (FDIC) insurance limit, in an "out of state bank", as defined by the State Statutes, which is not a "qualified public depository".

The Connecticut General Statutes (Section 7-400) permit municipalities to invest in: (a) obligations of the United States and its agencies; (b) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof; and (c) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net assets values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds does not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The State Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF) and the State Tax Exempt Proceeds Fund (TEPF). These investment pools are under the control of the Sate Treasurer, with oversight provided by the Treasurer's Cash Management Advisory Board, and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

(Continued)

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements, Continued**

**June 30, 2010**

**4. Cash, Cash Equivalents and Investments, Continued**

**Cash and Cash Equivalents**

The following is a summary of cash and cash equivalents at June 30, 2010:

Deposits:	
Demand accounts	\$ 151,006
Cash equivalents:	
State Short-Term Investment Fund (STIF)	439,936
Total cash and equivalents	<u>\$ 590,942</u>
Governmental Funds	\$ 550,046
Agency Funds	40,896
Total cash and equivalents	<u>\$ 590,942</u>

**Deposits**

At June 30, 2010, the carrying amount of the SCCOG's deposits with financial institutions was \$151,006 and the bank balance was \$179,539.

*Custodial Credit Risk* is the risk that, in the event of a bank failure, the SCCOG would not be able to recover its deposits or would not be able to recover collateral securities that are in possession of an outside party. The SCCOG does not have a policy for custodial credit risk. As of June 30, 2010, all of the bank balance was covered by Federal Depository Insurance. Additional protection is provided under Connecticut General Statutes which require that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the depository's risk based capital ratio.

**Cash equivalents**

Cash equivalents are defined as those highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2010, the SCCOG's cash equivalents represented amounts held in the State Short-Term Investment Fund (STIF). The STIF is an investment pool managed by the Treasurer of the State of Connecticut. The pool is rated AAAM by Standard & Poors.

**Investments**

At June 30, 2010, the SCCOG had no investments.

(Continued)

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements, Continued**

**June 30, 2010**

**5. Receivables and Deferred Revenue**

Receivables as of year-end for the SCCOG's major funds and nonmajor funds are as follows:

	<u>Receivables:</u>
Major Governmental Funds:	
U.S. Department of Transportation-Agreement Number 3.27-12(08)-Regional Transportation Planning	\$ 80,749
Municipal Assistance	42,559
Nonmajor Governmental Funds:	
U.S. Department of Transportation-Agreement Number Route 11 Greenway Authority Commission	1,558
Net total receivables	<u>\$ 124,866</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period or for which funds have been received and which have not been earned at year-end. At June 30, 2010, the SCCOG had \$47,157 of unearned/deferred revenue relating to its State of Connecticut-Office of Policy Regional GIS System Project; and \$1,611 of unearned/deferred revenue relating to its DEMHS-Homeland Security Regional Collaboration Project.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements, Continued**

**June 30, 2010**

**6. Capital Assets**

Capital asset activity for the year ended June 30, 2010 is as follows:

	Balance			Balance
	<u>June 30, 2009</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2010</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated				
Land	\$ 63,758	-	-	63,758
Capital assets, being depreciated				
Land improvements	20,350	-	-	20,350
Buildings and related improvements	280,664	-	-	280,664
Equipment and furnishings	144,980	-	-	144,980
Total assets being depreciated	<u>445,994</u>	-	-	<u>445,994</u>
Less: accumulated depreciation for:				
Land improvements	4,618	1,357	-	5,975
Buildings and related improvements	61,116	7,346	-	68,462
Equipment and furnishings	121,946	7,174	-	129,120
Total accumulated depreciation	<u>187,680</u>	<u>15,877</u>	-	<u>203,557</u>
<b>Total Governmental activities capital assets being depreciated, net</b>	<u>258,314</u>	<u>(15,877)</u>	-	<u>242,437</u>
<b>Total Government-Wide Capital Assets, Net</b>	<u>\$ 322,072</u>	<u>(15,877)</u>	-	<u>306,195</u>

