

**SOUTHEASTERN
CONNECTICUT COUNCIL OF
GOVERNMENTS**

**BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2023**

**TOGETHER WITH
INDEPENDENT AUDITORS' REPORT,
REQUIRED SUPPLEMENTARY
INFORMATION,
OTHER SUPPLEMENTARY INFORMATION,
FEDERAL SINGLE AUDIT REPORTS,
STATE SINGLE AUDIT REPORTS,
AND OTHER REPORT**

 **HOYT
FILIPPETTI &
MALAGHAN LLC**

CERTIFIED PUBLIC ACCOUNTANTS

**SOUTHEASTERN CONNECTICUT COUNCIL
OF GOVERNMENTS
TABLE OF CONTENTS
JUNE 30, 2023**

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-10
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements	
Balance Sheet – Governmental Funds	13
Reconciliation of Governmental Funds Balance Sheet to the Government-Wide Statement of Net Position – Governmental Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the Governmental Funds to the Statement of Activities	20
Statement of Fiduciary Net Position	21
Statement of Changes in Fiduciary Net Position	22
Notes to Financial Statements	23-41
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund and Selected Special Revenue Funds	42
Schedule of SCCOG's Proportionate Share of the Net Pension Liability Connecticut Municipal Employees Retirement System	43
Schedule of Employer Contributions Connecticut Municipal Employees Retirement System	44
OTHER SUPPLEMENTARY INFORMATION	
Combining Balance Sheet – Nonmajor Funds	45-46
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Funds	47-48

**SOUTHEASTERN CONNECTICUT COUNCIL
OF GOVERNMENTS
TABLE OF CONTENTS
JUNE 30, 2023**

	<u>Page</u>
OTHER SUPPLEMENTARY INFORMATION (Continued)	
Financial Summary for the Southeastern Connecticut Housing Alliance -Custodial Fund	49
Financial Summary for the State of Connecticut Department of Transportation	50
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 <i>Government Auditing Standards</i>	51
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	53
Schedule of Expenditures of Federal Awards	
Schedule of Expenditures of Federal Awards	56
Note to Schedule of Expenditures of Federal Awards	57
Schedule of Federal Findings and Questioned Costs	58
Summary Schedule of the Status of Prior Federal Audit Findings	60
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 <i>Government Auditing Standards</i>	61
Independent Auditors' Report on Compliance for Each Major State Program and Report on Internal Control over Compliance Required by the State Single Audit Act	63

**SOUTHEASTERN CONNECTICUT COUNCIL
OF GOVERNMENTS
TABLE OF CONTENTS
JUNE 30, 2023**

STATE SINGLE AUDIT REPORTS <i>(Continued)</i>	<u>Page</u>
Schedule of Expenditures of State Financial Assistance	
Schedule of Expenditures of State Financial Assistance	66
Note to Schedule of Expenditures of State Financial Assistance	67
Schedule of State Findings and Questioned Costs	68
Summary Schedule of the Status of Prior State Audit Findings	71
OTHER REPORT	
Independent Auditors' Report on the Schedule of Indirect Costs and Overhead Rate Calculation	72
Schedule of Indirect Costs and Overhead Rate Calculation	75
Notes to the Schedule of Indirect Costs and Overhead Rate Calculation	76

INDEPENDENT AUDITORS' REPORT

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise SCCOG's basic financial statements as listed in the table of contents.

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, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SCCOG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SCCOG's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 SCCOG's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SCCOG's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 42 and the pension schedules on pages 43-44 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SCCOG's basic financial statements. The accompanying combining nonmajor fund financial statements, financial summary, DOT schedule, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of expenditures of state financial assistance, as required by the Connecticut State Single Audit Act, are presented for purposes of additional analysis and are 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 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 nonmajor fund financial statements, financial summary, DOT schedule, the schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance 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 our report dated February 12, 2024, 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 solely 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 the effectiveness of SCCOG's 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

February 12, 2024

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

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, 2023. We encourage readers to consider the information presented here along with the SCCOG's basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the SCCOG *exceeded* its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$492,577 (net position). Of this amount, \$243,783 (unrestricted net position) may be used to meet the SCCOG's ongoing obligations.
- The SCCOG's total net position *decreased* by \$11,277. This *decrease* is mostly the result of an *increase* in SCCOG's proportionate share of the net pension liability associated with the Connecticut Municipal Employee Retirement System defined benefit pension plan.
- As of the close of the current fiscal year, the SCCOG's governmental funds reported combined ending fund balances of \$634,138, an *increase* of \$101,922 in comparison with the prior year. The total fund balance available for spending at the SCCOG's discretion (unassigned fund balance) was \$621,721, while \$12,417 was considered nonspendable.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is 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, 2023**

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 or fiduciary 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, 2023**

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

Governmental Funds (Continued)

The SCCOG maintains 29 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 5.09-06(17) fund, DOT Regional Transportation Planning Agreement Number 5.09-06(17) fund, DOT Regional Transportation Planning Agreement Number 5.09-06(17), DOT Regional Transportation Planning Agreement Number Norwich Mobility, DOT Regional Transportation Planning Agreement Carryover Planning '19 fund, DOT Regional Transportation Planning Agreement Route 161 Corridor fund, DOT Regional Transportation Planning Agreement Route 32 Corridor fund, City of Groton Mobility Plan HQ00052010044 fund, the DEMHS Direct Service Programs fund, 2022 EMPG Regional Hazardous Materials fund, 2021 EMPG Regional Hazardous Materials fund, 2020 EMPG Regional Hazardous Materials fund, the OPM Regional Service Grant RSG-023-08 fund, the OPM Code Enforcement Services fund, and the Local Transportation Capital Improvement Program fund, all of which are considered to be major funds. Data from the other 13 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 through 20 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support SCCOG's operations. SCCOG reports only one fiduciary fund in which it holds resources for the Southeastern Connecticut Housing Alliance, Inc. 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 23 - 41 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 42 - 44 of this report. Combining fund statements and other supplementary information can be found on pages 45 - 48 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 \$492,577 and is summarized as follows:

