

**SOUTHEASTERN CONNECTICUT
COUNCIL OF GOVERNMENTS**

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

FOR THE YEAR ENDED JUNE 30, 2009

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
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SUPPLEMENTAL REPORTS AND SCHEDULES
YEAR ENDED JUNE 30, 2009**

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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, 2009, 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, 2009, 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 18, 2009, 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 25 through 26, 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 Federal awards and the accompanying schedule of expenditures of State financial assistance are also presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations", and the State of Connecticut Single Audit Act. And are 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 Federal awards 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 black 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 18, 2009

**MANAGEMENT'S DISCUSSION
AND ANALYSIS**

**Southeastern Connecticut Council of Governments
Management's Discussion and Analysis
For the year ended June 30, 2009**

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, 2009. 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 \$881,384. The total unrestricted net assets at June 30, 2009 were \$559,312.

On a government-wide basis, during the year, the SCCOG's net assets increased by \$72,122, from \$809,262 to \$881,384.

Governmental activities expenses were \$1,567,389.

At the end of the fiscal year the general fund had a balance of \$605,340.

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, 2009**

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 government-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 in a custodial capacity. Receipts and expenditures of this fund are entirely for the benefit of the Southeastern Connecticut Housing Alliance.

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.

Net Assets	June 30, 2009 Governmental Activities	June 30, 2008 Governmental Activities
Current and other assets	\$ 870,784	\$ 877,473
Capital assets	322,072	309,339
Total Assets	\$ 1,192,856	\$ 1,186,812
Current liabilities	265,444	336,777
Long-term liabilities	46,028	40,773
Total Liabilities	311,472	377,550
Net assets:		
Invested in capital assets, net of debt	322,072	309,339
Restricted	-	-
Unrestricted	559,312	499,923
Total Net Assets	\$ 881,384	\$ 809,262

(Continued)

**Southeastern Connecticut Council of Governments
Management's Discussion and Analysis, Continued
For the year ended June 30, 2009**

Net assets of the SCCOG's governmental activities increased by \$72,122. Unrestricted net assets of \$559,312 may be used to meet the SCCOG's ongoing obligations.

Changes in Net Assets

	<u>June 30, 2009 Governmental Activities</u>	<u>June 30, 2008 Governmental Activities</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 119,566	\$ 161,005
Operating grants and contributions	1,388,347	659,224
Capital grants and contributions	-	-
General Revenues:		
Municipal assessments	121,394	121,394
Grants and contributions not restricted to specific programs	-	-
Unrestricted investment earnings	9,430	13,044
Miscellaneous	774	9,269
Total revenues	<u>1,639,511</u>	<u>963,936</u>
 Program Expenses:		
Regional Planning	<u>1,567,389</u>	<u>913,015</u>
Total program expenses	<u>1,567,389</u>	<u>913,015</u>
 Increase (decrease) in net assets	 <u>\$ 72,122</u>	 <u>\$ 50,921</u>

The SCCOG's total revenues was \$1,639,511. The total cost of all programs was \$1,567,389.

Governmental Activities

For governmental activities, approximately 92% of the revenues were derived from program revenues, with 7% coming from municipal assessments and 1% 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 \$605,340. This was an increase of \$64,644 from last years total of \$540,696. Approximately 10% of the ending fund balance has been designated for the 2009/2010 budget. The remaining 90% is unreserved. The general fund is the chief operating fund of the SCCOG.

General Fund Budgetary Highlights

The final budget for revenues was \$1,615,463. This was an increase of \$771,030 from the original budget of \$844,433. The final budget for expenditures was \$1,572,851. This was an increase of \$728,418 from the original budget of \$844,433. During the current fiscal year, actual revenues were \$1,639,511 which exceeded budgetary estimates by \$24,048. Actual expenditures on a budgetary basis totaled \$1,574,867, which exceeded budgetary estimated by \$2,016 and was less than actual revenues on a budgetary basis by \$64,644.

(Continued)

**Southeastern Connecticut Council of Governments
Management's Discussion and Analysis, Continued
For the year ended June 30, 2009**

Capital Assets and Debt Administration

The SCCOG's investment in capital assets for its governmental activities as of June 30, 2009, amount to \$322,072, net of accumulated depreciation. This investment in capital assets includes land, buildings, roads, and machinery and equipment. This represents a net increase of \$12,733 during the year.