Depreciation expense was charged to functions/programs as follows:

Governmental activities:		
Regional planning	\$	15,877
Total depreciation expense-governmental activities	<u>\$</u>	<u>15,877</u>

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements, Continued**

**June 30, 2010**

**7. Interfund Accounts**

At June 30, 2010, amounts due from and to other funds were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<b>General Fund</b>	\$ 122,987	2,252
<b>Other Major Funds:</b>		
U.S. Department of Transportation-Agreement Number: 3.27-12(08)-Regional Transportation Planning	-	80,749
Municipal Assistance	-	40,680
<b>Other Governmental Funds:</b>		
State of Connecticut Office of Policy and Management- Route 11 Greenway Authority Commission	-	1,558
<b>Agency Funds:</b>		
Tri-Town Trail Project	2,252	-
	<u>\$ 125,239</u>	<u>125,239</u>

All interfund receivables and payables represent routine recurring transactions that are temporary in nature.

Interfund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
<b>General Fund</b>	\$ -	70,018
<b>Other Major Funds:</b>		
U.S. Department of Transportation-Agreement Number 3.27-12(08)-Regional Transportation Planning	52,191	-
State of Connecticut Department of Transportation- Regional Intermodal Transportation Center	1,526	-
Municipal Assistance	3,747	-
<b>Other Governmental Funds:</b>		
State of Connecticut Office of Policy and Management- State Grant In Aid	12,554	-
	<u>\$ 70,018</u>	<u>70,018</u>

All interfund transfers represent routine recurring transactions to move resources from one fund to another.

(Continued)

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements, Continued**

**June 30, 2010**

**8. Changes in Long-term Debt**

Long-term debt of the SCCOG consists of accumulated unpaid vacation benefits. Long-term liability activity for the year ended June 30, 2010, was as follows:

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Reductions/ Maturities</u>	<u>Balance</u> <u>June 30, 2010</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Compensated absences	\$ 46,028	-	228	45,800	45,800
Total Governmental Activities					
long-term liabilities	<u>\$ 46,028</u>	<u>-</u>	<u>228</u>	<u>45,800</u>	<u>45,800</u>

**9. Risk Management**

The SCCOG is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; workers compensation and natural disasters for which the SCCOG carries commercial insurance. During the year ended June 30, 2010, there were no deductibles paid by the SCCOG. Settled claims, for all types of commercial coverage, have not exceeded commercial insurance coverage during any of the past three fiscal years.

**10. Pension Plan**

**Plan Description**

The SCCOG participates in the State of Connecticut Municipal Employee Retirement System (MERS) which was established by the State of Connecticut and is administered by the State retirement system to provide for a cost sharing multiple employer public employee retirement system to provide pension benefits for the employees of participating municipalities. Plan provisions are set by statute of the State of Connecticut. MERS provides retirement benefits as well as death and disability benefits. Annual cost of living increases between 3% and 5% are paid to disabled members and non-disabled retired members who have reached age 65. All benefits vest after 10 years of continuous service. Members who retire after age 55 with 10 years of service or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

If not covered by Social Security: 2% of the average of earnings for the 3 highest paid years of service.

If covered by Social Security: 1-1/6% of the average of earnings not in excess of the taxable wage base for the 10 highest paid years, plus 2% of the average of earnings for the average of earnings for the three highest paid years of service which is in excess of the average of earnings not in excess of the taxable wage base for the 10 highest paid years.

The MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State of Connecticut's financial statements as a pension trust fund.

(Continued)

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

**Notes to Financial Statements, Continued**

**June 30, 2010**

**10. Pension Plan, Continued**

**Plan Description, Continued**

**Funding Policy**

Covered employees are required by State statute to contribute 2.25% of earnings upon which Social Security tax is paid plus 5% of earnings on which no Social Security tax is paid. The SCCOG is required to contribute the amounts necessary to finance the remaining costs of the plan which have actuarially determined. The SCCOG contribution rate as of June 30, 2010 was 7.5% of cover payroll. The contribution requirements of plan members are established by State statute. The SCCOG contributions to the MERS for the years ended June 30, 2010, 2009 and 2008 were \$ 36,886; \$35,349, and \$36,087 respectively and were equal to the required contributions for each year.