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

	Governmental Activities		Increase
	2023	2022	(Decrease)
Current and other assets	\$ 1,319,915	\$ 1,213,521	\$ 106,394
Capital assets, net	248,794	224,215	24,579
Deferred outflows of resources	402,695	374,537	28,158
Total assets and deferred outflows of resources	<u>\$ 1,971,404</u>	<u>\$ 1,812,273</u>	<u>\$ 159,131</u>
Current liabilities	\$ 411,236	\$ 367,372	\$ 43,864
Noncurrent liabilities	958,140	612,103	346,037
Total liabilities	<u>1,369,376</u>	<u>979,475</u>	<u>389,901</u>
Deferred inflows of resources	<u>109,451</u>	<u>328,944</u>	<u>(219,493)</u>
Net position			
Invested in capital assets	248,794	224,215	24,579
Unrestricted net position	<u>243,783</u>	<u>279,639</u>	<u>(35,856)</u>
Total net position	492,577	503,854	(11,277)
Total liabilities, deferred inflows of resources, and net position	<u>\$ 1,971,404</u>	<u>\$ 1,812,273</u>	<u>\$ 159,131</u>

The *increase* in current and other assets is attributable to a *increase* in receivables at year-end. On the fund financial statements, this *increase* correlates to the *increase* in unavailable revenues at year-end.

As of June 30, 2023, approximately 51% 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. During the fiscal year ended June 30, 2023, the District added \$39,705 of capital assets in the form of driveway and parking lot improvements.

The remainder of the SCCOG's net position is considered unrestricted and may be used to meet the SCCOG's ongoing obligations. Unrestricted net position *decreased* \$35,856 from the prior year, largely the result of an *increase* in SCCOG's net pension liability, as referenced earlier.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Changes in Net Position

Changes in net position are as follows:

	Governmental Activities		Increase
	2023	2022	(Decrease)
Revenues			
Program revenues			
Charges for services	\$ 239,927	\$ 292,920	\$ (52,993)
Grants and contributions			
Operating	2,165,474	1,493,111	672,363
General revenues			
Municipal assessments	153,835	150,529	3,306
Interest and miscellaneous income	12,851	1,083	11,768
Total revenues	2,572,087	1,937,643	634,444
Program expenses			
Regional planning	2,583,364	1,928,509	654,855
Total expenses	2,583,364	1,928,509	654,855
Change in net position	\$ (11,277)	\$ 9,134	\$ (20,411)

Operating grants *increased* primarily as a result of two new DOT planning grants, one each for travel routes in New London and East Lyme, Connecticut and a new OPM grant for code enforcement services. These new grants, combined with the *increased* net pension liability, are the reasons for the corresponding *increase* in regional planning expenses.

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, unassigned 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, 2023**

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 \$634,138, an *increase* of \$101,922 in comparison with the prior year. This is mostly the result of a significant *decrease* in unearned revenues. The entire fund balance includes \$621,721 of unassigned fund balance which is available for spending at the SCCOG's discretion and \$12,417 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 and the CROG purchasing council.

The SCCOG's budget for 2022-2023, came in under budget for revenues, as a large portion of receivables were unavailable at year-end and therefore not yet eligible for revenue recognition. Expenditures also came in under budget as the spending on the DOT grants for consulting was not as high as anticipated.

CAPITAL ASSETS

The SCCOG's capital assets as of June 30, 2022 totaled \$574,388, which includes land, land improvements, buildings and related improvements, and equipment and furnishings. Driveway and parking lot improvements were made during the year ended June 30, 2023 at a cost of \$39,705.

The following table is a summary of SCCOG's capital assets as of June 30, 2023:

	Governmental Activities
Land	\$ 63,758
Land improvements	60,055
Buildings and related improvements	297,576
Equipment and furnishings	152,999
Total	\$ 574,388

Additional information on the SCCOG's capital assets can be found in *Note 4* on page 32 of this report.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

NONCURRENT LIABILITIES

As of June 30, 2023, 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, 2023, SCCOG's noncurrent liabilities totaled \$958,140, of which \$53,393 was for accrued compensated absences and \$904,747 was the net pension liability.

Additional information on the SCCOG's noncurrent liabilities can be found in *Note 6* on page 34 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the fiscal year ended June 30, 2023, SCCOG adopted a 2023-2024 budget consisting of \$2,025,706 of anticipated revenues, \$1,908,648 of budgeted expenditures, and no increase to the \$.55 per capita dues for its member municipalities.