Capital Assets	June 30, 2009	June 30, 2008
(net of depreciation)	Governmental Activities	Governmental Activities
Land & Land Improvements	\$ 79,490	\$ 66,742
Building & Improvements	219,548	226,894
Equipment & Furnishings	23,034	15,703
	<u>\$ 322,072</u>	<u>\$ 309,339</u>

Long-Term Debt

At June 30, 2009 the SCCOG had no long-term debt other than accrued compensated absences.

Long-Term Liabilities	June 30, 2009	June 30, 2008
	Governmental Activities	Governmental Activities
Compensated Absences	\$ 46,028	\$ 40,773
Total Long-Term Liabilities	<u>\$ 46,028</u>	<u>\$ 40,773</u>

Fiduciary Funds

Net Assets	June 30, 2009	June 30, 2008
	Fiduciary Funds	Fiduciary Funds
Current & Total Assets	\$ 97,268	\$ 83,928
Current & Total Liabilities	\$ 97,268	\$ 83,928
Net Assets	-	-
Total Liabilities & Net Assets	<u>\$ 97,268</u>	<u>\$ 83,928</u>

Changes In Net Assets

Increase in Assets	\$ 13,340	\$ 16,580
Increase in Liabilities	(13,340)	(16,580)
Increase 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 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.

FINANCIAL STATEMENTS

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

STATEMENT OF NET ASSETS

June 30, 2009

ASSETS:	Governmental Activities	Total
Cash and cash equivalents	\$ 690,189	690,189
Receivables, net	173,643	173,643
Capital assets, net	322,072	322,072
Other assets	6,952	6,952
Total Assets	1,192,856	1,192,856
 LIABILITIES:		
Accounts payable and accrued expenses	151,648	151,648
Deferred revenue	113,796	113,796
Long-term liabilities:		
Due within one year	46,028	46,028
Total Liabilities	311,472	311,472
 NET ASSETS:		
Invested in capital assets	322,072	322,072
Unrestricted	559,312	559,312
Total Net Assets	\$ 881,384	881,384

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, 2009

Function/Program	Program Revenues				Net (Expense) Revenue and Changes in Net Assets	Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Governmental activities:						
Regional planning	\$ 1,567,389	119,566	1,388,347	-	(59,476)	(59,476)
Total governmental activities	1,567,389	119,566	1,388,347	-	(59,476)	(59,476)
Total government	\$ 1,567,389	119,566	1,388,347	-		
General revenues:						
Municipal assessments					121,394	121,394
Grants and contributions not restricted to specific programs					-	-
Unrestricted investment earnings					9,430	9,430
Miscellaneous					774	774
Total general revenues and transfers					131,598	131,598
Change in net assets					72,122	72,122
Net assets-beginning					809,262	809,262
Net assets-ending					\$ 881,384	881,384

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, 2009

	General Fund	U.S. Department of Transportation	State of Connecticut		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	Office of Policy and Management Regional GIS System Project		
ASSETS						
Cash and equivalents	\$ 576,393	-	-	112,296	1,500	690,189
Grants receivable:						
Federal	-	45,775	-	-	7,801	53,576
State	-	5,722	83,056	-	8,103	96,881
Municipal assistance fees receivable	-	-	-	-	-	-
Other receivables	-	-	-	-	23,186	23,186
Due from other funds	173,643	-	-	-	-	173,643
Other assets	6,952	-	-	-	-	6,952
Total Assets	\$ 756,988	51,497	83,056	112,296	40,590	1,044,427
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable and accrued expenses	\$ 151,648	-	-	-	-	151,648
Deferred revenue	-	-	-	112,296	1,500	113,796
Due to other funds	-	51,497	83,056	-	39,090	173,643
Total Liabilities	151,648	51,497	83,056	112,296	40,590	439,087
Fund Balances:						
Unreserved, reported in:						
General Fund	546,251	-	-	-	-	546,251
Designated for subsequent years budget	59,089	-	-	-	-	59,089
Total Fund Balances	605,340	-	-	-	-	605,340
Total Liabilities and Fund Balances	\$ 756,988	51,497	83,056	112,296	40,590	

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.