**11. Economic Dependence**

A large concentration of revenue is comprised of Federal and State grants received from, or passed through the State of Connecticut. Any loss or significant reduction of these grants could have a significant impact on the SCCOG's financial position and program services.

**12. Restatement of Agency Funds**

Agency funds have been restated as of June 30, 2009 to include the Tri-Town Trail Project.



## SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the year ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Municipal Assessments	\$ 121,394	121,394	121,394	-
OPM Planning Grant	66,044	10,055	10,055	-
ConnDOT Planning Grant	434,145	457,000	469,713	12,713
ConnDOT FY2007 Planning Grant Carryover	13,441	13,441	-	(13,441)
Technical Assistance Contracts	120,000	130,000	136,386	6,386
DEMHS (FY 2008) Regional Collaborative Agreement	-	10,000	8,389	(1,611)
OPM-Regional GIS System Project	10,120	63,000	65,139	2,139
ConnDOT Regional Intermodal Transportation Center	300,000	285,000	203,288	(81,712)
Route 11 GAC Administration	-	-	4,402	4,402
Investment Income	-	-	1,799	1,799
Southeastern Connecticut Housing Alliance	50,903	56,000	50,503	(5,497)
Other	36,559	-	222	222
Fund Balance/Prior Year Surplus	59,089	-	-	-
<b>Total Revenues</b>	<b>\$ 1,211,695</b>	<b>1,145,890</b>	<b>1,071,290</b>	<b>(74,600)</b>

Budgetary revenues are different from GAAP revenues because:

Operating transfers are not budgeted as revenues	70,018
Indirect depreciation reimbursements are not budgeted as revenues	9,962

Total revenues and other financing sources as reported on the statement of revenues,  
expenditures and changes in fund balances-governmental funds (Exhibit IV)\$ 1,151,270

## SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)

For the year ended June 30, 2010

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Staff:</b>				
Salaries-Southeastern Connecticut Council of Governments **	\$ 644,375	500,000	534,443	(34,443)
FICA, Insurance, Retirement **	197,000	197,000	208,832	(11,832)
	<u>841,375</u>	<u>697,000</u>	<u>743,275</u>	<u>(46,275)</u>
<b>Subcontractors/Contributions:</b>				
Computer Services	5,000	3,000	2,169	831
Professional Services (General)	1,000	14,000	11,013	2,987
RITC Study Consultant	280,000	265,000	178,211	86,789
Web GIS Hostng Year 1	10,120	63,000	64,979	(1,979)
	<u>296,120</u>	<u>345,000</u>	<u>256,372</u>	<u>88,628</u>
<b>Other:</b>				
Office Maintenance	20,000	20,000	15,065	4,935
Supplies	6,000	5,000	4,293	707
Equipment Rental/Maintenance	3,000	5,000	5,249	(249)
Equipment, Miscellaneous	300	300	-	300
Equipment, Capital	2,500	-	-	-
Phone/Mail	6,000	5,000	4,511	489
Insurance, Bond	8,000	8,000	7,982	18
Printing	1,500	-	-	-
Travel	9,000	6,500	6,674	(174)
Conference Expenses	1,500	500	440	60
Staff Expenses	200	200	765	(565)
Books, Magazines, Dues	1,500	1,500	1,129	371
Audit, Accounting, Legal	14,000	15,000	15,080	(80)
Advertising	700	700	567	133
Other	-	-	93	(93)
	<u>74,200</u>	<u>67,700</u>	<u>61,848</u>	<u>5,852</u>
Total Expenditures	<u>\$ 1,211,695</u>	<u>1,109,700</u>	<u>1,061,495</u>	<u>48,205</u>

Budgetary Expenditures are Different Than GAAP Expenditures Because:

