

**SOUTHEASTERN  
CONNECTICUT COUNCIL OF  
GOVERNMENTS**

**BASIC FINANCIAL STATEMENTS  
AS OF JUNE 30, 2017**

**TOGETHER WITH**

**INDEPENDENT AUDITORS' REPORT,**

**REQUIRED SUPPLEMENTARY  
INFORMATION,**

**OTHER SUPPLEMENTARY INFORMATION,**

**FEDERAL SINGLE AUDIT REPORTS,**

**AND**

**STATE SINGLE AUDIT REPORTS**

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# **INDEPENDENT AUDITORS' REPORT**

## **INDEPENDENT AUDITORS' REPORT**

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

### **REPORT ON THE FINANCIAL STATEMENTS**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments (SCCOG), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise SCCOG's basic financial statements as listed in the table of contents.

### **MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

### **AUDITORS' RESPONSIBILITY**

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

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

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

## OPINIONS

In our opinion, the financial statements, referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of SCCOG as of June 30, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## OTHER MATTERS

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 10, the budgetary comparison information on page 38, and the pension schedules on pages 39 - 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SCCOG's basic financial statements. The combining and individual nonmajor fund financial statements and supplemental schedules, the schedule of expenditures of federal awards and schedule of expenditures of state financial assistance, as required by Office Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Act, respectively, are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and supplemental schedules, the schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance, as required by the State of Connecticut Single Audit Act, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and supplemental schedules, the schedule of expenditures of federal awards, as required by the Uniform Guidance, and the schedule of state financial assistance, as required by the State of Connecticut Single Audit Act, are fairly stated in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 4, 2017, on our consideration of SCCOG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SCCOG's internal control over financial reporting and compliance.

*Hoyt, Filippetti & Malaghan, LLC*

Groton, Connecticut

December 4, 2017



# SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2017

As management of the Southeastern Connecticut Council of Governments, (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, 2017. We encourage readers to consider the information presented here along with the SCCOG's basic financial statements.

## FINANCIAL HIGHLIGHTS

- The assets of the SCCOG *exceeded* its liabilities at the close of the most recent fiscal year by \$755,426 (net position). Of this amount, \$460,178 (unrestricted net position) may be used to meet the SCCOG's ongoing obligations.
- The SCCOG's total net position *decreased* by \$73,066. This *decrease* is mostly the result of the loss of fourth quarter funding of its Regional Services Grant due to cuts to the State of Connecticut's own 2016-2017 budget. This funding cut was approximately \$59,000.
- As of the close of the current fiscal year, the SCCOG's governmental funds reported combined ending fund balances of \$525,854, a *decrease* of \$210,563 in comparison with the prior year. The total fund balance available for spending at the SCCOG's discretion (unassigned fund balance) was \$514,395, while \$11,459 was considered nonspendable.

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the SCCOG's basic financial statements. The SCCOG's 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 in addition to the basic financial statements themselves.

### Basis of Presentation

The SCCOG is considered a single-program governmental organization for financial reporting purposes. Governmental Accounting Standards Board (GASB) Statement No. 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 the statement of net position and the statement of activities, while 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. Rather than presenting government-wide financial statements along with separate governmental fund financial statements, SCCOG has chosen to combine the two types of financial statements as permitted by GASB Statement No. 34. Accordingly, the accompanying financial statements of the SCCOG consist of the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures and changes in fund balances/statement of activities.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of SCCOG's finances, in a manner similar to a private-sector business.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**OVERVIEW OF THE FINANCIAL STATEMENTS** *(Continued)*

**Government-wide Financial Statements** *(Continued)*

The statement of net position presents information on all of the SCCOG's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the SCCOG is improving or deteriorating.

The statement of activities presents information showing how the SCCOG's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected member town assessments and earned but unused vacation leave).

The government-wide financial statements display information about the SCCOG's governmental activities, which consists of regional planning. The SCCOG does not have any business-type activities.

The government-wide financial statements include only the SCCOG because there are no legally separate organizations for which the SCCOG is legally accountable.

The government-wide financial statements can be found on pages 11 and 12 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The SCCOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the SCCOG are classified as governmental funds.

***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the SCCOG's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of SCCOG's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**OVERVIEW OF THE FINANCIAL STATEMENTS** *(Continued)*

**Fund Financial Statements** *(Continued)*

**Governmental Funds** *(Continued)*

The SCCOG maintains 22 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, DOT Regional Transportation Planning Agreement Number 4.21-18(14) fund, DOT Regional Transportation Planning Agreement Number 5.15-06(15) fund, DOT Regional Transportation Planning Agreement Number 5.15-08(15) fund, New London Joint Land Use Study HQ00051610201 fund, the DEMHS Direct Service Programs fund, the OPM State Grant In-Aid SGIA-015-08 fund, the OPM Regional Service Grant RSG 017-08 fund, the Local Transportation Capital Improvement Program fund, and the DOT Thames River Water Taxi Grant fund, all of which are considered to be major funds. Data from the other 12 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 13 and 15 of this report.

**Fiduciary Funds**

The SCCOG holds funds for the Southeastern Connecticut Housing Alliance in a custodial capacity. Receipts and expenditures of that fund are entirely for the benefit of that entity.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 - 37 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on pages 38 - 40 of this report.

Combining fund statements and other supplementary information can be found on pages 41 and 42 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

Over time, net position may serve as one measure of a government's financial position. The net position of the SCCOG totaled \$755,426 and is summarized as follows:

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Net Position (Continued)**

	Governmental Activities*		Increase
	2017	2016	(Decrease)
Current and other assets	\$ 972,649	\$ 1,028,495	\$ (55,846)
Capital assets, net	295,248	299,331	(4,083)
Deferred outflows of resources	238,510	76,967	161,543
Total assets and deferred outflows of resources	<u>\$ 1,506,407</u>	<u>\$ 1,404,793</u>	<u>\$ 101,614</u>
Current liabilities	\$ 263,834	\$ 292,078	\$ (28,244)
Noncurrent liabilities	487,147	284,223	202,924
Total liabilities	<u>750,981</u>	<u>576,301</u>	<u>174,680</u>
Net position			
Invested in capital assets	295,248	299,331	(4,083)
Unrestricted net position	<u>460,178</u>	<u>529,161</u>	<u>(68,983)</u>
Total net position	<u>755,426</u>	<u>828,492</u>	<u>(73,066)</u>
Total liabilities and net position	<u>\$ 1,506,407</u>	<u>\$ 1,404,793</u>	<u>\$ 101,614</u>

\* Amounts exclude DEMHS Direct Service Programs

As previously mentioned, the *decrease* in current assets and net position is due primarily from the loss of one quarter's funding of the Connecticut Regional Service Grant.

As of June 30, 2017, approximately 39% of the SCCOG's net position reflects its investment in capital assets. The SCCOG uses these capital assets to provide services to member towns; consequently, these assets are not available for future spending.

The remainder of the SCCOG's net position is considered unrestricted and may be used to meet the SCCOG's ongoing obligations.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Changes in Net Position**

Changes in net position are as follows:

	Governmental Activities*		Increase
	2017	2016	(Decrease)
Revenues			
Program revenues			
Charges for services	\$ 176,161	\$ 181,845	\$ (5,684)
Grants and contributions			
Operating	1,398,965	1,094,705	304,260
General revenues			
Municipal assessments	157,688	157,688	-
Interest income	1,861	879	982
Miscellaneous	987	45,669	(44,682)
Total revenues	<u>1,735,662</u>	<u>1,480,786</u>	<u>254,876</u>
Program expenses			
Regional planning	<u>1,808,728</u>	<u>1,315,751</u>	<u>492,977</u>
Total expenses	<u>1,808,728</u>	<u>1,315,751</u>	<u>492,977</u>
Change in net position	<u>\$ (73,066)</u>	<u>\$ 165,035</u>	<u>\$ (238,101)</u>

\* Amounts exclude DEMHS Direct Service Programs

Both grants and contributions – operating, and regional planning expenses *increased* significantly from the prior year as funding for cost-reimbursement projects requiring SCCOG to engage subcontractors and consultants *increased*.

**FINANCIAL ANALYSIS OF SCCOG'S FUNDS**

As noted earlier, the SCCOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the SCCOG's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the SCCOG's financing requirements. In particular, unreserved fund balance may serve as a useful measure of the SCCOG's net resources available for spending at the end of the fiscal year.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**FINANCIAL ANALYSIS OF SCCOG'S FUNDS** *(Continued)*

**Governmental Funds** *(Continued)*

As of the end of the current fiscal year, the SCCOG's governmental funds reported combined ending fund balances of \$525,854, a *decrease* of \$210,563 in comparison with the prior year. This is a result of the cut in the Regional Service Grant previously mentioned, and the *increase* in receivables not collected within 60 days of year-end classified as "Unavailable Revenues." The entire fund balance includes \$514,395 of unassigned fund balance which is available for spending at the SCCOG's discretion, and \$11,459 which is considered nonspendable.

**General Fund**

The general fund is the chief operating fund of the SCCOG.

**Other Major Funds**

The other major funds of the SCCOG provide various transportation or other planning services in the southeastern region.

**BUDGETARY HIGHLIGHTS**

Budgets are adopted by the Board of Directors on a modified accrual basis. The adopted annual budget covers the General Fund and all Special Revenue Funds except for DEMHS Direct Services, the CROG purchasing council, and the Thames River Water Taxi fund.

During the year ended June 30, 2017, SCCOG amended its original budget of \$1,179,007 in revenues and \$1,038,505 of expenditures through transfers and additional appropriations netting to \$151,663. The SCCOG's final budget included \$1,482,302 in anticipated revenues and \$1,493,463 of budgeted expenditures. Overall, actual revenues fell *short* of anticipated revenues by \$92,337, most of which was attributable to slowed collection of receivables, as mentioned earlier. Total actual expenditures were in *excess* of budget by \$94,472, due to the *increase* in subcontractor and consulting costs, as also mentioned earlier.