322,072

Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.

(46,028)

Net assets of governmental activities

\$ 881,384

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, 2009

	U.S. Department of Transportation				State of Connecticut		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	Office of Policy and Management	Regional GIS System Project	Other Governmental Funds			
Revenues:								
Municipal assessments	\$ 121,394	-	-	-	-	-	-	121,394
Intergovernmental:								
Federal grants	-	392,590	-	-	-	-	120,621	513,411
State grants	-	48,074	529,674	197,134	-	-	95,354	871,436
Municipal assistance contracts	-	-	-	-	-	-	119,566	119,566
Other	10,204	-	-	-	-	-	3,500	13,704
Total Revenues	131,598	441,664	529,674	197,134	-	339,241	1,638,511	
Expenditures:								
Direct salaries	-	236,732	9,110	-	-	119,617	365,659	
Indirect at 106.187%	-	251,379	9,674	-	-	127,230	388,283	
Direct charges	16,649	2,628	511,107	187,134	-	83,207	820,925	
Total Expenditures	16,649	490,739	529,891	187,134	-	340,254	1,574,867	
Excess of Revenues Over (Under) Expenditures	114,749	(49,075)	(17)	-	(1,013)	64,644		
Other Financing Sources (Uses):								
Operating transfers in	29,370	49,075	17	-	-	30,383	108,645	
Operating transfers out	(79,475)	-	-	-	-	(29,370)	(108,645)	
Total Other Financing Sources (Uses):	(50,105)	49,075	17	-	1,013	-		
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	64,644	-	-	-	-	64,644		
Fund Balance (Deficit) June 30, 2008	540,696	-	-	-	-	-		
Fund Balance (Deficit) June 30, 2009	\$ 605,340	-	-	-	-	-		

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 capital outlays exceeded depreciation expense during the current year.

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

\$ 72,122

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

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

Exhibit V

FIDUCIARY FUND

BALANCE SHEET

June 30, 2009

**Southeastern
Connecticut
Housing
Alliance-
Agency
Fund**

Assets

Cash and cash equivalents	\$ 97,268
Total Assets	<u>\$ 97,268</u>

Liabilities

Due to other organizations	\$ 97,268
Total Liabilities	<u>\$ 97,268</u>

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

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
FIDUCIARY FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
For the Year Ended June 30, 2009

Southeastern Connecticut Housing Alliance <u>Agency Fund</u>	<u>Balance</u> <u>July 1, 2008</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2009</u>
Cash	\$ 83,928	102,500	(89,160)	97,268
Due to other organizations	\$ 83,928	102,500	(89,160)	97,268

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, 2009

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, 2009

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).

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

Agency Fund – 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.

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, 2009

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, 2009

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, 2009, 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, 2009, prepaid items totaled \$6,952 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, 2009

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, 2009, \$59,089 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 \$46,028 are as follows:

Compensated absences	\$ 46,028
Net adjustment to reduce fund balance - total government funds to arrive at net assets-governmental activities	<u>\$ 46,028</u>

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 \$12,733 are as follows:

Depreciation expense	\$ (15,792)
Capital outlays	28,525
Net adjustment to increase net changes in fund balance - total governmental funds to arrive at changes in net assets- governmental activities	<u>\$ 12,733</u>

(Continued)

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

Notes to Financial Statements, Continued

June 30, 2009

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 \$5,255 difference are as follows:

Change in compensated absences	\$	5,255
Net adjustment to decrease net changes in fund balance - total governmental funds to arrive at changes in net assets-governmental activities	<u>\$</u>	<u>5,255</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. Additional appropriations approved during the year totaled \$728,418.

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 State 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, 2009

4. Cash, Cash Equivalents and Investments, Continued

Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at June 30, 2009:

Deposits:	
Demand accounts	\$ 184,320
Cash equivalents:	
State Short-Term Investment Fund (STIF)	603,137
Total cash and equivalents	<u>\$ 787,457</u>
Governmental Funds	\$ 690,189
Agency Fund	97,268
Total cash and equivalents	<u>\$ 787,457</u>

Deposits

At June 30, 2009, the carrying amount of the SCCOG's deposits with financial institutions was \$184,320 and the bank balance was \$128,347.