Operating Transfers Out Are Not Budgeted as Expenditures	70,018
Indirect Depreciation Is Not Budgeted as an Expenditure	9,962

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues,  
Expenditures and Changes in Fund Balances-Governmental Funds (Exhibit IV)\$ 1,141,475

\*\* Includes the Southeastern Connecticut Housing Alliance Director

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2010**

	<b>FEDERAL PROGRAMS</b>	<b>STATE PROGRAMS</b>		
	<b>Federal Emergency Management Agency</b>	<b>Office of Policy and Management</b>		
	Homeland Security Regional <u>Collaboration</u>	State Grant <u>In Aid</u>	Route 11 Greenway Authority Commission	Total Nonmajor <u>Programs</u>
<u>Assets</u>				
Cash	\$ 1,611	-	-	1,611
Grants receivable:				
Federal government	-	-	-	-
State of Connecticut	-	-	1,558	1,558
Total grants receivable	-	-	1,558	1,558
Contract service fees receivable	-	-	-	-
Total assets	<u>\$ 1,611</u>	<u>-</u>	<u>1,558</u>	<u>3,169</u>
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Due to other funds	\$ -	-	1,558	1,558
Deferred revenue	1,611	-	-	1,611
Total liabilities	<u>1,611</u>	<u>-</u>	<u>1,558</u>	<u>3,169</u>
Fund Equity:				
Fund balance	-	-	-	-
Total liabilities and fund balance	<u>\$ 1,611</u>	<u>-</u>	<u>1,558</u>	<u>3,169</u>

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2010**

	<b>SPECIAL REVENUE FUNDS</b>			
	<b>FEDERAL PROGRAMS</b>	<b>STATE PROGRAMS</b>		
	Federal Emergency Management Agency	Office of Policy and Management		
	Homeland Security Regional Collaboration	State Grant In Aid	Route 11 Greenway Authority Commission	Total Non-major Programs
Revenues:				
Federal government	\$ 8,389	-	-	8,389
State of Connecticut	-	10,055	4,402	14,457
Other	-	-	-	-
Total revenues	<u>8,389</u>	<u>10,055</u>	<u>4,402</u>	<u>22,846</u>
Expenditures:				
Direct salaries	4,009	10,409	2,130	16,548
Indirect at 105.681%	4,237	11,000	2,250	17,487
Direct charges	143	1,200	22	1,365
Total expenditures	<u>8,389</u>	<u>22,609</u>	<u>4,402</u>	<u>35,400</u>
Excess of revenues over (under) expenditures	<u>-</u>	<u>(12,554)</u>	<u>-</u>	<u>(12,554)</u>
Other financing sources (uses):				
Operating transfers in	-	12,554	-	12,554
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>12,554</u>	<u>-</u>	<u>12,554</u>
Excess of revenues and other sources over (under) expenditures and other uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

## SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

## Statement of Changes in Assets and Liabilities-Agency Funds

For the Year Ended June 30, 2010

	Balance July 1, 2009 <u>Restated</u>	<u>Additions</u>	<u>Deductions</u>	Balance June 30, 2010
<b>Southeastern Connecticut Housing Alliance</b>				
Cash	\$ 97,268	6,810	(63,182)	40,896
Due to other organizations	\$ 97,268	6,810	(63,182)	40,896
<b>Tri-Town Trail Project</b>				
Due from other funds	\$ 1,500	900	(148)	2,252
Due to other organizations	\$ 1,500	900	(148)	2,252
<b>Total</b>				
Cash	\$ 97,268	6,810	(63,182)	40,896
Due from other funds	1,500	900	(148)	2,252
	<u>\$ 98,768</u>	<u>7,710</u>	<u>(63,330)</u>	<u>43,148</u>
Due to other organizations	\$ 98,768	7,710	(63,330)	43,148

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**Financial Summary for the**  
**Southeastern Connecticut Housing Alliance**  
**For the Year Ended June 30, 2010**