**CAPITAL ASSETS**

The SCCOG's capital assets as of June 30, 2017 totaled \$530,281, which includes land, land improvements, buildings and related improvements, and equipment and furnishings. During the year ended June 30, 2017, SCCOG purchased \$12,697 of computer equipment.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2017**

**CAPITAL ASSETS (Continued)**

The following table is a summary of SCCOG's capital assets as of June 30, 2017:

	Governmental Activities
Land	\$ 63,758
Land improvements	20,350
Buildings and related improvements	297,576
Equipment and furnishings	148,597
Total	\$ 530,281

Additional information on the SCCOG's capital assets can be found in *Note 4* on page 27 of this report.

**NONCURRENT LIABILITIES**

As of June 30, 2017, the SCCOG had no noncurrent liabilities other than accrued compensated absences and its proportional share of the collective net pension liability in the State of Connecticut Municipal Employees' Retirement System, a cost sharing multiple employer public employee defined benefit plan.

As of June 30, 2017, SCCOG's noncurrent liabilities totaled \$487,147, of which \$46,732 was for accrued compensated absences and \$440,415 was the net pension liability.

Additional information on the SCCOG's noncurrent liabilities can be found in *Note 6* on page 29 of this report.

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

During the fiscal year ended June 30, 2017, SCCOG adopted a 2017-2018 budget consisting of \$1,822,595 of anticipated revenues and \$1,630,973 of budgeted expenditures with no increase to the \$.055 per capita dues for its member municipalities. The budgeted surplus of \$191,622 would be returned to the fund balance of its General Fund.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general 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 Executive Director of the Southeastern Connecticut Council of Governments, 5 Connecticut Avenue, Norwich, Connecticut 06360.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2017**

**ASSETS AND DEFERRED OUTFLOWS OF RESOURCES**

	GOVERNMENTAL ACTIVITIES	TOTAL
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 506,826	\$ 506,826
Receivables	485,401	485,401
Prepaid expenses	11,459	11,459
Total current assets	1,003,686	1,003,686
<b>NONCURRENT ASSETS</b>		
Capital assets, non-depreciable	63,758	63,758
Capital assets, net of accumulated depreciation	231,490	231,490
Total noncurrent assets	295,248	295,248
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Changes in projected pension investment earnings	128,006	128,006
Difference between expected and actual experience	9,491	9,491
Changes in proportional share	49,338	49,338
Pension contributions made subsequent to the measurement date	51,675	51,675
Total deferred outflows of resources	238,510	238,510
Total assets and deferred outflows of resources	\$ 1,537,444	\$ 1,537,444

**LIABILITIES AND NET POSITION**

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 168,505	\$ 168,505
Due to funding source	58,470	58,470
Unearned revenue	67,896	67,896
Total current liabilities	294,871	294,871
<b>NONCURRENT LIABILITIES</b>		
Due within one year	4,673	4,673
Due in more than one year	482,474	482,474
Total noncurrent liabilities	487,147	487,147
Total liabilities	782,018	782,018
<b>NET POSITION</b>		
Invested in capital assets	295,248	295,248
Unrestricted net position	460,178	460,178
Total net position	755,426	755,426
Total liabilities and net position	\$ 1,537,444	\$ 1,537,444

*The accompanying notes are an integral part of these financial statements*



**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

	Program Revenues			Net (Expense) Revenue and Change in Net Position	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
GOVERNMENTAL ACTIVITIES					
Regional planning	\$ 2,028,563	\$ 176,161	\$ 1,618,800	\$ (233,602)	\$ (233,602)
Total governmental activities	2,028,563	176,161	1,618,800	(233,602)	(233,602)
Total primary government	\$ 2,028,563	\$ 176,161	\$ 1,618,800	(233,602)	(233,602)
GENERAL REVENUES					
Municipal assessments				157,688	157,688
Interest and miscellaneous income				2,848	2,848
Total general revenues				160,536	160,536
Change in net position				(73,066)	(73,066)
NET POSITION, beginning of year				828,492	828,492
NET POSITION, end of year				\$ 755,426	\$ 755,426

*The accompanying notes are an integral part of these financial statements*  
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**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	U.S. DEPARTMENT OF TRANSPORTATION			DEPARTMENT OF DEFENSE			U.S. DEPARTMENT OF HOMELAND SECURITY			STATE OF CONNECTICUT				NONMAJOR GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
	REGIONAL TRANSPORTATION PLANNING AGREEMENT 4.21-18(14)	REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.15-06(15)	REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.15-08(15)	NEW LONDON JOINT LAND USE STUDY HQ00051610201	OPM STATE GRANT IN-AID SGIA-015-08	OPM REGIONAL SERVICE GRANT RSG 017-08	LOCAL TRANSPORTATION CAPITAL IMPROVEMENT PROGRAM	DEPARTMENT OF TRANSPORTATION THAMES RIVER WATER TAXI GRANT	OPM DIRECT SERVICE PROGRAMS	DEMHS	OPM	OPM	OPM		
<b>ASSETS</b>															
Cash and cash equivalents	\$ 441,945	\$ 16,384	\$ 29,152	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,345	\$ -	\$ 506,826
Grants receivable:															
Federal and State grants	-	-	-	91,155	106,343	31,037	-	-	-	-	-	19,845	-	182,021	430,401
Accounts receivable	11,459	-	-	-	-	-	-	-	-	-	-	-	-	55,000	55,000
Prepaid expense	485,401	-	-	-	-	-	-	-	-	-	-	-	-	11,459	11,459
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	61,485	546,886
Total assets	\$ 938,805	\$ 16,384	\$ 29,152	\$ 91,155	\$ 106,343	\$ 31,037	\$ -	\$ -	\$ -	\$ -	\$ 19,845	\$ -	\$ 19,345	\$ 298,506	\$ 1,550,572
<b>LIABILITIES</b>															
Accounts payable and accrued expenses	\$ 168,505	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 168,505
Due to other funds	61,485	-	-	91,155	106,343	31,037	-	-	-	-	-	19,845	-	237,021	546,886
Due to funding source	-	16,384	29,152	-	-	-	-	-	-	-	-	-	-	12,934	58,470
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	19,345	48,551	67,896
Total liabilities	229,990	16,384	29,152	91,155	106,343	31,037	-	-	-	-	-	19,845	19,345	298,506	841,757
<b>DEFERRED INFLOWS OF RESOURCES</b>															
Revenue - unavailable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	2,675	-	-	-	-	-	-	-	-	-	-	182,961
Total liabilities and deferred inflows of resources	229,990	16,384	29,152	93,830	106,343	31,037	-	-	-	-	-	19,845	19,345	478,792	1,024,718
<b>FUND BALANCES</b>															
Nonspendable	11,459	-	-	-	-	-	-	-	-	-	-	-	-	-	11,459
Unassigned	697,356	-	-	(2,675)	-	-	-	-	-	-	-	-	-	(180,286)	514,395
Total fund balances	708,815	-	-	(2,675)	-	-	-	-	-	-	-	-	-	(180,286)	525,854
Total liabilities, deferred inflows of resources and fund balances	\$ 938,805	\$ 16,384	\$ 29,152	\$ 91,155	\$ 106,343	\$ 31,037	\$ -	\$ -	\$ -	\$ -	\$ 19,845	\$ -	\$ 19,345	\$ 298,506	\$ 1,550,572

*The accompanying notes are an integral part of these financial statements*

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION -  
GOVERNMENTAL ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Fund Balances - Governmental Funds	\$ 525,854
Amounts reported for <i>governmental activities</i> in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	295,248
Other assets or deferred outflows of resources are not available to pay for current-period expenditures and therefore are deferred or not recorded in the funds:	
Deferred outflows of resources - changes in projected pension investment earnings	128,006
Deferred outflows of resources - difference between expected and actual experience	9,491
Deferred outflows of resources - changes in proportional share	49,338
Deferred outflows of resources - pension contributions made subsequent to the measurement date	51,675
Receivables outstanding beyond 60 days of the fiscal year end	182,961
Some payables are not due and payable in the current period and, therefore, are not reported in the funds:	
Compensated absences	(46,732)
Net pension liability	(440,415)
Net position of governmental activities	\$ 755,426