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, 2009, 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, 2009, 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 & Poor.

Investments

At June 30, 2009, the SCCOG had no investments.

(Continued)

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

Notes to Financial Statements, Continued

June 30, 2009

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 Transportaton Planning	\$ 51,497
State of Connecticut Department of Transportation- Regional Intermodal Transportation Center	83,056
Nonmajor Governmental Funds:	
U.S. Department of Transportation-Agreement Number 3.26-10(07)-FHWA	8,776
State of Connecticut Office of Policy and Management- Route 11 Greenway Authority Commission	7,128
Net total receivables	<u>\$ 150,457</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, 2009, the SCCOG had \$112,296 of unearned/deferred revenue relating to its State of Connecticut-Office of Policy Regional GIS System Project and \$1,500 of unearned/deferred revenue relating to its Tri-town Trail Project.

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

Notes to Financial Statements, Continued

June 30, 2009

6. Capital Assets

Capital asset activity for the year ended June 30, 2009 is as follows:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2009</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 63,758	-	-	63,758
Capital assets, being depreciated				
Land improvements	6,400	13,950	-	20,350
Buildings and related improvements	280,664	-	-	280,664
Equipment and furnishings	130,405	14,575	-	144,980
Total assets being depreciated	417,469	28,525	-	445,994
Less: accumulated depreciation for:				
Land improvements	3,416	1,202	-	4,618
Buildings and related improvements	53,770	7,346	-	61,116
Equipment and furnishings	114,702	7,244	-	121,946
Total accumulated depreciation	171,888	15,792	-	187,680
Total Governmental activities capital assets being depreciated, net	245,581	12,733	-	258,314
Total Government-Wide Capital Assets, Net	\$ 309,339	12,733	-	322,072

Depreciation expense was charged to functions/programs as follows:

Governmental activities:	
Regional planning	\$ 15,792
Total depreciation expense-governmental activities	\$ 15,792

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

Notes to Financial Statements, Continued

June 30, 2009

7. Interfund Accounts

At June 30, 2009, amounts due from and to other funds were as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General Fund	\$ 173,643	-
U.S. Department of Transportation-Agreement Number: 3.27-12(08)-Regional Transportation Planning	-	51,497
State of Connecticut: Department of Transportation-Regional Intermodal Transportation Center	-	83,056
Other Governmental Funds: U.S. Department of Transportation-Agreement Number: 3.26-10(07)-FHWA	-	8,776
State of Connecticut Office of Policy and Management- Route 11 Greenway Authority Commission	-	7,128
Local Assistance to Municipalities	-	23,186
	<u>\$ 173,643</u>	<u>173,643</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>
General Fund	\$ 29,370	79,475
U.S. Department of Transportation-Agreement Number 3.27-12(08)-Regional Transportation Planning	49,075	-
State of Connecticut Department of Transportation- Regional Intermodal Transportation Center	17	-
Other Governmental Funds: State of Connecticut Office of Policy and Management- State Grant In Aid	26,693	-
Sewer Service GIS Mapping	-	4,414
State of Connecticut Department of Public Safety- Public Safety Answering Point Consolidation Study	250	-
U.S. Department of Homeland Security-Regional Collaboration	-	24,956
Local Assistance to Municipalities	3,440	-
	<u>\$ 108,845</u>	<u>108,845</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, 2009

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, 2009, was as follows:

	<u>Balance</u> <u>June 30, 2008</u>	<u>Additions</u>	<u>Reductions/ Maturities</u>	<u>Balance</u> <u>June 30, 2009</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities:					
Compensated absences	\$ 40,773	5,255	-	46,028	46,028
Total Governmental Activities long-term liabilities	<u>\$ 40,773</u>	<u>5,255</u>	<u>-</u>	<u>46,028</u>	<u>46,028</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, 2009, 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, 2009

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, 2009 was 7.0% 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, 2009, 2008 and 2007 were \$ 35,349; \$36,087, and \$32,539 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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