Cash, beginning of year	\$ 97,268
Cash receipts:	
Mohegan Tribe	5,000
New London Stabilization Program	1,810
Total cash receipts	<u>6,810</u>
Cash disbursements:	
Salaries and taxes reimbursed to the SCCOG	48,107
Professional fees	13,160
Professional development	152
Membership	100
Travel	1,477
Meeting expenses	72
Computer services	114
Total cash disbursements	<u>63,182</u>
Excess (deficiency) of cash receipts over cash disbursements	(56,372)
Cash, end of year	<u>\$ 40,896</u>

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**Financial Summary for the State of Connecticut**  
**Department of Transportation**  
**For the Year Ended June 30, 2010**

	U.S. Department of Transportation	State of Connecticut Department of Transportation
	<u>Agreement Number</u> 3.27-12(08)	<u>Agreement Number</u> 1.04-01(08)
	<u>State Project Number</u> 7099996PL	<u>State Project Number</u> 414-051
	<u>Regional Transportation Planning</u>	<u>Regional Intermodal Transportation Center</u>
<b>Maximum funds authorized:</b>		
U.S. Department of Transportation FYE 6/30/2010	\$ 385,906	\$ -
U.S. Department of Transportation FYE 6/30/2009 carryover	32,702	-
ConnDOT matching funds FYE 6/30/2010	48,239	-
ConnDOT matching funds FYE 6/30/2009 carryover	4,088	-
ConnDOT	-	750,000
Local required match	52,327	-
Total	<u>\$ 523,262</u>	<u>\$ 750,000</u>
<b>Audited Expenditures:</b>		
Direct salaries	\$ 252,311	\$ 12,934
Indirect at 105.681%	266,644	13,669
Direct charges	2,949	178,211
Total expenditures	<u>\$ 521,904</u>	<u>\$ 204,814</u>
<b>Distribution of audited expenditures:</b>		
U.S. Department of Transportation FYE 6/30/2010	\$ 384,821	\$ -
U.S. Department of Transportation FYE 6/30/2009 carryover	32,702	-
ConnDOT matching funds FYE 6/30/2010	48,102	-
ConnDOT matching funds FYE 6/30/2009 carryover	4,088	-
ConnDOT	-	203,288
Local	52,191	1,526
Total	<u>\$ 521,904</u>	<u>\$ 204,814</u>
<b>ConnDOT responsibility:</b>		
U.S. Department of Transportation FYE 6/30/2010	\$ 384,821	\$ -
U.S. Department of Transportation FYE 6/30/2009 carryover	32,702	-
ConnDOT matching funds FYE 6/30/2010	48,102	-
ConnDOT matching funds FYE 6/30/2009 carryover	4,088	-
ConnDOT	-	203,288
Total ConnDOT responsibility	<u>469,713</u>	<u>203,288</u>
Less: payments received during 6/30/2010	388,964	203,288
Balance due June 30, 2010	<u>\$ 80,749</u>	<u>\$ -</u>
Payments received subsequent to June 30, 2010	<u>\$ 75,404</u>	<u>\$ -</u>

**INDEPENDENT AUDITOR'S REPORT-**  
**SCHEDULE OF INDIRECT COSTS AND OVERHEAD RATE CALCULATION**

To the Board of Directors of the  
Southeastern Connecticut Council of Governments  
Norwich, Connecticut

I have audited, in accordance with auditing standards generally accepted in the United States of America, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments, Norwich, Connecticut, as of and for the year ended June 30, 2010, which collectively comprise the Southeastern Connecticut Council of Government's basic financial statements, and have issued my report thereon dated November 1, 2010. I have also audited the accompanying schedule of indirect costs and overhead rate calculation of the Southeastern Connecticut Council of Governments for the year ended June 30, 2010. This accompanying schedule is the responsibility of the Southeastern Connecticut Council of Government's management. My responsibility is to express an opinion on this schedule based on my audit.