*The accompanying notes are an integral part of these financial statements*

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS**

**FOR THE YEAR ENDED JUNE 30, 2017**

	U.S. DEPARTMENT OF TRANSPORTATION		U.S. DEPARTMENT OF HOMELAND SECURITY		STATE OF CONNECTICUT			DEPARTMENT OF TRANSPORTATION		TOTAL GOVERNMENTAL FUNDS
	REGIONAL TRANSPORTATION PLANNING AGREEMENT	REGIONAL TRANSPORTATION PLANNING AGREEMENT	NEW LONDON JOINT LAND USE STUDY	DEMHS DIRECT SERVICE PROGRAMS	OPM STATE GRANT IN-AID	OPM REGIONAL SERVICE GRANT	LOCAL TRANSPORTATION CAPITAL IMPROVEMENT PROGRAM	THAMES RIVER WATER TAXI GRANT	NONMAJOR GOVERNMENTAL FUND	
<b>REVENUES</b>										
Municipal assessments	\$ 157,688	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 157,688
Intergovernmental:										
Federal and State grants	-	-	209,509	207,710	41,853	176,961	53,051	99,206	142,711	1,342,921
Other grants	-	411,920	-	12,125	-	-	-	59,030	21,763	92,918
Municipal and technical assessment contracts	-	-	-	-	-	-	-	-	-	176,161
Interest income	1,861	-	-	-	-	-	-	-	-	1,861
Other revenue	987	-	-	-	-	-	-	-	-	987
Total revenues	160,536	411,920	209,509	219,835	41,853	176,961	53,051	158,236	340,635	1,772,536
<b>EXPENDITURES</b>										
Current:										
Direct salaries	8,499	220,179	-	-	20,544	142,300	26,152	-	84,082	501,756
Indirect at 102.438%	8,655	225,547	-	-	21,044	145,821	26,789	-	69,626	497,482
Direct charges	6,630	161,092	209,509	219,835	265	1,632	110	158,236	367,213	979,622
Capital outlay	-	43,239	-	-	-	-	-	-	-	4,239
Total expenditures	23,784	466,157	209,509	219,835	41,853	289,753	53,051	158,236	520,921	1,983,099
Excess (deficiency) of revenues over expenditures	136,752	(54,237)	-	-	-	(112,792)	-	-	(180,286)	(210,563)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(164,354)	51,562	-	-	-	112,792	-	-	-	164,354
Total other financing sources (uses)	(164,354)	51,562	-	-	-	112,792	-	-	-	(164,354)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	(27,602)	(2,675)	-	-	-	-	-	-	(180,286)	(210,563)
FUND BALANCE, beginning of year	736,417	-	-	-	-	-	-	-	-	736,417
FUND BALANCE, end of year	\$ 708,815	(2,675)	-	-	-	-	-	-	\$ (180,286)	\$ 525,854

*The accompanying notes are an integral part of these financial statements*

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2017**

Net change in fund balances - total governmental funds	\$ (210,563)
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated by the amount by which depreciation (\$16,780) exceeded capital outlays (\$12,697) in the current period.	(4,083)
Revenues and deferred outflows of resources in the government-wide statements that do not provide financial resources are not reported in the funds:	
Change in unavailable revenues	182,961
Deferred outflows of resources - changes in projected pension investment earnings	109,783
Deferred outflows of resources - difference between expected and actual experience	9,491
Deferred outflows of resources - changes in proportional share	49,338
Deferred outflows of resources - pension contributions made subsequent to the measurement date	(7,069)
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, including the changes in:	
Net pension liability	(200,324)
Compensated absences	<u>(2,600)</u>
Change in net position of governmental activities	<u><u>\$ (73,066)</u></u>

*The accompanying notes are an integral part of these financial statements*

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2017**

<b>ASSETS</b>	
	AGENCY FUND
Cash and cash equivalents	\$ 31,351
Total assets	<u>\$ 31,351</u>
 <b>LIABILITIES</b>	
Due to other organizations	\$ 31,351
Total liabilities	<u>\$ 31,351</u>

*The accompanying notes are an integral part of these financial statements*

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 SCCOG is open to any municipality within the Southeastern Connecticut planning region. Each member municipality is entitled to one voting representation on SCCOG who shall be the chief elected official. These representatives serve as the policy making Board of SCCOG. The day-to-day affairs of SCCOG are managed by the Executive Director.

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.

The SCCOG's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by SCCOG are discussed below.

**REPORTING ENTITY**

The reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature of significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be incomplete or misleading as set forth by GASB. In evaluating how to define the reporting entity for financial statement reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

**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 funds statement of revenues, expenditures, and changes in fund balances. The SCCOG has no business type activities.

The SCCOG's basic financial statements include both government-wide (reporting SCCOG as a whole) and fund financial statements (reporting SCCOG's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS**

The SCCOG's basic financial statements include both government-wide (reporting SCCOG as a whole) and fund financial statements (reporting SCCOG's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All of SCCOG's activities are for regional planning which is considered governmental. The SCCOG's fiduciary funds are excluded from these statements. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

In the government-wide statement of net position, the governmental activities column (a) is presented on a consolidated basis, and (b) is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The SCCOG's net position is reported in two parts – invested in capital assets and unrestricted net position.

The government-wide statement of activities reports both the gross and net cost of SCCOG's regional planning function. This function is also supported by general government revenues (municipal assessments and other revenues). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating grants, and capital grants and contributions. Program revenues must be directly associated with the function. The net cost is normally covered by general revenue (municipal assessments and other revenues). SCCOG does not allocate indirect costs on the government-wide statements, but does on the fund financial statements, as mentioned later.

This government-wide focus is more on the sustainability of SCCOG as an entity and the change in SCCOG's net position resulting from the current year's activities.

**BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**

The financial transactions of SCCOG are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following fund types are used by SCCOG:

**Governmental Funds:**

The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Indirect costs are allocated among the funds based on direct payroll. The following is a description of the governmental funds of SCCOG:

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



**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**  
**(*Continued*)**

**Special Revenue Funds** - These funds are used to account for the proceeds of specific revenue sources that are restricted or committed for specific purposes, excluding capital projects and debt service. SCCOG currently maintains 21 special revenue funds, the following 9 of which are considered major funds:

**U.S. Department of Transportation-Agreement Number 4.21-18(14) – Regional Transportation Planning** – This fund is used to account for revenues and expenditures relating to rural transportation planning in the southeastern Connecticut planning region.

**U.S. Department of Transportation-Agreement Number 5.15-06(15) – Regional Transportation Planning** – This fund is used to account for revenues and expenditures relating to rural transportation planning in the southeastern Connecticut planning region.

**U.S. Department of Transportation-Agreement Number 5.15-08(15) – Regional Transportation Planning** – This fund is used to account for revenues and expenditures relating to rural transportation planning in the southeastern Connecticut planning region.

**U.S. Department of Defense New London Joint Land Use Study HQ00051610201** -This fund is used to account for revenues and expenditures related to create a community-driven, cooperative, strategic planning process among SUBBASE New London and the municipalities of the Town of Groton, the Town of Waterford, the Town of Ledyard, the City of New London, and the Town of Montville, to promote community development that is compatible with the military training, testing, and operational missions, and seek ways to reduce operational impacts on adjacent lands.

**U.S. Department of Homeland Security DEMHS Direct Service Programs** – This fund is used to account for revenues and expenditures relating to the state homeland security grant programs and the emergency management performance grant programs administered by SCCOG to establish, enhance, and equip emergency preparedness programs in the Southeastern Connecticut planning region.

**State of Connecticut Office of Policy and Management - State Grants in Aid for Regional Planning SGIA-015-08** – These funds are used to account for the revenue and expenditures related to regional planning activities conducted in the southeastern Connecticut planning region.

**State of Connecticut Office of Policy and Management-Regional Service Grant RSG 017-08 (formerly known as State Grants in Aid for Regional Planning)** – These funds are used to account for the revenue and expenditures related to regional planning activities conducted in the southeastern Connecticut planning region. A separate fund is maintained for each fiscal year.

**State of Connecticut Department of Transportation – Local Transportation Capital Improvement Program (LOTICIP)** – This fund is used to account for revenues and expenditures relating to general LOTICIP program administration, LOTICIP application review and prioritization, and design reviews of approved municipal LOTICIP projects.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS**  
**(*Continued*)**

**Special Revenue Funds (*Continued*)**

**State of Connecticut Department of Transportation Thames River Water Taxi Grant –**  
This fund is used to account for the revenues and expenditures related to establishing a Water Taxi Service to provide shuttling among at least three points linking the cultural and historic sites in the lower Thames River estuary.

**Fiduciary Funds:** - These funds are used to report assets held in a trustee or agency capacity and therefore are not available to support SCCOG’s programs. The following is a description of the fiduciary fund of SCCOG:

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

When restricted, committed, assigned and unassigned resources are available for use, it is SCCOG’s policy to use restricted resources first, then committed, assigned and unassigned as they are needed.

**BASIS OF ACCOUNTING**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**Accrual:** Both governmental and business-type activities in the government-wide financial statements and the proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Modified Accrual:** The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e. both measurable and available. “Available” means collectible within the current period or within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related liability is incurred. The exception to this general rule is that principal and interest on general obligation long-term debt, if any, is recognized when due.

SCCOG uses the consumption method with regard to its expenditures for insurance premiums and other prepayments.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**CASH EQUIVALENTS**

SCCOG defines cash equivalents as liquid investments with an original maturity of three months or less. SCCOG had cash equivalents totaling \$305,818 between all governmental funds at June 30, 2017, which consisted of monies held in the State of Connecticut's Short-Term Investment Fund.

**CAPITAL ASSETS**

Capital assets purchased or acquired with an original cost of \$1,000 or more and an estimated useful life in excess of one year are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the asset's useful life. Useful lives for the assets of SCCOG range as follows:

<u>Assets</u>	<u>Years</u>
Building and improvements	39
Land improvements	15
Equipment and furnishings	5-20

**COMPENSATED ABSENCES**

Under the terms of 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 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 SCCOG in the government-wide financial statements.

**NET PENSION LIABILITY**

The net pension liability is measured as the portion of the actuarial value of projected benefits that is attributed to past periods of employee service in SCCOG's defined benefit pension plan, net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the related pension plan for purposes of preparing its statement of fiduciary net position.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**FUND EQUITY AND NET POSITION**

*Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category.

*Restricted Net Position* – This category represents constraints placed on net position use which are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – This category represents the net position of SCCOG, which is not restricted for any project or other purpose.

In the fund financial statements, fund balances of governmental funds are classified in five separate categories as follows:

*Nonspendable Fund Balance* – Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

*Restricted Fund Balance* – Amounts restricted by enabling legislation. Also reported if (a) externally imposed by creditors, grantors, contributors, or laws regulated by other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority, the Board of Directors. A vote by the Board of Directors members is required to establish and modify or rescind a fund balance commitment.

*Assigned Fund Balance* – Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed.