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, 2009

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Municipal Assessments	\$ 121,394	121,394	121,394	-
OPM Planning Grant	66,044	64,180	64,180	-
ConnDOT Planning Grant	445,370	426,500	441,664	15,164
Technical Assistance Contracts	110,000	123,200	119,566	(3,634)
DEMHS (FY 2006) Planning & Facilitation Grant	-	85,053	85,045	(8)
DEMHS (FY 2007) Regional Collaborative Agreement	10,000	32,625	35,776	3,151
PSAP Consolidation Study	-	18,761	2,046	(16,715)
Tri-town Trail Project	-	5,000	3,500	(1,500)
OPM-Sewer Service GIS Mapping Grant	-	22,000	22,000	-
OPM-Regional GIS System Project	-	150,000	197,134	47,134
ConnDOT Regional Intermodal Transportation Center	-	475,000	529,874	54,874
Route 11 GAC Administration	-	7,000	7,128	128
Investment Income	-	-	9,430	9,430
Southeastern Connecticut Housing Alliance	78,750	78,750	-	(78,750)
Other	6,000	6,000	774	(5,226)
Fund Balance/Prior Year Surplus	6,875	-	-	-
Total Revenues	\$ 844,433	1,615,463	1,639,511	24,048

Budgetary revenues are different from GAAP revenues because:

Operating transfers are not budgeted as revenues 108,845

Total revenues and other financing sources as reported on the statement of revenues,
expenditures and changes in fund balances-governmental funds (Exhibit IV)\$ 1,748,356

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, 2009

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
Staff:				
Salaries-Southeastern Connecticut Council of Governments	\$ 610,583	537,764	507,506	30,258
FICA, Insurance, Retirement	150,000	170,318	173,246	(2,928)
	<u>760,583</u>	<u>708,082</u>	<u>680,752</u>	<u>27,330</u>
Subcontractors/Contributions:				
Computer Services	5,000	11,209	3,195	8,014
Professional Services (General)	2,000	663,180	697,483	(34,303)
Southeastern Connecticut Housing Alliance	-	13,720	13,078	642
	<u>7,000</u>	<u>688,109</u>	<u>713,756</u>	<u>(25,647)</u>
Other:				
Office Maintenance	20,000	37,252	22,872	14,380
Supplies	5,500	21,982	22,524	(542)
Equipment Rental/Maintenance	3,200	3,250	3,192	58
Equipment, Miscellaneous	300	396	100	296
Equipment, Capital	5,000	73,250	95,657	(22,407)
Phone/Mail	6,000	5,500	5,644	(144)
Insurance, Bond	7,300	13,386	7,791	5,595
Printing	1,600	351	351	-
Travel	6,200	7,400	7,546	(146)
Conference Expenses	2,000	110	130	(20)
Staff Expenses	250	37	137	(100)
Books, Magazines, Dues	2,000	1,191	1,191	-
Audit, Accounting, Legal	13,500	12,555	12,555	-
Advertising	1,000	-	-	-
Capital and Non-recurring Account	3,000	-	-	-
Other	-	-	669	(669)
	<u>76,850</u>	<u>176,660</u>	<u>180,359</u>	<u>(3,699)</u>
Total Expenditures	<u>\$ 844,433</u>	<u>1,572,851</u>	<u>1,574,867</u>	<u>(2,016)</u>

Budgetary Expenditures are Different Than GAAP Expenditures Because:

Operating Transfers Out Are Not Budgeted as Expenditures 108,845

Total Expenditures and Other Financing Uses as Reported on the Statement of Revenues,
Expenditures and Changes in Fund Balances-Governmental Funds (Exhibit IV)\$ 1,683,712