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

The accompanying schedule was prepared on the basis of accounting practices prescribed by the Office of Management and Budget ("OMB") Circular A-87 "*Cost Principles for State, Local and Indian Tribal Governments*" and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In my opinion, the schedule referred to above presents fairly, in all material respects, the calculation of fringe, burden and overhead rate of the Southeastern Connecticut Council of Governments as of June 30, 2010, on the basis as provided by the Office of Management and Budget ("OMB") Circular A-87 "*Cost Principles for State, Local and Indian Tribal Governments*", as described in Note 1 to the accompanying schedule.

This report is intended solely for the information and use of the Southeastern Connecticut Council of Governments and the State of Connecticut Department of Transportation and is not intended and should not be used by anyone other than these specified parties.



Albert J. Rusilowicz  
Certified Public Accountant, LLC  
Killingworth, Connecticut  
November 1, 2010

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**Schedule of Indirect Costs and**  
**Overhead Rate Calculation**  
**For the Year Ended June 30, 2010**

**Indirect Costs:**

Indirect salaries	\$ 128,150
Fringe benefits	191,765
Professional services-computer services	2,169
Office maintenance	15,065
Supplies	4,088
Equipment rental and maintenance	5,249
Telephone and postage	4,511
Bond and insurance	7,982
Travel	148
Conferences	440
Staff expenses	21
Dues, books and subscriptions	1,129
Audit/Accounting/Legal	15,080
Depreciation	9,962
Advertisng	318
Other	89
 Total indirect costs	 <u><u>\$ 386,166</u></u>

**Overhead rate calculation:**

Total payroll	\$ 493,556
Less: indirect and unassigned payroll	128,150
 Payroll base	 <u>365,406</u>
 Total allowable indirect costs	 <u>386,166</u>
 Indirect cost rate	 <u>105.681%</u>

See Accompanying Note to Schedule.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

**Note to the Schedule of Indirect Costs and Overhead Rate Calculation**

**June 30, 2010**

**Note 1 - Basis of Presentation**

The accompanying schedule of "Indirect Costs and Overhead Rate Calculation" includes the allowable fringe, burden and overhead expenses of the Southeastern Connecticut Council of Governments and has been prepared in accordance with accounting principles generally accepted in the United States of America.

The information in this schedule is prepared on the basis for establishing indirect cost rates and reimbursing indirect costs as provided by the Office of Management and Budget (OMB) Circular A-87 "*Cost Principles For State, Local and Indian Tribal Governments*". In accordance with these regulations, unallowable costs have been excluded from the indirect cost rate calculation. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements of the Southeastern Connecticut Council of Governments.

# ALBERT J. RUSILOWICZ

Certified Public Accountant, LLC

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors of the  
Southeastern Connecticut Council of Governments  
Norwich, Connecticut

I have audited the financial statements of the Southeastern Connecticut Council of Governments, as of and for the year ended June 30, 2010, and have issued my report thereon dated November 1, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing my audit, I considered the Southeastern Connecticut Council of Government's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Southeastern Connecticut Council of Government's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Southeastern Connecticut Council of Government's 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.

My consideration of 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. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

(Continued)

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Southeastern Connecticut Council of Government's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 and use of management, the Executive Committee, the Board of Directors 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.

A handwritten signature in blue ink, appearing to read "Albert J. Rusilowicz". The signature is fluid and cursive, with a long, sweeping tail on the final letter.

Albert J. Rusilowicz  
Certified Public Accountant, LLC  
Killingworth, Connecticut  
November 1, 2010

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH THE STATE SINGLE AUDIT ACT**

To the Board of Directors of the  
Southeastern Connecticut Council of Governments  
Norwich, Connecticut

**Compliance**

I have audited the Southeastern Connecticut Council of Governments compliance with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that could have a direct and material effect on each of the Southeastern Connecticut Council of Government's major state programs for the year ended June 30, 2010. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Southeastern Connecticut Council of Government's management. My responsibility is to express an opinion on compliance based on my audit.

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

In my opinion, the Southeastern Connecticut Council of Governments complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2010.