*Unassigned Fund Balance* – Residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense or expenditure) until then. The SCCOG recognized \$238,510 of deferred outflows for the year ended June 30, 2017.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)**

**DEFERRED OUTFLOWS/INFLOWS OF RESOURCES (*Continued*)**

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The SCCOG has one item that met this criterion, unavailable revenue from receivables that were not received within 60 days of year end and are therefore not considered "available".

**BUDGETS**

The SCCOG establishes an organization-wide budget in accordance with the provisions of its bylaws. A preliminary annual budget is prepared on or before January 1<sup>st</sup> and is presented to the Board for adoption prior to March 1<sup>st</sup> of each year. The operating budget, prepared on the modified accrual basis of accounting, includes proposed expenditures and the means of financing them. The budget excludes certain grants for which SCCOG acts as a flow through.

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

Formal budgetary integration is employed as a management control device during the year for SCCOG. During the year ended June 30, 2017, SCCOG made transfers and appropriations resulting in an increase of \$303,295 of anticipated revenues and \$454,958 of budgeted appropriations.

**USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**SUBSEQUENT EVENTS**

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through December 4, 2017, the date that the financial statements were available to be issued. There were no subsequent events identified that require disclosure.

**APPLICATION OF ACCOUNTING STANDARDS**

There were no new accounting standards applicable to SCCOG to be adopted during the year ended June 30, 2017.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS**

Deposits - SCCOG does not have a policy for deposits. SCCOG also does not have a custodial credit risk policy. However, as a practice, SCCOG follows Connecticut State Statutes. The State of Connecticut requires that each depositor maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk based capital ratio.

Cash Equivalents / Investments - SCCOG does not have a custodial credit risk policy with regard to cash equivalents, investments, or related credit risk for debt securities, however, it is SCCOG's practice to follow Connecticut State Statutes (CGS). CGS Section 7-400 permit municipalities and local governments to invest in: (1) obligations of the United States and its agencies (2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and (3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. CGS Sections 3-27a to 3-27f permit the investment in the shares of the Connecticut Short Term Investment Fund (STIF).

The STIF is a money market investment pool managed by a division of the State of Connecticut's Treasurer's Office. Investments must be made in instruments authorized by the State's CGS using guidelines adopted by the State Treasurer. The fair value of the position in the pool is the same as the value of the pool shares and investments held by the fund and are stated at amortized cost. STIF is rated by Standard & Poor's at AAAM, its highest rating for money funds and investment pools.

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. SCCOG does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from interest rate increases. With the exception of its Pension Trust Fund, SCCOG generally does not invest in any long-term investment obligations.

At June 30, 2017, SCCOG's cash and cash equivalents, exclusive of its fiduciary fund were as follows:

Cash:	
Deposits - demand accounts	\$ 201,008
Cash equivalents:	
State Short-Term Investment Fund (STIF)	305,818
Total cash and equivalents	\$ 506,826

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 3 - RECEIVABLES**

At June 30, 2017, receivables consisted of the following:

	Fund Financials		Government- Wide Financials
	General Fund	Special Revenue Funds	Governmental Activities
Federal and State	\$ -	\$ 430,401	\$ 430,401
Accounts Receivable	-	55,000	55,000
Receivables, gross	-	485,401	485,401
Allowance for doubtful accounts	-	-	-
Receivables, net	\$ -	\$ 485,401	\$ 485,401

Governmental funds report *deferred inflows of resources* in revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Resources received that have not yet been earned and therefore do not qualify for revenue recognition are reported in both the government-wide and fund financial statements as *unearned revenue*.

	Fund Financials		Government- Wide Financials
	General Fund	Special Revenue Funds	Governmental Activities
Current liabilities			
Unearned revenue	\$ -	\$ 67,896	\$ 67,896
Deferred inflows of resources			
Revenue - unavailable	\$ -	\$ 182,961	\$ -

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 4 – CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2017 is as follows:

	<u>Balance</u> <u>June 30, 2016</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2017</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	297,576	-	-	297,576
Equipment and furnishings	<u>135,900</u>	<u>12,697</u>	<u>-</u>	<u>148,597</u>
Total assets, being depreciated	<u>453,826</u>	<u>12,697</u>	<u>-</u>	<u>466,523</u>
Less: accumulated depreciation for				
Land improvements	13,685	930	-	14,615
Buildings and related improvements	114,053	7,537	-	121,590
Equipment and furnishings	<u>90,515</u>	<u>8,313</u>	<u>-</u>	<u>98,828</u>
Total accumulated depreciation	<u>218,253</u>	<u>16,780</u>	<u>-</u>	<u>235,033</u>
<b>Total governmental activities capital assets being depreciated, net</b>	<u>235,573</u>	<u>(4,083)</u>	<u>-</u>	<u>231,490</u>
<b>Total government-wide capital assets, net</b>	<u>\$ 299,331</u>	<u>\$ (4,083)</u>	<u>\$ -</u>	<u>\$ 295,248</u>

Depreciation expense was charged to the following program:

Governmental activities	
Regional planning	<u>\$ 16,780</u>
Total depreciation expense-governmental activities	<u>\$ 16,780</u>



**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 5 - INTER-FUND BALANCES AND TRANSFERS**

Inter-fund balances between governmental funds arise when receipts or disbursements are processed through one fund's cash accounts on behalf of another fund or from temporary advances of receipts.

As of June 30, 2017, SCCOG's inter-fund balances were as follows:

	<u>Due From</u> <u>Other Funds</u>	<u>Due To</u> <u>Other Funds</u>
<b>General Fund</b>	\$ 485,401	\$ 61,485
<b>Other Major Funds:</b>		
U.S. Department of Transportation-Regional Transportation Planning Agreement 5.15-08(15)	-	91,155
U.S. Department of Defense - New London Joint Land Use Study HQ00051610201	-	106,343
U.S. Department of Homeland Security-DEMHS Direct Service Programs	-	31,037
Local Transportation Capital Improvement Program	-	19,845
<b>Other Governmental Funds:</b>		
U.S. Department of Homeland Security- DEMHS Homeland Security Regional Collaboration '15	-	12,700
DEMHS Homeland Security Regional Collaboration '16	15,680	-
DEMHS Homeland Security EMPG Program '15	-	3,000
DEMHS Multi-Jurisdictional Hazard Mitigation Plan PDMC-PL-01-CT-2015-004		105,200
OPM - Regional Election Monitors	14,161	-
OPM - Nutmeg Network	18,710	-
OPM - Regional Shared Services Study	-	34,236
OPM - Regional Online Property Survey Index	12,934	-
DEEP-CIRCA Municipal Resilience Grant Program	-	26,885
Municipal and Technical Assistance	-	43,880
Southeastern Connecticut Housing Alliance	-	11,120
	<u>\$ 546,886</u>	<u>\$ 546,886</u>

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 5 - INTER-FUND BALANCES AND TRANSFERS (Continued)**

Transfers represent nonreciprocal transactions between funds. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements.

The SCCOG made the following transfers during the year ended June 30, 2017:

	Transfers In	Transfers Out
<b>General Fund</b>	\$ -	\$ 164,354
<b>Other Major Funds:</b>		
U.S. Department of Transportation-Regional Transportation Planning Agreement 5.15-08(15)	51,562	-
OPM - Regional Service Grant RSG 017-08	112,792	-
	\$ 164,354	\$ 164,354

Transfers from the general fund to the other major funds were for the purpose of providing the required local match or to fund grant deficits.

**NOTE 6 – NONCURRENT LIABILITIES**

Noncurrent liabilities of SCCOG consists of accumulated unpaid vacation benefits (compensated absences) and SCCOG’s proportional share of the Connecticut Municipal Employees Retirement System net pension liability. Noncurrent liability activity for the year ended June 30, 2017 was as follows:

Noncurrent liabilities of SCCOG for the year ended June 30, 2017 consist of:

	Balance June 30, 2016	Additions	Reductions/ Maturities	Balance June 30, 2017	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 44,132	\$ 2,600	\$ -	\$ 46,732	\$ 4,673
Net pension liability	240,091	200,324	-	440,415	-
Total Governmental Activities noncurrent liabilities	\$ 284,223	\$ 202,924	\$ -	\$ 487,147	\$ 4,673

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 7 - FUND BALANCE**

At June 30, 2017, fund balances reported on the fund financial statements consisted of the following:

	Nonspendable	Unassigned
<b>General Fund</b>		
Prepaid items	\$ 11,459	\$ 697,356
<b>Other Major Funds:</b>		
U.S. Department of Transportation-Regional Transportation Planning Agreement 5.15-08(15)	-	(2,675)
<b>Other Governmental Funds:</b>		
U.S. Department of Homeland Security- DEMHS Homeland Security Regional Collaboration '15	-	(11,350)
DEMHS Homeland Security EMPG '15	-	(3,000)
DEMHS Multi-Jurisdictional Hazard Mitigation Plan PDMC-PL-01-CT-2015-004	-	(105,200)
OPM - Regional Shared Services Study	-	(34,236)
DEEP-CIRCA Municipal Resilience Grant Program	-	(26,500)
	\$ 11,459	\$ 514,395

Deficit fund balances are expected to reverse in the subsequent fiscal year as previously unavailable revenues are collected and become available.

**NOTE 8 - PENSION PLAN**

**STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM**

SCCOG participates in the State of Connecticut Municipal Employees' Retirement System (MERS), which is a cost-sharing multiple employer public employee defined benefit plan established by the State of Connecticut and administered by the State Retirement Commission to provide benefits for the employees of participating municipalities. Full-time SCCOG personnel participate in the plan. MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial statements as a pension trust fund. Information regarding the plan can be obtained on the State of Connecticut's website [www.osc.ct.gov](http://www.osc.ct.gov).