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, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS	
Cash and cash equivalents	\$ 680,985
Receivables, net	626,513
Prepaid expenses	12,417
Total current assets	1,319,915
NONCURRENT ASSETS	
Capital assets, non-depreciable	63,758
Capital assets, net of accumulated depreciation	185,036
Total noncurrent assets	248,794
DEFERRED OUTFLOWS OF RESOURCES	
Changes in projected pension investment earnings	133,167
Difference between expected and actual experience	67,984
Changes in proportional share	96,602
Pension contributions made subsequent to the measurement date	104,942
Total deferred outflows of resources	402,695
Total assets and deferred outflows of resources	\$ 1,971,404

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ 208,735
Unearned revenue	202,501
Total current liabilities	411,236
NONCURRENT LIABILITIES	
Due within one year	5,339
Due in more than one year	952,801
Total noncurrent liabilities	958,140
Total liabilities	1,369,376
DEFERRED INFLOWS OF RESOURCES	
Difference between expected and actual experience	38,190
Changes in proportional share	71,261
Total deferred inflows of resources	109,451
NET POSITION	
Invested in capital assets	248,794
Unrestricted net position	243,783
Total net position	492,577
Total liabilities, deferred inflows of resources, and net position	\$ 1,971,404

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, 2023**

	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	
GOVERNMENTAL ACTIVITIES				
Regional planning	\$ 2,583,364	\$ 239,927	\$ 2,165,474	\$ (177,963)
Total governmental activities	2,583,364	239,927	2,165,474	(177,963)
Total primary government	\$ 2,583,364	\$ 239,927	\$ 2,165,474	(177,963)
GENERAL REVENUES				
				153,835
				12,851
				166,686
				(11,277)
				503,854
				\$ 492,577

The accompanying notes are an integral part of these financial statements

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	U.S. DEPARTMENT OF TRANSPORTATION					
	GENERAL FUND	REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17)	REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17)	REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17)	REGIONAL TRANSPORTATION PLANNING AGREEMENT Norwich Mobility	REGIONAL TRANSPORTATION PLANNING AGREEMENT Carryover Planning '19
ASSETS						
Cash and cash equivalents	\$ 680,985	\$ -	\$ -	\$ -	\$ -	\$ -
Grants receivable:						
Federal and State grants	-	-	-	24,696	6,600	4,731
Accounts receivable	801	2,528	-	-	1,165	-
Prepaid expense	12,417	-	-	-	-	-
Due from other funds	592,391	-	-	-	-	-
Total assets	<u>\$ 1,286,594</u>	<u>\$ 2,528</u>	<u>\$ -</u>	<u>\$ 24,696</u>	<u>\$ 7,765</u>	<u>\$ 4,731</u>
LIABILITIES						
Accounts payable and accrued expenses	\$ 208,735	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	169,180	2,528	-	24,696	7,765	4,731
Unearned revenue	-	-	-	-	-	-
Total liabilities	<u>377,915</u>	<u>2,528</u>	<u>-</u>	<u>24,696</u>	<u>7,765</u>	<u>4,731</u>
DEFERRED INFLOWS OF RESOURCES						
Revenue - unavailable	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	<u>377,915</u>	<u>2,528</u>	<u>-</u>	<u>24,696</u>	<u>7,765</u>	<u>4,731</u>
FUND BALANCES						
Nonspendable	12,417	-	-	-	-	-
Unassigned	896,262	-	-	-	-	-
Total fund balances	908,679	-	-	-	-	-
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,286,594</u>	<u>\$ 2,528</u>	<u>\$ -</u>	<u>\$ 24,696</u>	<u>\$ 7,765</u>	<u>\$ 4,731</u>

Continued

The accompanying notes are an integral part of these financial statements

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	U.S DEPARTMENT OF TRANSPORTATION		DEPARTMENT	U.S. DEPARTMENT		
	REGIONAL TRANSPORTATION PLANNING AGREEMENT Route 161 Corridor	REGIONAL TRANSPORTATION PLANNING AGREEMENT Route 32 Corridor	OF DEFENSE CITY OF GROTON MOBILITY PLAN HQ00052010044	HOMELAND SECURITY		
			DEMHS DIRECT SERVICE PROGRAMS	2022 EMPG REGIONAL HAZARDOUS MATERIALS	2021 EMPG REGIONAL HAZARDOUS MATERIALS	2020 EMPG REGIONAL HAZARDOUS MATERIALS
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants receivable:						
Federal and State grants	73,192	16,341	-	155,533	2,724	440
Accounts receivable	-	-	-	-	-	-
Prepaid expense	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Total assets	\$ 73,192	\$ 16,341	\$ -	\$ 155,533	\$ 2,724	\$ 440
LIABILITIES						
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	70,210	14,341	-	155,533	2,724	440
Unearned revenue	2,982	2,000	-	-	-	-
Total liabilities	73,192	16,341	-	155,533	2,724	440
DEFERRED INFLOWS OF RESOURCES						
Revenue - unavailable	22,430	16,341	-	43,970	2,724	440
Total deferred inflows of resources	22,430	16,341	-	43,970	2,724	440
Total liabilities and deferred inflows of resources	95,622	32,682	-	199,503	5,448	880
FUND BALANCES						
Nonspendable	-	-	-	-	-	-
Unassigned	(22,430)	(16,341)	-	(43,970)	(2,724)	(440)
Total fund balances	(22,430)	(16,341)	-	(43,970)	(2,724)	(440)
Total liabilities, deferred inflows of resources and fund balances	\$ 73,192	\$ 16,341	\$ -	\$ 155,533	\$ 2,724	\$ 440