SUPPLEMENTAL SCHEDULES

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2009

SPECIAL REVENUE FUNDS

	FEDERAL PROGRAMS			STATE PROGRAMS				OTHER PROGRAMS		Total Nonmajor Programs
	U.S. Department of Transportation FHWA Agreement Number 3.26-10(07)	Federal Emergency Management Agency Homeland Security Regional Collaboration DEMHS #007AWINA	Homeland Security Emergency Planning and Response System DEMHS #006AŞECA	Office of Policy and Management State Grant In Aid	Sewer Service GIS Mapping	Route 11 Greenway Authority Commission	Department of Public Safety Public Safety Answering Point Consolidation	Tri-town Trail Project	Municipal Assistance	
<u>Assets</u>										
Cash	\$ -	-	-	-	-	-	-	1,500	-	1,500
Grants receivable:										
Federal government	7,801	-	-	-	-	-	-	-	-	7,801
State of Connecticut	975	-	-	-	-	7,128	-	-	-	8,103
Total grants receivable	<u>8,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,128</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,904</u>
Contract service fees receivable	-	-	-	-	-	-	-	-	23,186	23,186
Total assets	<u>\$ 8,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,128</u>	<u>-</u>	<u>1,500</u>	<u>23,186</u>	<u>40,590</u>
<u>Liabilities and Fund Balances</u>										
Liabilities:										
Due to other funds	\$ 8,776	-	-	-	-	7,128	-	-	23,186	39,090
Deferred revenue	-	-	-	-	-	-	-	1,500	-	1,500
Total liabilities	<u>8,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,128</u>	<u>-</u>	<u>1,500</u>	<u>23,186</u>	<u>40,590</u>
Fund Equity:										
Fund balance	-	-	-	-	-	-	-	-	-	-
Total liabilities and fund balance	<u>\$ 8,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,128</u>	<u>-</u>	<u>1,500</u>	<u>23,186</u>	<u>40,590</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, 2009

	SPECIAL REVENUE FUNDS									
	FEDERAL PROGRAMS			STATE PROGRAMS				OTHER PROGRAMS		
	U.S. Department of Transportation FHWA Agreement Number 3-28-10(07)	Federal Emergency Management Agency Homeland Security Regional Collaboration DEMHS #007AWINA	Homeland Security Emergency Planning and Response System DEMHS #006ASECA	Office of Policy and Management		Route 11 Greenway Authority Commission	Department of Public Safety	Tri-town Trail Project	Municipal Assistance	Total Non-major Programs
Revenues:										
Federal government	\$ -	35,776	85,045	-	-	-	-	-	-	120,821
State of Connecticut	-	-	-	64,180	22,000	7,128	2,046	-	-	95,354
Contract service fees	-	-	-	-	-	-	-	3,500	119,566	123,066
Total revenues	-	35,776	85,045	64,180	22,000	7,128	2,046	3,500	119,566	339,241
Expenditures:										
Direct salaries	-	5,190	-	43,596	8,529	3,414	1,096	-	57,992	119,817
Indirect at 106.187%	-	5,511	-	46,293	9,057	3,625	1,164	-	61,580	127,230
Direct charges	-	119	85,045	984	-	89	36	3,500	3,434	93,207
Total expenditures	-	10,820	85,045	90,873	17,586	7,128	2,296	3,500	123,006	340,254
Excess of revenues over (under) expenditures	-	24,956	-	(26,693)	4,414	-	(250)	-	(3,440)	(1,013)
Other financing sources (uses):										
Operating transfers in	-	-	-	26,693	-	-	250	-	3,440	30,383
Operating transfers out	-	(24,956)	-	-	(4,414)	-	-	-	-	(29,370)
Total other financing sources (uses)	-	(24,956)	-	26,693	(4,414)	-	250	-	3,440	1,013
Excess of revenues and other sources over (under) expenditures and other uses	-	-	-	-	-	-	-	-	-	-
Fund balance, beginning of year	-	-	-	-	-	-	-	-	-	-
Fund balance, end of year	\$ -	-	-	-	-	-	-	-	-	-

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
Schedule of Indirect Costs and
Overhead Rate Calculation
For the Year Ended June 30, 2009

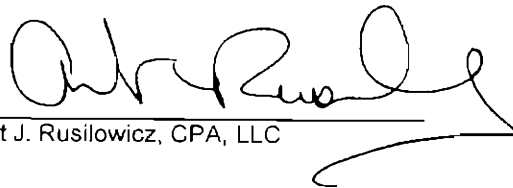
Indirect Costs:

Indirect salaries	\$ 141,847
Fringe benefits	173,246
Professional/sub-contracted services	656
Professional services-computer services	3,195
Office maintenance	22,872
Supplies	4,316
Equipment rental and maintenance	3,192
Equipment-other	100
Telephone and postage	5,644
Bond and insurance	7,791
Printing	351
Travel	242
Conferences	130
Staff expenses	106
Dues, books and subscriptions	1,191
Audit/Accounting/Legal	12,555
Depreciation	10,849
 Total indirect costs	 <u><u>\$ 388,283</u></u>

Overhead rate calculation:

Total payroll	\$ 507,506
Less: indirect and unassigned payroll	141,847
 Payroll base	 <u>365,659</u>
 Total allowable indirect costs	 <u>388,283</u>
 Indirect cost rate	 <u><u>106.187%</u></u>

I certify that the indirect costs were incurred in accordance with the Southeastern Connecticut Council of Government's approved cost allocation plan.