**Internal Control Over Compliance**

The management of the Southeastern Connecticut Council of Governments is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing my audit, I considered the Southeastern Connecticut Council of Government's internal control over compliance with the requirements that could have a direct and material effect on a major state program to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Southeastern Connecticut Council of Government's internal control over compliance.

(Continued)

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

My 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. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

#### **Schedule of Expenditures of State Financial Assistance**

I have audited the financial statements of the Southeastern Connecticut Council of Government's governmental activities, each major fund, and the aggregate remaining fund information as of and for the year ended June 30, 2010, and have issued my report thereon dated November 1, 2010. My audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Southeastern Connecticut Council of Government's financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

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

A handwritten signature in dark ink, appearing to read "Albert J. Rusilowicz". The signature is fluid and cursive, with a long horizontal stroke at the end.

Albert J. Rusilowicz  
Certified Public Accountant, LLC  
Killingworth, Connecticut  
November 1, 2010

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**Schedule of Expenditures of State Financial Assistance**  
**For the Year Ended June 30, 2010**

<b>State Grantor; Pass-through Grantor; Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Expenditures</b>
<b>Office of Policy and Management:</b>		
Grant-In-Aid for Regional Planning Agencies	11000-OPM-20600-16181	\$ 10,055
Regional GIS System Project	11000-OPM-20600-16194	65,139
Route 11 Greenway Authority Commission	Not Available	4,402
		<u>79,596</u>
<b>Department of Transportation:</b>		
Regional Transportation Planning-State Match	08DOT0312AA	## 52,190
Regional Intermodal Transportation Center	08DOT0240AA	## <u>203,288</u>
		<u>255,478</u>
<b>Total State Financial Assistance</b>		<u>\$ 335,074</u>

## Represents the Core ID# as provided by the State of Connecticut Department of Transportation

See Accompanying Notes to Schedule.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

**Notes to the Schedule of Expenditures of  
State Financial Assistance**

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

Various departments and agencies of the State of Connecticut have provided financial assistance to the Southeastern Connecticut Council of Governments through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including:

Regional Planning  
Grant-In-Aid  
Regional Intermodal Transportation Center Study

**1. Summary of Significant Accounting Policies**

The accounting policies of the Southeastern Connecticut Council of Governments conform to generally accepted accounting principles accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The following is a summary of the more significant policies relating to the aforementioned grant programs.

**Basis of Accounting**

The financial statements contained in the Southeastern Connecticut Council of Government's annual audit report are generally prepared on the accrual basis of accounting. The following is a summary of such basis:

Revenues are normally recognized in the accounting period in which they are earned.

Expenditures are generally recorded when goods or services are received and actual liabilities are incurred.

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

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

**State Financial Assistance Programs  
Schedule of Findings and Questioned Costs**

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

**I. Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?                     yes         no
- Significant deficiency(ies) identified that are  
not considered to be material weaknesses?             yes         no
- Noncompliance material to financial  
statements noted?     yes         no

***State Financial Assistance***

Internal control over major programs:

- Material weakness(es) identified?                     yes         no
- Significant deficiency(ies) identified that are  
not considered to be material weaknesses?             yes         no

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

Any audit findings disclosed that are required to be  
Reported in accordance with Section 4-236-24 of  
the Regulations to the State Single Audit Act?         yes         no

- The following schedule reflects the major programs included in the audit:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
<b>Department of Transportation:</b>		
Regional Intermodal Transportation Center	08DOT0240AA	## \$ 203,288

## Represents the Core ID# as provided by the State of Connecticut,  
Department of Transportation.

(Continued)

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

**State Financial Assistance Programs  
Schedule of Findings and Questioned Costs, Continued**

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

**II. Financial Statement Findings**

- I issued reports dated November 1, 2010 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*.
- My report on compliance and other matters indicated no reportable instances of noncompliance.
- My report on internal control over financial reporting indicated no significant deficiencies.

**III. State Financial Assistance Findings and Questioned Costs**

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