Continued

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	STATE OF CONNECTICUT				
	OPM REGIONAL SERVICE GRANT RSG 023-08	OPM CODE ENFORCEMENT SERVICES	LOCAL TRANSPORTATION CAPITAL IMPROVEMENT PROGRAM	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 680,985
Grants receivable:					
Federal and State grants	-	57,985	-	132,762	526,475
Accounts receivable	-	23,449	-	72,095	100,038
Prepaid expense	-	-	-	-	12,417
Due from other funds	-	-	79,858	89,322	761,571
Total assets	<u>\$ -</u>	<u>\$ 81,434</u>	<u>\$ 79,858</u>	<u>\$ 294,179</u>	<u>\$ 2,081,486</u>
LIABILITIES					
Accounts payable and accrued expenses	\$ -	\$ -	\$ -	\$ -	\$ 208,735
Due to other funds	-	81,434	-	176,518	761,571
Unearned revenue	-	-	79,858	117,661	202,501
Total liabilities	<u>-</u>	<u>81,434</u>	<u>79,858</u>	<u>294,179</u>	<u>1,172,807</u>
DEFERRED INFLOWS OF RESOURCES					
Revenue - unavailable	-	1,628	-	135,537	274,541
Total deferred inflows of resources	<u>-</u>	<u>1,628</u>	<u>-</u>	<u>135,537</u>	<u>274,541</u>
Total liabilities and deferred inflows of resources	<u>-</u>	<u>83,062</u>	<u>79,858</u>	<u>429,716</u>	<u>1,447,348</u>
FUND BALANCES					
Nonspendable	-	-	-	-	12,417
Unassigned	-	(1,628)	-	(135,537)	621,721
Total fund balances	<u>-</u>	<u>(1,628)</u>	<u>-</u>	<u>(135,537)</u>	<u>634,138</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 81,434</u>	<u>\$ 79,858</u>	<u>\$ 294,179</u>	<u>\$ 2,081,486</u>

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, 2023**

Fund Balances - Governmental Funds	\$	634,138
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.		248,794
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		133,167
Deferred outflows of resources - difference between expected and actual experience		67,984
Deferred outflows of resources - changes in proportional share		96,602
Deferred outflows of resources - pension contributions made subsequent to the measurement date		104,942
Receivables outstanding beyond 60 days of the fiscal year end		274,541
Other liabilities or deferred inflows of resources are not due and payable in the current period and therefore are deferred or not recorded in the funds.		
Deferred inflows of resources - difference between expected and actual experience		(38,190)
Deferred inflows of resources - changes in proportional share		(71,261)
Compensated absences		(53,393)
Net pension liability		(904,747)
Net position of governmental activities	<u>\$</u>	<u>492,577</u>

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, 2023**

	GENERAL FUND	U.S. DEPARTMENT OF TRANSPORTATION						
		REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17)	REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17)	REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17)	REGIONAL TRANSPORTATION PLANNING AGREEMENT Norwich Mobility	REGIONAL TRANSPORTATION PLANNING AGREEMENT Carryover Planning '19	REGIONAL TRANSPORTATION PLANNING AGREEMENT Route 161 Corridor	REGIONAL TRANSPORTATION PLANNING AGREEMENT Route 32 Corridor
REVENUES								
Municipal assessments	\$ 153,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:								
Federal and State grants	-	-	106,407	428,457	6,600	4,731	161,574	131,860
Other grants	-	-	-	-	1,165	-	20,444	16,467
Municipal and technical assessment contracts	-	-	-	-	-	-	-	-
Interest income	12,851	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	166,686	-	106,407	428,457	7,765	4,731	182,018	148,327
EXPENDITURES								
Current								
Direct salaries	-	-	-	227,706	-	-	121	-
Allocated indirect	-	-	-	246,802	-	-	131	-
Direct charges	4,312	-	-	1,555	7,765	5,257	185,662	151,256
Capital outlay	45,485	-	-	-	-	-	-	-
Total expenditures	49,797	-	-	476,063	7,765	5,257	185,914	151,256
Excess (deficiency) of revenues over expenditures	116,889	-	106,407	(47,606)	-	(526)	(3,896)	(2,929)
OTHER FINANCING SOURCES (USES)								
Transfers in	3,280	-	-	47,606	-	526	-	-
Transfers out	(57,639)	-	-	-	-	-	-	-
Total other financing sources (uses)	(54,359)	-	-	47,606	-	526	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	62,530	-	106,407	-	-	-	(3,896)	(2,929)
FUND BALANCE, beginning of year	846,149	-	(106,407)	-	-	-	(18,534)	(13,412)
FUND BALANCE, end of year	\$ 908,679	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (22,430)	\$ (16,341)

Continued

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	DEPARTMENT OF DEFENSE	U.S. DEPARTMENT OF HOMELAND SECURITY			STATE OF CONNECTICUT			
	CITY OF GROTON MOBILITY PLAN HQ00052010044	DEMHS DIRECT SERVICE PROGRAMS	2022 EMPG REGIONAL HAZARDOUS MATERIALS	2021 EMPG REGIONAL HAZARDOUS MATERIALS	2020 EMPG REGIONAL HAZARDOUS MATERIALS	OPM REGIONAL SERVICE GRANT RSG 023-08	OPM CODE ENFORCEMENT SERVICES	LOCAL TRANSPORTATION CAPITAL IMPROVEMENT PROGRAM
REVENUES								
Municipal assessments		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental:								
Federal and State grants	10,720	425,889	-	-	64,559	376,192	82,129	40,845
Other grants	-	-	-	-	-	-	26,637	-
Municipal and technical assessment contracts	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-
Total revenues	10,720	425,889	-	-	64,559	376,192	108,766	40,845
EXPENDITURES								
Current								
Direct salaries	-	-	-	-	-	182,811	49,943	5,739
Allocated indirect	-	-	-	-	-	198,143	54,131	6,220
Direct charges	-	393,959	2,724	51,471	-	1,795	8,981	28,886
Capital outlay	-	-	-	-	-	-	-	-
Total expenditures	-	393,959	2,724	51,471	-	382,749	113,055	40,845
Excess (deficiency) of revenues over expenditures	10,720	31,930	(2,724)	(51,471)	64,559	(6,557)	(4,289)	-
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	6,557	2,661	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	6,557	2,661	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	10,720	31,930	(2,724)	(51,471)	64,559	-	(1,628)	-
FUND BALANCE, beginning of year	(10,720)	(75,900)	-	-	(64,999)	-	-	-
FUND BALANCE, end of year	\$ -	\$ (43,970)	\$ (2,724)	\$ (51,471)	\$ (440)	\$ -	\$ (1,628)	\$ -