Albert J. Rusilowicz, CPA, LLC

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
Financial Summary for the
Southeastern Connecticut Housing Alliance
For the Year Ended June 30, 2009

Cash, beginning of year	\$ 83,928
Cash receipts:	
Connecticut Housing Finance Authority	50,000
State of Connecticut Department of Economic and Community Development	25,000
Town of East Lyme	20,000
Liberty Bank Foundation	7,500
Total cash receipts	<u>102,500</u>
Cash disbursements:	
Salaries and taxes reimbursed to the SCCOG	83,899
Professional fees	3,361
Supplies	-
Printing/advertising	70
Travel	1,478
Conferences/workshops/professional development	187
Computer services	150
Other	15
Total cash disbursements	<u>89,160</u>
Excess of cash receipts over cash disbursements	13,340
Cash, end of year	<u><u>\$ 97,268</u></u>

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
Financial Summary for the State of Connecticut
Department of Transportation
For the Year Ended June 30, 2009

	<u>U.S. Department of Transportation</u>	<u>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>
	<u>Regional Transportation Planning</u>	<u>Regional Intermodal Transportation Center</u>
Maximum funds authorized:		
U.S. Department of Transportation	\$ 425,292	\$ -
ConnDOT matching funds	53,162	-
ConnDOT	-	750,000
Local	53,162	-
Total	<u>\$ 531,616</u>	<u>\$ 750,000</u>
Audited Expenditures:		
Direct salaries	\$ 236,732	\$ 9,110
Indirect at 106.187%	251,379	9,674
Direct charges	2,628	511,107
Total expenditures	<u>\$ 490,739</u>	<u>\$ 529,891</u>
Distribution of audited expenditures:		
U.S. Department of Transportation	\$ 392,590	\$ -
ConnDOT matching funds	49,074	-
ConnDOT	-	529,874
Local	49,075	17
Total	<u>\$ 490,739</u>	<u>\$ 529,891</u>
ConnDOT responsibility:		
U.S. Department of Transportation	\$ 392,590	\$ -
ConnDOT matching funds	49,074	-
ConnDOT	-	529,874
Total ConnDOT responsibility	<u>441,664</u>	<u>529,874</u>
Less: payments received through 6/30/2009	390,167	446,818
Balance due June 30, 2009	<u>\$ 51,497</u>	<u>\$ 83,056</u>

**REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

**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 governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments, as of and for the year ended June 30, 2009, which collectively comprise the Southeastern Connecticut Council of Government's basic financial statements and have issued my report thereon dated November 18, 2009. 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 control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Southeastern Connecticut Council of Government's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Southeastern Connecticut Council of Government's financial statements that is more than inconsequential will not be prevented or detected by the Southeastern Connecticut Council of Government's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Southeastern Connecticut Council of Government's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 black ink, appearing to read "Albert J. Rusilowicz". The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Albert J. Rusilowicz
Certified Public Accountant, LLC
Killingworth, Connecticut
November 18, 2009

**REPORT AND SCHEDULES REQUIRED
BY THE STATE SINGLE AUDIT**

ALBERT J. RUSILOWICZ

Certified Public Accountant, LLC

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT, AND ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

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

Compliance

I have audited the compliance of the Southeastern Connecticut Council of Governments with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that are applicable to each of its major state programs for the year ended June 30, 2009. 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 requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2009.

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 internal control over compliance with requirements that could have a direct and material effect on a major state program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, 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 *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the Southeastern Connecticut Council of Government's internal control.

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments as of and for the year ended June 30, 2009, and have issued my report thereon dated November 18, 2009. 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.