The plan has 4 sub plans: general employees with social security; general employees without social security; policemen and firemen with social security; and policemen and firemen without social security.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 8 - PENSION PLAN *(Continued)***

**STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM *(Continued)***

Plan provisions are set by statute of the State of Connecticut and may be amended by legislative action. MERS provides retirement benefits, as well as death and disability benefits. General employees are eligible to retire at age 55 with 5 years of continuous service, or 15 years of active aggregate service, or 25 years of aggregate service. Police and firemen have a compulsory retirement age of 65.

For members not covered by social security, the benefit is 2% of average final compensation times years of service. For members covered by social security, the benefit is 1 ½ % of the average final compensation not in excess of the year's breakpoint plus 2% of the average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of the average final compensation and the minimum benefit is \$1,000 annually. Both the minimum and maximum include workers' compensation and social security benefits.

If any member covered by social security retires before age 62, the member's benefit until the member reaches age 62 or social security disability award is received, is computed as if the member is not under social security.

Members are eligible for early retirement after 5 years of continuous or 15 years of active aggregate service. The benefit is calculated on the basis of average final compensation and service to date of termination. Deferred to normal retirement age, or an actuarially reduced allowance may begin at the time of separation.

Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality provided such disability has arisen out of and in the course of employment with the municipality. Disability due to hypertension or heart disease, in the case of firemen and policemen, is presumed to have been suffered in the line of duty. Disability benefits are calculated based on compensation and service to the date of the disability with a minimum benefit (including workers' compensation benefits) of 50% of compensation at the time of disability.

Employees are eligible for non-service-related disability benefits with 10 years of service and being permanently or totally disabled from engaging in gainful employment in the service of the municipality. Disability benefits are calculated based on compensation and service to the date of the disability.

The plan also offers a lump-sum return of contributions with interest or surviving spouse benefit depending on length of service.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 8 - PENSION PLAN (Continued)**

**STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Continued)**

Participating municipalities make annual contributions consisting of a normal cost contribution, a contribution for the amortization of the net unfunded accrued liability, and a prior service amortization payment which covers the liabilities of the system not met by member contributions.

For employees not covered by social security, each person is required to contribute 5% of compensation. For employees covered by social security, each person is required to contribute 2 ¼ % of compensation up to the social security taxable wage base plus 5% of compensation, if any, in excess of such base.

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2016.

At June 30, 2017, SCCOG reported a liability of \$440,415 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation of that date. SCCOG's proportion of the net pension liability was based upon an allocation percentage calculated to six decimal places derived from SCCOG's payroll as compared to the total. SCCOG's allocation percentage for the reporting period ended June 30, 2017 was 0.224384%.

The total pension liability was calculated based on the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25%
Salary increases	4.25-11.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for annuitants and non-annuitants (set forward one year for males and set back one year for females). The actuarial assumptions used in the June 30, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2007 - June 30, 2012.

Future Cost-of-Living Adjustments (COLA) for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5% and the maximum is 6%.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 - PENSION PLAN (Continued)**

**STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Continued)**

The following is the plan's target allocation and the long-term expected real rate of return:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Large cap U.S. equities	16.0%	5.8%
Developed non-U.S. equities	14.0%	6.6%
Emerging markets (non-U.S.)	7.0%	8.3%
Core fixed income	8.0%	1.3%
Inflation linked bond fund	5.0%	1.0%
Emerging market bond	8.0%	3.7%
High yield bonds	14.0%	3.9%
Real estate	7.0%	5.1%
Private equity	10.0%	7.6%
Alternative investments	8.0%	4.1%
Liquidity fund	3.0%	0.4%
<b>TOTAL</b>	<b>100.0%</b>	

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the year ended June 30, 2017, SCCOG recognized pension expense of \$90,456. At June 30, 2017, SCCOG reported deferred outflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources
SCCOG contributions after the measurement date	\$ 51,675
Difference between expected and actual experience	9,491
Changes in proportional share	49,338
Net difference between projected and actual earnings on pension plan investments	128,006
<b>Total</b>	<b>\$ 238,510</b>

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 8 - PENSION PLAN (Continued)**

**STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Continued)**

Amounts reported as deferred outflows of resources – SCCOG contributions after the measurement date will be recognized as a reduction of the net pension liability in the subsequent year. All other amounts reported as deferred outflows will be recognized in pension expense as follows:

June 30,	
2018	\$ 42,808
2019	42,808
2020	61,284
2021	39,935
2022	-
Thereafter	-
Total	\$ 186,835

The following schedule presents the net pension liability, calculated using the discount rate of 8.00%, as well as what SCCOG's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

	1 % Decrease (7.00%)	Current Discount Rate (8.00%)	1 % Increase (9.00%)
SCCOG's proportionate share of net pension liability	\$ 694,879	\$ 440,415	\$ 224,638

**NOTE 9 - RISK MANAGEMENT AND LITIGATION**

SCCOG is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. SCCOG has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs. There have been no significant reductions in insurance coverage and settlements have not exceeded insurance coverage for each of the past three fiscal years. All risk management activities are accounted for in the general fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There were no claims outstanding at June 30, 2017.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 10- EXPENDITURES IN EXCESS OF APPROPRIATIONS**

For the year ended June 30, 2017, the following expenditures were in excess of their budgeted appropriations by the following amounts:

Staff	
Salaries	\$ (18,622)
Subcontractors/Contributions	
Professional services (general)	(106,583)
DEMHS financial consultant	(3,400)
Other	
Office maintenance/utilities	(983)
Equipment, rental/maintenance	(198)
Insurance, bond	(360)
Conference expenses	(140)
Staff expenses	(631)
Advertising	(6)

**NOTE 11- BUDGET MODIFICATIONS**

The following line item transfers and additional appropriations were made to the 2016-2017 budget:

REVENUES	
OPM State Grant In-Aid	\$ (91,374)
ConnDOT Planning Grant	(20,408)
ConnDOT LOTCIP	(10,000)
Technical assistance contracts	40,000
DEMHS (FY15) EMPG HazMat Grant	(1,500)
DEMHS (FY15) Regional Collaboration Grant	1,600
DEMHS (FY16) Regional Collaboration Grant	(16,800)
OPM RPIP Property Survey Index Grant	113,531
OPM RPIP Shared Services Study Grant	(19,000)
SECHA	3,500
SEAT COA Retainage	12,487
DOD - JLUS	210,000
Secretary of State - REM	10,000
UCONN - CIRCA	7,000
FEMA - Multi Jurisdictional HMP	63,000
FEMA - WINCOG Multi Jurisdictional HMP	1,259
Total revenues	<u>\$ 303,295</u>



**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2017**

**NOTE 11- BUDGET MODIFICATIONS (Continued)**

EXPENDITURES	
Subcontractors/Contributions	
Computer services	\$ (6,000)
Professional services (general)	303,000
Property survey index consultant	89,102
Shared services study consultant	56,000
DEMHS financial consultant	(4,000)
Other	
Office maintenance/utilities	1,000
Supplies	800
Equipment, rental/maintenance	2,000
Equipment, miscellaneous	(500)
Equipment, capital (incl. computers)	9,455
Phones, mail, internet	700
Insurance, bond	76
Printing	675
Travel	(2,000)
Conference expenses	1,500
Staff expenses	100
Books, subscriptions, dues	2,100
Audit, accounting, legal	1,000
Advertising	(50)
Total expenditures	<u>\$ 454,958</u>

**NOTE 12 - PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE**

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2017 that have effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The scope of this statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed. The provisions of this statement are effective for fiscal years beginning after June 15, 2017 (SCCOG's year ending June 30, 2018).

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2017**

**NOTE 12 - PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE (*Continued*)**

GASB Statement 81, Irrevocable Split-Interest Agreements. The requirements of this Statement provide recognition and measurement guidance for instances in which the government is a beneficiary of a split-interest agreement by requiring the recognition of assets, liabilities, and deferred inflows of resources at the inception of the agreement. The provisions of this statement are effective for fiscal years beginning after December 15, 2017 (SCCOG's year ending June 30, 2018).

GASB Statement 82, Pension Issues – an amendment of GASB Statements No. 67, No. 68, and No. 73. The requirements of this Statement is to clarify certain issues in regard to GASB Statements No. 67, 68, and 73 with regard to (1) required supplementary information presentation for payroll related measures, (2) assumption selections and treatment of deviations from an Actuarial Standard of Practice guidance for financial reporting purposes, and (3) payment classification for employee contribution requirements. The provisions of this statement are effective for fiscal years beginning after June 15, 2017 (SCCOG's year ending June 30, 2017).

GASB Statement 83, Certain Asset Retirement Obligations. This statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for Asset Retirement Obligations (ARO). The provisions of this statement are effective for reporting periods beginning after June 15, 2018 (SCCOG's year ending June 30, 2019).

GASB Statement 84, Fiduciary Activities. The purpose of the statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes. The provisions of this statement are effective for reporting periods beginning after December 15, 2018 (SCCOG's year ending June 30, 2020).

GASB Statement 85, Omnibus 2017. The objective of this statement is to address practice issues that have been identified during implementation and application of certain GASB statements. The provisions of this statement are effective for reporting periods beginning after June 15, 2017 (SCCOG's year ending June 30, 2018).

GASB Statement 86, Certain Debt Extinguishment Issues. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. The provisions of this statement are effective for reporting periods beginning after June 15, 2017 (SCCOG's year ending June 30, 2018).

GASB Statement 87, Leases. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of this statement are effective for reporting periods beginning after December 15, 2019 (SCCOG's year ending June 30, 2021).