Continued

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES		
Municipal assessments	\$ -	\$ 153,835
Intergovernmental:		
Federal and State grants	34,502	1,874,465
Other grants	81,753	146,466
Municipal and technical assessment contracts	226,403	226,403
Interest income	-	12,851
Other revenue	13,524	13,524
Total revenues	<u>356,182</u>	<u>2,427,544</u>
EXPENDITURES		
Current		
Direct salaries	75,026	541,346
Allocated indirect	70,368	575,795
Direct charges	319,373	1,162,996
Capital outlay	-	45,485
Total expenditures	<u>464,767</u>	<u>2,325,622</u>
Excess (deficiency) of revenues over expenditures	<u>(108,585)</u>	<u>101,922</u>
OTHER FINANCING SOURCES (USES)		
Transfers in	289	60,919
Transfers out	(3,280)	(60,919)
Total other financing sources (uses)	<u>(2,991)</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	<u>(111,576)</u>	<u>101,922</u>
FUND BALANCE, beginning of year	(23,961)	532,216
FUND BALANCE, end of year	<u>\$ (135,537)</u>	<u>\$ 634,138</u>

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, 2023**

Net change in fund balances - total governmental funds	\$ 101,922
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 capital additions (\$39,705) exceeded depreciation (\$15,125) in the current period.	24,580
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	(39,392)
Deferred outflows of resources - changes in projected pension investment earnings	133,167
Deferred outflows of resources - difference between expected and actual experience	19,398
Deferred outflows of resources - changes in assumptions	(75,078)
Deferred outflows of resources - changes in proportional share	(38,265)
Deferred outflows of resources - pension contributions made subsequent to the measurement date	(11,064)
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:	
Deferred inflows of resources - changes in projected pension investment earnings	239,110
Deferred inflows of resources - difference between expected and actual experience	43,384
Deferred inflows of resources - changes in proportional share	(63,002)
Net pension liability	(346,614)
Compensated absences	577
Change in net position of governmental activities	\$ (11,277)

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2023

ASSETS	
	<u>CUSTODIAL FUND</u>
CURRENT ASSETS	
Cash and cash equivalents	\$ 4,197
Total current assets	<u>\$ 4,197</u>
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts payable	\$ 2,241
Total current liabilities	<u>2,241</u>
NET POSITION	
Restricted for others	<u>1,956</u>
Total net position	<u>1,956</u>
Total liabilities and net deficit	<u>\$ 4,197</u>

The accompanying notes are an integral part of these financial statements

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2023**

	CUSTODIAL FUND
ADDITIONS	
Donations and fundraising	\$ -
Total additions	-
DEDUCTIONS	
Activities	8,392
Total deductions	8,392
Change in net position	(8,392)
Net Position, beginning of year	10,348
Net Position, end of year	\$ 1,956

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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 financial statements consist of a balance sheet and a 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, 2023**

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, 2023**

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

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

Governmental Funds (*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 26 special revenue funds, the following 15 of which are considered major funds:

U.S. Department of Transportation-Agreement Number 5.09-06(17) – Regional Transportation Planning – This fund is used to account for revenues and expenditures relating to transportation planning in the southeastern Connecticut planning region.

U.S. Department of Transportation-Agreement Number 5.09-06(17) – Regional Transportation Planning – This fund is used to account for revenues and expenditures relating to transportation planning in the southeastern Connecticut planning region.

U.S. Department of Transportation-Agreement Number 5.09-06(17) – Regional Transportation Planning – This fund is used to account for revenues and expenditures relating to transportation planning in the southeastern Connecticut planning region.

U.S. Department of Transportation-Agreement – Norwich Mobility – This fund is used to account for revenues and expenditures relating to transportation planning in the City of Norwich, Connecticut.

U.S. Department of Transportation-Agreement-Carryover Planning 19 – This fund is used to account for revenues and expenditures relating to transportation planning in the southeastern Connecticut planning region.

U.S. Department of Transportation-Agreement-Route 161 Corridor – This fund is used to account for revenues and expenditures relating to transportation planning in Route 161 Corridor of East Lyme, Connecticut.

U.S. Department of Transportation-Agreement-Route 32 Corridor – This fund is used to account for revenues and expenditures relating to transportation planning in Route 32 Corridor of New London, Connecticut.

U.S. Department of Defense City of Groton Mobility Plan HQ00052010044-This fund is used to account for revenues and expenditures related to creating a parking and mobility plan for the City of Groton, Connecticut under the federal program “Community Economic Adjustment for Comparable Use and Joint Land Use Studies.”

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.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

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

Governmental Revenue Funds (*Continued*)

Special Revenue Funds (*Continued*)

2022 EMPG Regional Hazardous Materials – This fund is used to account for the revenue and expenditures under an Emergency Management Performance Grant (“EMPG”) from the Department of Emergency Services and Public Protection Division of Emergency Management and Homeland Security.

2021 EMPG Regional Hazardous Materials – This fund is used to account for the revenue and expenditures under an Emergency Management Performance Grant (“EMPG”) from the Department of Emergency Services and Public Protection Division of Emergency Management and Homeland Security.

2020 EMPG Regional Hazardous Materials – This fund is used to account for the revenue and expenditures under an Emergency Management Performance Grant (“EMPG”) from the Department of Emergency Services and Public Protection Division of Emergency Management and Homeland Security.