Albert J. Rusilowicz
Certified Public Accountant, LLC
Killingworth, Connecticut
November 18, 2009

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2009

<u>State Grantor; Pass-through Grantor;</u> <u>Program Title</u>	<u>State Grant Program</u> <u>Core-CT Number</u>	<u>Expenditures</u>
Office of Policy and Management:		
Grant-In-Aid for Regional Planning Agencies	11000-OPM-20600-16181	\$ 64,180
Regional GIS System Project	11000-OPM-20600-16194	197,134
Sewer Service GIS Mapping	11000-OPM-20600-16194	22,000
Route 11 Greenway Authority Commission	Not Available	7,128
		<u>290,442</u>
Department of Transportation:		
Regional Transportation Planning-State Match	08DOT0312AA	## 49,074
Regional Intermodal Transportation Center	08DOT0240AA	## <u>529,874</u>
		<u>578,948</u>
Department of Public Safety:		
Public Safety Answering Point Consolidation Study	12060-DPS32740-35190	2,046
Total State Financial Assistance		<u>\$ 871,436</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, 2009

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, 2009

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>
Office of Policy and Management:		
Regional GIS System Project	12060-OPM20600-16194	\$ 197,134
Department of Transportation:		
Regional Intermodal Transportation Center	08DOT0240AA	## \$ 529,874

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, 2009

II. Financial Statement Findings

- I issued reports dated November 18, 2009 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.

**REPORT AND SCHEDULES
REQUIRED BY THE
FEDERAL SINGLE AUDIT**

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of the
Southeastern Connecticut Council of Governments:

Compliance

I have audited the compliance of the Southeastern Connecticut Council of Governments with the types of compliance requirements described in the "U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement" that are applicable to each of its major federal programs for the year ended June 30, 2009. The Southeastern Connecticut Council of Government's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Southeastern Connecticut Council of Government's management. My responsibility is to express an opinion on the Southeastern Connecticut Council of Government's 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 OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 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 federal 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 of 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 requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

(Continued)

Internal Control Over Compliance

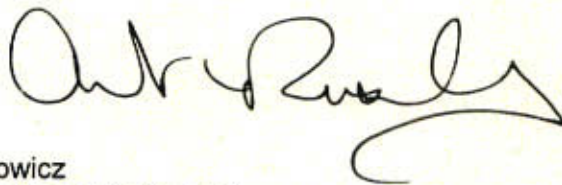
The management of the Southeastern Connecticut Council of Governments is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered the Southeastern Connecticut Council of Government's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, 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.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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.

This report is intended solely for the information and use of the Board of Directors, management, others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Albert J. Rusilowicz
Certified Public Accountant, LLC
Killingworth, Connecticut
November 18, 2009

SOUTEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2009

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Federal Expenditures</u>
Pass-through Programs:			
U.S. Department of Transportation:			
Passed through State of Connecticut Department of Transportation: Highway Planning and Construction	20.205	08DOT0312AA	\$ 392,590
U.S. Department of Homeland Security:			
Passed through State of Connecticut Department of Emergency Management and Homeland Security:			
Homeland Security Grant Program	97.067	007AWINA	35,776
Homeland Security Grant Program	97.067	006ASECA	85,045
Total U.S. Department of Homeland Security			<u>120,821</u>
Total Expenditures of Federal Awards			<u>\$ 513,411</u>

The accompanying notes are an integral part of this schedule.

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2009

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Southeastern Connecticut Council of Governments and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "*Audits of State, Local Governments, and Non-Profit Organizations*". Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

Schedule of Federal Findings and Questioned Costs

For the Year Ended June 30, 2009

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? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards:

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

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 Circular A-133, Section 510 (a) yes no

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

<u>CFDA Number</u>	<u>Name of Federal Program</u>
20.205	U.S Department of Transportation-Highway Planning and Construction

(Continued)

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

Schedule of Federal Findings and Questioned Costs, Continued

For the Year Ended June 30, 2009

I. Summary of Auditor's Results, Continued

The dollar threshold for determining Types A and B programs was \$300,000.

Auditee qualified as low-risk auditee? yes no

II. Financial Statement Findings

No findings are reported.

III. Federal Award Program Findings

No findings are reported.