**NOTE 13 –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 SCCOG's financial position and program services.

## **SUPPLEMENTARY INFORMATION**

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**BUDGETARY COMPARISON SCHEDULE - GENERAL AND SELECTED SPECIAL REVENUE FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>					
Municipal assessments	\$ 157,688	\$ -	\$ 157,688	\$ 157,688	\$ -
OPM State Grant In-Aid	268,355	(91,374)	176,981	218,814	41,833
ConnDOT Planning Grant	450,408	(20,408)	430,000	411,920	(18,080)
ConnDOT LOTCIP	40,000	(10,000)	30,000	53,051	23,051
Technical assistance contracts	135,000	40,000	175,000	176,161	1,161
DEMHS (FY15) EMPG HazMat Grant	1,500	(1,500)	-	-	-
DEMHS (FY15) Regional Collaboration Grant	10,400	1,600	12,000	14,424	2,424
DEMHS (FY16) Regional Collaboration Grant	16,800	(16,800)	-	5,870	5,870
OPM RPIP Property Survey Index Grant	15,000	113,531	128,531	96,420	(32,111)
OPM RPIP Nutmeg Network Grant	4,356	-	4,356	4,356	-
OPM RPIP Shared Services Study Grant	75,000	(19,000)	56,000	15,106	(40,894)
SECHA	4,000	3,500	7,500	17,263	9,763
SEAT COA Retainage	-	12,487	12,487	-	(12,487)
DOD - JLUS	-	210,000	210,000	209,509	(491)
Secretary of State - REM	-	10,000	10,000	6,535	(3,465)
UCONN - CIRCA	-	7,000	7,000	-	(7,000)
FEMA - Multi Jurisdictional HMP	-	63,000	63,000	-	(63,000)
FEMA - WINCOG Multi Jurisdictional HMP	-	1,259	1,259	-	(1,259)
Other income	-	-	-	987	987
Investment income	500	-	500	1,861	1,361
Total revenues	<u>1,179,007</u>	<u>303,295</u>	<u>1,482,302</u>	<u>1,389,965</u>	<u>(92,337)</u>
<b>EXPENDITURES</b>					
<b>Staff</b>					
Salaries	643,530	-	643,530	662,152	(18,622)
FICA, insurance, retirement	249,975	-	249,975	239,182	10,793
<b>Subcontractors/Contributions</b>					
Computer services	6,000	(6,000)	-	-	-
Professional services (general)	2,000	303,000	305,000	411,583	(106,583)
SEAT COA consultant	-	-	-	-	-
Legal	-	-	-	-	-
Property survey index consultant	15,000	89,102	104,102	96,420	7,682
Shared services study consultant	-	56,000	56,000	49,342	6,658
DEMHS financial consultant	24,000	(4,000)	20,000	23,400	(3,400)
<b>Other</b>					
Office maintenance/utilities	24,000	1,000	25,000	25,983	(983)
Supplies	6,500	800	7,300	6,760	540
Equipment, rental/maintenance	7,500	2,000	9,500	9,698	(198)
Equipment, miscellaneous	500	(500)	-	-	-
Equipment, capital (incl. computers)	5,000	9,455	14,455	14,455	-
Phones, mail, internet	8,500	700	9,200	5,304	3,896
Insurance, bond	12,500	76	12,576	12,936	(360)
Printing	500	675	1,175	1,175	-
Travel	8,500	(2,000)	6,500	19	6,481
Conference expenses	1,000	1,500	2,500	2,640	(140)
Staff expenses	500	100	600	1,231	(631)
Books, subscriptions, dues	2,500	2,100	4,600	4,599	1
Audit, accounting, legal	20,000	1,000	21,000	20,600	400
Advertising	500	(50)	450	456	(6)
Total expenditures	<u>1,038,505</u>	<u>454,958</u>	<u>1,493,463</u>	<u>1,587,935</u>	<u>(94,472)</u>
Excess (deficiency) of revenues over expenditures - Budgetary Basis	<u>\$ 140,502</u>	<u>\$ (151,663)</u>	<u>\$ (11,161)</u>	<u>(197,970)</u>	<u>\$ (186,809)</u>

**RECONCILIATION TO GAAP BASIS:**

DEMHS direct services programs are not budgeted as revenues	219,835
CRCOG purchasing council fees are not budgeted as revenues	4,500
The water tax program is not budgeted as revenue	158,236
Depreciation included and allocated as indirect costs	(12,593)
DEMHS direct service programs are not budgeted as expenditures	(219,835)
CRCOG purchasing council costs are not budgeted as expenditures	(4,500)
The water tax program costs are not budgeted as expenditures	(158,236)
 Excess of expenditures and other financing uses over revenues and other financing sources - GAAP basis	 <u>\$ (210,563)</u>

*See independent accountants' report*

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
SCHEDULE OF SCCOG'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM  
LAST THREE FISCAL YEARS**

	2015	2016	2017
SCCOG's proportion of the net pension liability	0.175363%	0.175363%	0.224384%
SCCOG's proportionate share of the net pension liability*	\$ 170,207	\$ 240,091	\$ 440,415
SCCOG's covered-employee payroll	\$ 389,141	\$ 389,141	\$ 534,137
SCCOG's proportionate share of the net pension liability as a percentage of its covered payroll	43.74%	61.70%	82.45%
Plan fiduciary net position as a percentage of the total pension liability*	90.48%	92.72%	88.29%

**Notes to Schedule**

Changes in benefit terms	None
Changes of assumptions	None
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Amortization period	27 years
Asset valuation method	5-year smoothed market

\*2015 fiduciary net position has been restated by MERS From \$180,392 to \$170,207

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
CONNECTICUT MUNICIPAL EMPLOYEES RETIREMENT SYSTEM  
LAST THREE FISCAL YEARS**

	<u>2015</u>	<u>2016</u>	<u>2017</u>
Actuarially determined contribution	\$ 59,747	\$ 58,744	\$ 51,675
Contributions in relation to the actuarially determined contribution	<u>59,747</u>	<u>58,744</u>	<u>51,675</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	389,414	389,141	534,137
Contributions as a percentage of covered-employee payroll	15.34%	15.10%	9.67%

**Notes to Schedule**

Valuation date:	June 30, 2014	June 30, 2014	June 30, 2016
Measurement Date:	June 30, 2015	June 30, 2015	June 30, 2016

Actuarially determined contribution rates are calculated as of June 30, each biennium for the fiscal years ending two and three years after the valuation date

Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Amortization period	27 years
Asset valuation method	5 - years smoothed market (20% write up)
Inflation	3.25%
Salary increases	4.25 - 11.00%, including inflation
Investment rate of return	8.00%, net of pension plan investment expense, including inflation
Changes in assumptions	None

*See independent auditors' report*

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2017**

	STATE PROGRAMS										TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FEDERAL PROGRAMS					DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION						
	U.S. DEPARTMENT OF HOMELAND SECURITY		OFFICE OF POLICY AND MANAGEMENT		DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION		SOUTHEASTERN CONNECTICUT HOUSING ALLIANCE		MUNICIPAL AND TECHNICAL ASSISTANCE		CROCO REGIONAL PURCHASING COUNCIL	
	DEMHS HOMELAND SECURITY COLLABORATION 15	DEMHS HOMELAND SECURITY EMP 13	DEMHS MULTI-JURISDICTIONAL HAZARD MITIGATION PLAN FDRC/ELECT 1501-504	REGIONAL ELECTIONS MONITORS	REGIONAL SHARED SERVICES STUDY	REGIONAL ONLINE PROPERTY SURVEY INDEX	CIRCA MUNICIPAL RESILIENCE GRANT PROGRAM	MUNICIPAL AND TECHNICAL ASSISTANCE	SOUTHEASTERN CONNECTICUT HOUSING ALLIANCE	CROCO REGIONAL PURCHASING COUNCIL		
<b>ASSETS</b>												
Cash and cash equivalents	12,700	-	-	-	-	-	-	-	-	-	-	-
Grants receivable:												
Federal and State grants	-	3,000	105,200	-	34,236	-	26,885	43,880	11,120	-	-	182,021
Accounts receivable	-	-	-	14,161	-	12,934	-	-	55,000	-	-	61,485
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	\$ 12,700	\$ 3,000	\$ 105,200	\$ 14,161	\$ 34,236	\$ 12,934	\$ 26,885	\$ 43,880	\$ 11,120	\$ -	\$ -	\$ 298,506
<b>LIABILITIES</b>												
Due to other funds	12,700	3,000	105,200	-	34,236	12,934	-	43,880	11,120	-	-	237,021
Due to funding source	-	-	-	14,161	-	-	-	-	-	-	-	12,934
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	48,551
Total liabilities	\$ 12,700	\$ 3,000	\$ 105,200	\$ 14,161	\$ 34,236	\$ 12,934	\$ 26,885	\$ 43,880	\$ 11,120	\$ -	\$ -	\$ 298,506
<b>DEFERRED INFLOWS OF RESOURCES</b>												
Revenue - unavonible	11,350	3,000	105,200	-	34,236	-	26,500	-	-	-	-	180,286
Total deferred inflows of resources	11,350	3,000	105,200	-	34,236	-	26,500	-	-	-	-	180,286
Total liabilities and deferred inflows of resources	24,050	6,000	210,400	14,161	68,472	12,934	53,385	43,880	11,120	-	-	478,792
<b>FUND BALANCES</b>												
Unassigned balances	(11,350)	(3,000)	(104,200)	-	(34,236)	-	(26,500)	-	-	-	-	(180,286)
Total liabilities, deferred inflows of resources and fund balances	\$ (11,350)	\$ (3,000)	\$ (105,200)	\$ -	\$ (34,236)	\$ -	\$ (26,500)	\$ -	\$ -	\$ -	\$ -	\$ (180,286)
	\$ 12,700	\$ 15,680	\$ 105,200	\$ 14,161	\$ 34,236	\$ 12,934	\$ 26,885	\$ 43,880	\$ 11,120	\$ -	\$ -	\$ 298,506