State of Connecticut Office of Policy and Management-Regional Service Grant RSG 022-08 – 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 Office of Policy and Management-Code Enforcement Services – These funds are used to account for the revenue and expenditures related code enforcement services under the Regional Performance Incentive Program.

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.

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:

Custodial 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.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

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.

CASH EQUIVALENTS

SCCOG defines cash equivalents as liquid investments with an original maturity of three months or less. SCCOG had cash equivalents totaling \$339,738 between all governmental funds at June 30, 2023, 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 \$5,000 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

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

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 sick time for tenured employees and unused vacation time for all employees are 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.

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.

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

FUND EQUITY AND NET POSITION (*Continued*)

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 \$402,695 of pension related deferred outflows for the year ended June 30, 2023.

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 two items that met this criteria: 1) unavailable revenue from receivables that were not received within 60 days of year end and are therefore not considered “available” totaling \$274,541, and 2) pension related deferred inflows with respect to SCCOG’s participation in the State of Connecticut Municipal Employees’ Retirement System (MERS) totaling \$109,451 at June 30, 2023.

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 1st and is presented to the Board for adoption prior to March 1st 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.

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.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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

SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through February 12, 2024, the date that the financial statements were available to be issued. There were no subsequent events identified that require disclosure.

APPLICATION OF ACCOUNTING STANDARDS

For the year ended June 30, 2023, the following accounting pronouncements became effective and the District implemented such pronouncements, where applicable:

GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).

GASB Statement 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users.

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 permits 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.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS *(Continued)*

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. SCCOG generally does not invest in any long-term investment obligations.

At June 30, 2023, SCCOG's cash and cash equivalents, exclusive of its custodial fund were as follows:

Cash:	
Deposits - demand accounts	\$ 341,247
Cash equivalents:	
State Short-Term Investment Fund (STIF)	339,738
Total cash and equivalents	\$ 680,985

The bank balance of SCCOG's deposits, exclusive of its custodial fund, was \$356,101 at June 30, 2023, of which \$250,000 was covered by Federal Depository Insurance and the balance of \$106,101 was uninsured. The carrying amount and bank balance of SCCOG's custodial fund were both \$4,197 at June 30, 2023. All of the custodial fund's bank balance was covered by Federal Depository Insurance at June 30, 2023.

NOTE 3 - RECEIVABLES

At June 30, 2023, receivables consisted of the following:

	Fund Financials		Government- Wide
	Major Funds	Non- Major Funds	Governmental Activities
Federal and State	\$ 393,713	\$ 132,762	\$ 526,475
Accounts receivable	27,943	72,095	100,038
Receivables, gross	421,656	204,857	626,513
Allowance for doubtful accounts	\$ -	\$ -	\$ -
Receivables, net	\$ 421,656	\$ 204,857	\$ 626,513

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*.

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 - RECEIVABLES (Continued)

	<u>Fund Financials</u>		<u>Government-</u>
	<u>Major</u>	<u>Non-</u>	<u>Wide</u>
	<u>Funds</u>	<u>Major</u>	<u>Governmental</u>
		<u>Funds</u>	<u>Activities</u>
Current liabilities			
Unearned revenue	\$ 84,840	\$ 117,661	\$ 202,501
Deferred inflows of resources			
Revenue - unavailable	\$ 139,004	\$ 135,537	\$ -

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 is as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2023</u>
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 63,758	\$ -	\$ -	\$ 63,758
Capital assets, being depreciated				
Land improvements	20,350	39,705	-	60,055
Buildings and related improvements	297,576	-	-	297,576
Equipment and furnishings	152,999	-	-	152,999
Total assets, being depreciated	470,925	39,705	-	510,630
Total governmental activities capital assets	534,683	39,705	-	574,388
Less: accumulated depreciation for				
Land improvements	19,265	2,915	-	22,180
Buildings and related improvements	157,899	7,179	-	165,078
Equipment and furnishings	133,305	5,031	-	138,336
Total accumulated depreciation	310,469	15,125	-	325,594
Total governmental activities capital assets being depreciated, net	160,456	24,580	-	185,036
Total government-wide capital assets, net	\$ 224,214	\$ 24,580	\$ -	\$ 248,794

Depreciation expense was charged to the following program:

Governmental activities	
Regional planning	\$ 15,125
Total depreciation expense-governmental activities	\$ 15,125

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023, SCCOG's inter-fund balances were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	\$ 592,391	\$ 169,180
Other Major Funds:		
U.S. Department of Transportation-Regional Transportation Planning Agreement 5.09-06(17)	-	2,528
U.S. Department of Transportation-Regional Transportation Planning Agreement 5.09-06(17)	-	24,696
U.S. Department of Transportation-Regional Transportation Planning Agreement - Norwich Mobility	-	7,765
U.S. Department of Transportation-Regional Transportation Planning Agreement - Carryover Planning 19	-	4,731
U.S. Department of Transportation-Regional Transportation Planning Agreement -Route 161 Corridor	-	70,210
U.S. Department of Transportation-Regional Transportation Planning Agreement -Route 32 Corridor	-	14,341
U.S. Department of Homeland Security-DEMHS Direct Service Programs	-	155,533
U.S. Department of Homeland Security-2022 EMPG Regional Hazardous Materials	-	2,724
U.S. Department of Homeland Security-2021 EMPG Regional Hazardous Materials	-	51,471
U.S. Department of Homeland Security-2020 EMPG Regional Hazardous Materials	-	440
OPM Code Enforcement Services	-	81,434
Local Transportation Capital Improvement Program	79,858	-
Other Governmental Funds:		
U.S. Department of Homeland Security- DEMHS Homeland Security Regional Collaboration '19	6,781	-
DEMHS Homeland Security Regional Collaboration '21	15,750	-
DEMHS Homeland Security Regional Collaboration '20	-	7,092
DEMHS Homeland Security EMPG '22	-	1,500
DEMHS Multi-Jurisdiction Hazard Mitigation Plan Update	-	124,170
Municipal ARPA	55,959	-
Preston Plan Review	-	2,275
UCONN CIRCA Grants	10,832	-
Municipal and Technical Assistance	-	38,740
Southeastern Connecticut Housing Alliance	-	2,241
CROGG Regional Purchasing Council	-	500
	\$ 761,571	\$ 761,571

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023:

	Transfers In	Transfers Out
General Fund	\$ 3,280	\$ 57,639
Other Major Funds:		
U.S. Department of Transportation-Regional Transportation Planning Agreement 5.09-06(17)	47,606	-
U.S. Department of Transportation-Regional Transportation Planning Agreement 5.09-06(17) Carryover Planning '19	526	-
OPM Regional Service Grant RSG 023-08	6,557	-
OPM Code Enforcement	2,661	
Other Governmental Funds:		
Building Official and Affordable Housing Consulting	-	3,280
Municipal and Technical Assistance	289	-
	\$ 60,919	\$ 60,919

Transfers from the general fund to major funds and other governmental 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 liabilities of SCCOG for the year ended June 30, 2023 consist of:

	Balance June 30, 2022	Additions	Reductions/ Maturities	Balance June 30, 2023	Due Within One Year
Governmental Activities:					
Compensated absences	\$ 53,970	\$ -	\$ 577	\$ 53,393	\$ 5,339
Net pension liability	558,133	346,614	-	904,747	-
Total Governmental Activities noncurrent liabilities	\$ 612,103	\$346,614	\$ 577	\$ 958,140	\$ 5,339

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 7 - FUND BALANCE

At June 30, 2023, fund balances (deficits) reported on the fund financial statements consisted of the following:

	<u>Nonspendable</u>	<u>Unassigned</u>
General Fund		
Prepaid items	\$ 12,417	\$ -
Unassigned	-	896,262
Other Major Funds:		
U.S. Department of Transportation-Regional Transportation Planning Agreement -Route 161 Corridor	-	(22,430)
U.S. Department of Transportation-Regional Transportation Planning Agreement -Route 32 Corridor	-	(16,341)
U.S. Department of Homeland Security- -DEMHS Direct Service Programs	-	(43,970)
U.S. Department of Homeland Security-2022 EMPG Regional Hazardous Materials	-	(2,724)
U.S. Department of Homeland Security-2021 EMPG Regional Hazardous Materials	-	(51,471)
U.S. Department of Homeland Security-2020 EMPG Regional Hazardous Materials	-	(440)
OPM Code Enforcement Services	-	(1,628)
Other Governmental Funds:		
U.S. Department of Homeland Security- DEMHS Homeland Security Regional Collaboration '20	-	(7,092)
DEMHS Homeland Security EMPG '22	-	(1,500)
DEMHS Multi-Jurisdiction Hazard Mitigation Plan Update	-	(124,170)
Preston Plan Review	-	(2,275)
CROGG Regional Purchasing Council	-	(500)
	<u>\$ 12,417</u>	<u>\$ 621,721</u>

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

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 - PENSION PLAN (*Continued*)

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

trust fund. Information regarding the plan can be obtained on the State of Connecticut's website 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.

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.

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.

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 - PENSION PLAN (Continued)

STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM (Continued)

For employees not covered by social security, each person is required to contribute 6% of compensation. For employees covered by social security, each person is required to contribute 3 ¼ % of compensation up to the social security taxable wage base plus 6% 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, 2021.

At June 30, 2023, SCCOG reported a liability of \$904,747 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. 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, 2023 was 0.201232%.

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

Inflation	2.50%
Salary increases	3.50-10.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2014 Combined Mortality Table for annuitants and non-annuitants. The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2017. 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, 2023

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
Global equity	37.0%	6.9%
Public credit	2.0%	2.9%
Core fixed income	13.0%	0.4%
Liquidity fund	1.0%	-0.4%
Risk mitigation	5.0%	0.1%
Private equity	15.0%	11.2%
Private credit	10.0%	6.2%
Real estate	10.0%	6.3%
Infrastructure and natural resources	7.0%	7.7%

The discount rate used to measure the total pension liability was 7.00%. 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, 2023, SCCOG recognized pension expense of \$202,914. At June 30, 2023, SCCOG reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 133,167	\$ -
Difference between expected and actual experience	67,984	38,190
Changes in proportional share	96,602	71,261
SCCOG contributions after the measurement date	104,942	-
Total	<u>\$ 402,695</u>	<u>\$ 109,451</u>

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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 and deferred inflows will be recognized in pension expense as follows:

<u>June 30,</u>		
2023	\$	38,665
2024		51,748
2025		27,984
2026		69,905
Thereafter		-
Total	\$	<u>188,302</u>

The following schedule presents the net pension liability, calculated using the discount rate of 7.00%, 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 (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	<u>1 % Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1 % Increase (8.00%)</u>
SCCOG's proportionate share of net pension liability	\$ 1,238,925	\$ 904,747	\$ 621,864

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, 2023.

NOTE 10 –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.

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 11- EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2023, the following expenditures were in excess of their budgeted appropriations by the following amounts:

Subcontractors/Contributions	
Contractor - zoning enforcement services	\$ 9,939
Planning consultant, Sprague	1,136
Contractor - building official services	13,674
DEMHS financial consultant	4,250
Preston plan review	2,204
LOTICIP Consulting	28,886
Planning FY19 carryover consulting	5,257
Route 161 corridor consulting	185,662
Route 32 corridor consulting	151,256
Norwich mobility consulting	7,765
Other	
Supplies	972
Phones, mail, internet	653
Travel	6,732
Training	30
Conference expenses	562
Staff expenses	329
Books, subscriptions, dues	1,830

During the year ended June 30, 2023, SCCOG made several line item transfers. All increases in budget expenditures were funded with additional expected revenues.