See independent accountants' report

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2017**

	STATE PROGRAMS										TOTAL NONMAJOR GOVERNMENTAL FUNDS	
	FEDERAL PROGRAMS					DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION						
	DEMHIS HOMELAND SECURITY COLLABORATION 15	U.S. DEPARTMENT OF HOMELAND SECURITY DEMHIS HOMELAND SECURITY COLLABORATION 16	DEMHIS HOMELAND SECURITY EMPG 15	DEMHIS MULTI-JURISDICTIONAL HAZARD MITIGATION PLAN FDME-PL-01-CT-2015-004	REGIONAL ELECTION MONITORS	OFFICE OF POLICY AND MANAGEMENT REGIONAL SHARED SERVICES STUDY NETWORK	REGIONAL ONLINE PROPERTY SURVEY INDEX	CIRCA MUNICIPAL RESILIENCE GRANT PROGRAM	MUNICIPAL AND TECHNICAL ASSISTANCE	SOUTHEASTERN CONNECTICUT HOUSING ALLIANCE		CROCG REGIONAL PURCHASING COUNCIL
<b>REVENUES</b>												
In governmental:												
Federal and State grants	14,424	\$ 5,870	\$ -	\$ -	\$ 6,535	\$ 4,356	\$ 15,106	\$ 96,420	\$ -	\$ -	\$ -	\$ 142,711
Other grants	-	-	-	-	-	-	-	-	-	-	4,500	21,763
Municipal and technical assessment contracts	-	-	-	-	-	-	-	-	-	-	-	176,161
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	14,424	5,870	-	-	6,535	4,356	15,106	96,420	-	-	4,500	340,635
<b>EXPENDITURES</b>												
Direct salaries	3,744	1,764	-	-	-	-	-	-	-	-	-	84,082
Indirect at 102.438%	3,836	1,806	-	-	-	-	-	-	-	-	-	69,626
Direct charges	18,194	2,800	3,000	105,200	6,535	4,356	49,342	96,420	26,500	122	4,500	367,213
Total expenditures	25,774	5,370	3,000	105,200	6,535	4,356	49,342	96,420	26,500	17,263	4,500	520,921
Excess (deficiency) of revenues over expenditures	(11,350)	-	(3,000)	(105,200)	-	-	(34,236)	-	(26,500)	-	-	(180,286)
<b>OTHER FINANCING SOURCES (USES)</b>												
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	(11,350)	-	(3,000)	(105,200)	-	-	(34,236)	-	(26,500)	-	-	(180,286)
FUND BALANCE, beginning of year	-	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCE, end of year	(11,350)	-	(3,000)	(105,200)	-	-	(34,236)	-	(26,500)	-	-	(180,286)

See independent accountants' report  
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**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**JUNE 30, 2017**

	BALANCE JUNE 30, 2016	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2017
Cash and cash equivalents	\$ 38,344	\$ 1,855	\$ (8,848)	\$ 31,351
Total assets	<u>\$ 38,344</u>	<u>\$ 1,855</u>	<u>\$ (8,848)</u>	<u>\$ 31,351</u>
Due to other organizations	\$ 38,344	\$ 1,855	\$ (8,848)	\$ 31,351
Total liabilities	<u>\$ 38,344</u>	<u>\$ 1,855</u>	<u>\$ (8,848)</u>	<u>\$ 31,351</u>

*The accompanying notes are an integral part of these financial statements*

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
 FINANCIAL SUMMARY FOR THE  
 SOUTHEASTERN CONNECTICUT HOUSING ALLIANCE  
 AGENCY FUND  
 FOR THE YEAR ENDED JUNE 30, 2017**

CASH, beginning of year	\$	38,344
 CASH RECEIPTS:		
Dime Bank sponsorship - 2016 Housing Forum	\$	500
Chelsea Groton sponsorship - 2016 Housing Forum		500
Dime Bank employee fundraiser - Jeans Day 2017		355
Dime Bank sponsorship - Housing Tour		500
Total cash receipts		1,855
 CASH DISBURSEMENTS		
Wages and travel		8,648
Filing fees		200
Total cash disbursements		8,848
 Excess (deficiency) of cash receipts over cash disbursements		 (6,993)
 CASH, end of year	 \$	 31,351

*The accompanying notes are an integral part of these financial statements*

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
FINANCIAL SUMMARY FOR THE STATE OF CONNECTICUT  
DEPARTMENT OF TRANSPORTATION  
FOR THE YEAR ENDED JUNE 30, 2017**

	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 4-21-18(14) STATE PROJECT NUMBER DOT07159996PL REGIONAL TRANSPORTATION PLANNING	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.15-06(15) STATE PROJECT NUMBER DOT07169996PL REGIONAL TRANSPORTATION PLANNING	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.15-08(15) STATE PROJECT NUMBER DOT07169996PL REGIONAL TRANSPORTATION PLANNING	STATE OF CONNECTICUT DEPARTMENT OF TRANSPORTATION  STATE AGENCY CODE DOT57000 THAMES RIVER WATER TAXI GRANT
<b>MAXIMUM FUNDS AUTHORIZED</b>				
U.S. Department of Transportation	\$ 387,576	\$ 400,362	\$ 558,180	\$ -
State of Connecticut	48,447	50,046	59,881	200,000
Local required match	48,447	50,046	79,665	-
Total maximum funds authorized	484,470	500,454	697,726	200,000
<b>AUDITED EXPENDITURES</b>				
Direct salaries	227,180	217,962	220,179	-
Indirect	236,683	221,657	225,547	-
Direct charges	2,402	3,340	16,192	259,029
Total audited expenditures	466,265	442,959	461,918	259,029
<b>DISTRIBUTION OF AUDITED EXPENDITURES</b>				
U.S. Department of Transportation	373,011	354,367	372,925	-
State of Connecticut	46,627	44,296	41,670	200,000
Local	46,627	44,296	51,562	59,029
Total distribution of audited expenditures	466,265	442,959	466,157	259,029
<b>CONDOT RESPONSIBILITY</b>				
U.S. Department of Transportation	373,011	354,367	372,925	-
State of Connecticut	46,627	44,296	41,670	200,000
Total ConDOT responsibility	419,638	398,663	414,595	200,000
LESS: payments received through June 30, 2017	436,022	427,815	323,440	200,000
Balance due from (to) ConDOT at June 30, 2017	\$ (16,384)	\$ (29,152)	\$ 91,155	\$ -

\* Note: All amounts are cumulative through June 30, 2017 and reflect actual different indirect cost rates in effect during the year the funds were expended.

The accompanying notes are an integral part of these financial statements

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
 SCHEDULE OF INDIRECT COSTS AND OVERHEAD RATE CALCULATION  
 FOR THE YEAR ENDED JUNE 30, 2017**

INDIRECT COSTS

Indirect salaries	\$	160,396
Fringe benefits		239,182
Office maintenance		25,983
Supplies		6,760
Equipment rental and maintenance		9,698
Equipment purchases		10,216
Telephone and postage		5,304
Bond and insurance		12,936
Travel		182
Conferences		2,640
Advertising		456
Staff expenses		1,195
Dues, books and subscriptions		4,599
Audit/Accounting/Legal		20,600
Printing		1,175
Depreciation		12,593
Miscellaneous		73
Total indirect costs	\$	<u><u>513,988</u></u>

OVERHEAD RATE CALCULATION

Total payroll	\$	662,152
Less: indirect and unassigned payroll		<u>160,396</u>
Payroll base	\$	<u><u>501,756</u></u>

Total allowable indirect costs \$ 513,988

Indirect cost rate 102.438%

*The accompanying notes are an integral part of these financial statements*

**SOUTHEASTERN CONNECTICUT COUNCIL  
OF GOVERNMENTS  
NOTE TO THE SCHEDULE OF INDIRECT COSTS  
AND OVERHEAD RATE CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE A - 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 the schedule is prepared on the basis for establishing indirect cost rates and reimbursing indirect costs and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 basic financial statements of the Southeastern Connecticut Council of Governments.

# **FEDERAL SINGLE AUDIT REPORTS**

**FEDERAL INTERNAL CONTROL  
AND COMPLIANCE REPORTS**

**INDEPENDENT AUDITORS' 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  
Southeastern Connecticut Council of Governments  
Norwich, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments (SCCOG), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise SCCOG's basic financial statements, and have issued our report thereon dated December 4, 2017.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether SCCOG's financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## PURPOSE OF THIS REPORT

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

*Hoyt, Filippetti & Malaghan, LLC*

Groton, Connecticut

December 4, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

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

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

We have audited Southeastern Connecticut Council of Governments' (SCCOG) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SCCOG's major federal programs for the year ended June 30, 2017. SCCOG's major federal program is identified in the summary of auditors' results section of the accompanying schedule of federal findings and questioned costs.

**MANAGEMENT'S RESPONSIBILITY**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on compliance for each of SCCOG's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the SCCOG's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of SCCOG's compliance.

**OPINION ON THE MAJOR FEDERAL PROGRAM**

In our opinion, SCCOG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of SCCOG is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SCCOG's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SCCOG's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

We 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 (SCCOG) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise SCCOG's basic financial statements. We issued our report thereon dated December 4, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

*Hoyt, Filippetti & Malaghan, LLC*

Groton, Connecticut

December 4, 2017

**SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS**

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

Grantor; Pass-through Grantor; Program Title; Description	Pass-Through Entity Identifying Number	Federal CFDA Number	Grant Expenditures
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
<b>Indirect:</b>			
Passed through the State of Connecticut Department of Transportation:			
Regional Transportation Planning			
Federal Highway Administration (FHWA)	5-15-08(15)	20.205	\$ 315,345
Federal Transit Administration (FTA)	5-15-08(15)	20.505	57,580
			<u>372,925</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<b>Indirect:</b>			
Passed through the State of Connecticut Department of Emergency Services and Public Protection			
Homeland Security Grant Program			
Regional Collaboration FFY15 - Admin	015ASECA	97.067	25,774
Regional Collaboration FFY16 - Admin	016ASECA	97.067	5,820
Direct Service Regional 4 Collaboration FFY 2016	016ASECA	97.067	58,640
Direct Service Regional 4 Collaboration FFY 2015	015ASECA	97.067	128,047
			<u>218,281</u>
Emergency Management Performance Grants			
EMPG Haz Mat Region 4 FFY 14	014ESECA	97.042	25,874
EMPG Haz Mat Region 4 FFY 15	015ESECA	97.042	7,274
EMPG Haz Mat Region 4 FFY 15 - Admin	015ESECA	97.042	3,000
			<u>36,148</u>
<b>Direct:</b>			
Multi-Jurisdictional Hazard Mitigation Plan	PDMC-PL-01-CT-2015-004	97.047	<u>105,200</u>
<b>U.S. DEPARTMENT OF DEFENSE</b>			
<b>Direct:</b>			
Community Economic Adjustments Assistances for Compatible Use and Joint Land Use Studies	HQ00051610201	12.610	<u>209,509</u>
<b>US DEPARTMENT OF AGRICULTURE</b>			
<b>Indirect:</b>			
Passed through the University of Connecticut Connecticut Institute for Resilience and Climate Adaptation (CIRCA)			
	12060-DEP43760-22654-66099	10.902	<u>530</u>
Total Expenditures of Federal Awards			<u><u>\$ 942,593</u></u>

*The accompanying notes are an integral part of this schedule.*

**SOUTHEASTERN CONNECTICUT COUNCIL  
OF GOVERNMENTS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2017**

**NOTE A - ACCOUNTING BASIS**

**BASIC FINANCIAL STATEMENTS**

The accounting policies of SCCOG conform to accounting principles generally accepted in the United States of America as applicable to state and local governments.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance-based awards, revenues are recognized to the extent of performance achieved during the grant period.

Southeastern Connecticut Council of Governments has not elected to use the 10% de Minimis indirect cost rate.

**SCHEDULE OF FEDERAL FINDINGS  
AND QUESTIONED COSTS**



**SOUTHEASTERN CONNECTICUT COUNCIL  
OF GOVERNMENTS  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors’ report issued: Unmodified

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 auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance \_\_\_\_\_ Yes ✓ No

Identification of major programs:

<b>CFDA Number</b>	<b>Name of Federal Program</b>	<b>Expenditures</b>	<b>Federal Assistance</b>
20.205	U.S. Department of Transportation – Regional Transportation Planning Federal Highway Administration (FHWA)	\$315,345	\$315,345

Auditee qualified as low-risk auditee? \_\_\_\_\_ ✓ Yes \_\_\_\_\_ No

Dollar threshold used to distinguish between Type A and Type B program: \$750,000

**SOUTHEASTERN CONNECTICUT COUNCIL  
OF GOVERNMENTS  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II – SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS  
REQUIRED UNDER GENERALLY ACCEPTED *GOVERNMENT  
AUDITING STANDARDS***

- We issued a report dated December 4, 2017 on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting disclosed no material weaknesses.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

- There were no findings or questioned costs reported.

**SOUTHEASTERN CONNECTICUT COUNCIL  
OF GOVERNMENTS  
SUMMARY SCHEDULE OF THE STATUS OF  
PRIOR FEDERAL AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

**PRIOR YEAR AUDIT FINDINGS RESOLVED**

None

# **STATE SINGLE AUDIT REPORTS**

**STATE INTERNAL CONTROL AND  
COMPLIANCE REPORTS**

**INDEPENDENT AUDITORS' 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  
Southeastern Connecticut Council of Governments  
Norwich, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments (SCCOG), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise SCCOG's basic financial statements, and have issued our report thereon dated December 4, 2017.

**INTERNAL CONTROL OVER FINANCIAL REPORTING**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether SCCOG's financial statements are free from material misstatement, we 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## PURPOSE OF THIS REPORT

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

*Hoyt, Filippetti & Malaghan, LLC*

Groton, Connecticut  
December 4, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
STATE PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE;  
AND REPORT ON THE SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
REQUIRED BY THE STATE SINGLE AUDIT ACT**

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

**REPORT COMPLIANCE FOR EACH MAJOR STATE PROGRAM**

We have audited Southeastern Connecticut Council of Governments' (SCCOG) compliance with the types of compliance requirements described in the *Office of Policy and Management's Compliance Supplement* that could have a direct and material effect on each of SCCOG's major state programs for the year ended June 30, 2017. SCCOG's major state programs are identified in the summary of auditors' results section of the accompanying schedule of state findings and questioned costs.

**MANAGEMENT'S RESPONSIBILITY**

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

**AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on compliance for SCCOG's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about SCCOG's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of SCCOG's compliance.

**OPINION ON EACH MAJOR STATE PROGRAM**

In our opinion, SCCOG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.



## **REPORT ON INTERNAL CONTROL OVER COMPLIANCE**

Management of SCCOG is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered SCCOG's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of the internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of SCCOG's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **REPORT ON SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE REQUIRED BY THE STATE SINGLE AUDIT ACT**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of SCCOG as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the ACCOG's basic financial statements. We have issued our report thereon dated December 4, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SCCOG's basic 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 basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

*Hoyt, Filippetti & Malaghan, LLC*

Groton, Connecticut

December 4, 2017

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL  
ASSISTANCE**

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

State Grantor/Program Title	State Grant Program Core-CT Number	Grant Expenditures
<b>DEPARTMENT OF TRANSPORTATION</b>		
<b>Direct:</b>		
Regional Transportation Planning	16DOT0042AA	\$ 41,670
Local Transportation Capital Improvement Program	14DOT0279AA	53,051
Thames River Water Taxi Grant	12001-DOT57801-32002-52033	99,206
<b>Total Department of Transportation</b>		<u>193,927</u>
<b>OFFICE OF THE SECRETARY OF STATE</b>		
<b>Direct:</b>		
Regional Election Monitors	11000-SOS12500-10020-29202	6,535
<b>Total Office of the Secretary of the State</b>		<u>6,535</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
<b>Direct:</b>		
Regional Shared Services Study	12060-OPM20600-35457-13046	49,342
Regional Online Property Survey Index	12060-OPM20600-35457-13046	96,420
Grant to Connect to Nutmeg Network	12060-OPM20600-35457-13046	4,356
<b>Total Office of Policy and Management</b>		<u>150,118</u>
<b>DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION</b>		
<b>Indirect:</b>		
Passed through the University of Connecticut Connecticut Institute for Resilience and Climate Adaptation (CIRCA)	12060-DEP43760-35169-66099	25,970
<b>Total Department of Energy and Environmental Protection</b>		<u>25,970</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>376,550</u>
<b>EXEMPT PROGRAMS:</b>		
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
<b>Direct:</b>		
State Grant in Aid for Regional Councils of Governments	12060-OPM20600-35457	41,853
Regional Services Grant Program	12002-OPM20870-17102	176,961
<b>Total Exempt Programs</b>		<u>218,814</u>
<b>Total State Financial Assistance</b>		<u>\$ 595,364</u>

*The accompanying note is an integral part of this schedule.*

**SOUTHEASTERN CONNECTICUT COUNCIL  
OF GOVERNMENTS  
NOTE TO SCHEDULE OF EXPENDITURES OF  
STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE A - ACCOUNTING BASIS**

**BASIC FINANCIAL STATEMENTS**

The accounting policies of Southeastern Connecticut Council of Governments (SCCOG) conform to accounting principles generally accepted in the United States of America as applicable to state and local governments.

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of state financial assistance is presented in accordance with regulations established by the State of Connecticut, Office of Policy and Management.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance-based awards, revenues are recognized to the extent of performance achieved during the period.

**SCHEDULE OF STATE FINDINGS  
AND QUESTIONED COSTS**

**SOUTHEASTERN CONNECTICUT COUNCIL  
OF GOVERNMENTS  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors’ report issued: Unmodified

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

**STATE FINANCIAL ASSISTANCE**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes      ✓   No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes      ✓   None reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? \_\_\_\_\_ Yes      ✓   No

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

<u>State Grantor/Program</u>	<u>State Grant Program Identification Number</u>	<u>Expenditures</u>
<b>Department of Transportation:</b>		
Regional Transportation Planning	16DOT0042AA	\$ 41,670
Thames River Water Taxi Grant	12001-DOT57801-32002-52033	\$ 99,206
<b>Office of Policy and Management:</b>		
Regional Online Property Survey Index	12060-OPM20600-35457-13046	\$ 96,420
Dollar threshold used to distinguish between Type A and Type B program:		<u>\$100,000</u>

**SOUTHEASTERN CONNECTICUT COUNCIL  
OF GOVERNMENTS  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION II– SUMMARY OF FINDINGS RELATED TO FINANCIAL STATEMENTS  
REQUIRED UNDER *GOVERNMENT AUDITING STANDARDS***

- We issued a report dated December 4, 2017 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*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting disclosed no material weaknesses.



**SOUTHEASTERN CONNECTICUT COUNCIL  
OF GOVERNMENTS  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2017**

**SECTION III – FINDINGS AND QUESTIONED COSTS RELATING TO STATE  
FINANCIAL ASSISTANCE**

None

**SOUTHEASTERN CONNECTICUT COUNCIL  
OF GOVERNMENTS  
SUMMARY SCHEDULE OF THE STATUS OF  
PRIOR STATE AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2017**

**PRIOR YEAR AUDIT FINDINGS RESOLVED**

None