NOTE 12 - PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2023 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 100 - Accounting Changes and Error Corrections. This statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement is effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023 (the District's fiscal year ending June 30, 2024).

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

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

GASB Statement 101 - Compensated Absences. This statement updates the recognition and measurement guidance for compensated absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023 (the District's fiscal year ending June 30, 2025).

SUPPLEMENTARY INFORMATION

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND SELECTED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES					
Municipal assessments	\$ 153,835	\$ -	\$ 153,835	\$ 153,835	\$ -
Municipal ARPA	100,000	(100,000)	-	-	-
OPM Grant (Regional Services Grant)	380,463	(4,271)	376,192	376,192	-
CTDOT Planning Grant	564,491	-	564,491	534,864	(29,627)
CTDOT PL Supplemental	-	165,457	165,457	-	(165,457)
CTDOT - Route 161 Corridor	-	-	-	182,018	182,018
CTDOT - Route 32 Corridor	-	-	-	148,327	148,327
CTDOT - Norwich Mobility	-	-	-	7,765	7,765
CTDOT FY 2019 PL Carryover	137,000	-	137,000	4,731	(132,269)
LOTICIP	50,000	-	50,000	40,845	(9,155)
Technical assistance contracts	298,000	(38,910)	259,090	226,403	(32,687)
DEMHS (FY19) Regional Collaboration Grant	-	-	-	9,102	9,102
DEMHS (FY20) Regional Collaboration Grant	14,400	-	14,400	23,900	9,500
DEMHS (FY21) Regional Collaboration Grant	11,500	-	11,500	-	(11,500)
DEMHS (FY22) Regional Collaboration Grant	18,500	(3,833)	14,667	-	(14,667)
DEMHS (FY23) Regional Collaboration Grant	-	14,667	14,667	-	(14,667)
DEMHS (FY21) EMPG HazMat Grant	1,500	-	1,500	1,500	-
FEMA BRIC Hazard Mitigation Plan Grant	150,000	(5,000)	145,000	-	(145,000)
Resilient CT	-	30,000	30,000	-	(30,000)
CIRCA municipal resilience grant (stormwater)	-	67,000	67,000	81,753	14,753
RPIP- regional code enforcement services	-	96,819	96,819	108,766	11,947
SECHA	15,000	(3,800)	11,200	6,524	(4,676)
DOD - JLUS Grant	-	6,000	6,000	10,720	4,720
Investment income	-	-	-	12,851	12,851
Total revenues	<u>1,894,689</u>	<u>224,129</u>	<u>2,118,818</u>	<u>1,930,096</u>	<u>(188,722)</u>
EXPENDITURES					
Staff					
Salaries	851,728	(1,124)	850,604	718,982	131,622
FICA, insurance, retirement	348,940	1,826	350,766	265,534	85,232
Subcontractors/Contributions					
Computer services	3,000	17,000	20,000	12,456	7,544
Professional services (general)	1,000	-	1,000	-	1,000
Contractor - zoning enforcement services	-	26,000	26,000	35,939	(9,939)
Planning consultant, Lisbon	70,000	(18,000)	52,000	51,471	529
Planning consultant, Sprague	9,000	2,000	11,000	12,136	(1,136)
Contractor - building official services	15,000	(15,000)	-	13,674	(13,674)
Property survey index consultant	14,500	-	14,500	14,000	500
GIS consultant	-	25,000	25,000	-	25,000
DEMHS financial consultant	23,500	-	23,500	27,750	(4,250)
Preston plan review	-	-	-	2,204	(2,204)
JLUS consultant	-	6,000	6,000	-	6,000
Transportation engineering consultant	137,000	80,000	217,000	-	217,000
Hazard mitigation plan consultant	150,000	(5,000)	145,000	108,479	36,521
Consultant - stormwater authority	-	67,000	67,000	60,800	6,200
LOTICIP Consulting	-	-	-	28,886	(28,886)
Planning FY19 carryover consulting	-	-	-	5,257	(5,257)
Route 161 corridor consulting	-	-	-	185,662	(185,662)
Route 32 corridor consulting	-	-	-	151,256	(151,256)
Norwich mobility consulting	-	-	-	7,765	(7,765)
Other					
Office maintenance/utilities	30,000	-	30,000	27,153	2,847
Supplies	6,000	-	6,000	6,972	(972)
Equipment, rental/maintenance	7,000	-	7,000	6,631	369
Equipment, miscellaneous	1,500	-	1,500	14	1,486
Equipment, capital (incl. computers)	10,000	-	10,000	4,004	5,996
Phones, mail, internet	5,000	-	5,000	5,653	(653)
Insurance, bond	18,000	-	18,000	17,831	169
Printing	200	-	200	34	166
Travel	1,500	-	1,500	8,232	(6,732)
Training	-	-	-	30	(30)
Conference expenses	1,500	-	1,500	2,062	(562)
Staff expenses	500	-	500	829	(329)
Books, subscriptions, dues	6,000	-	6,000	7,830	(1,830)
Audit, accounting, legal	35,500	-	35,500	34,975	525
Advertising	500	-	500	482	18
Capital fund	50,000	10,000	60,000	45,485	14,515
Total expenditures	<u>1,796,868</u>	<u>195,702</u>	<u>1,992,570</u>	<u>1,870,468</u>	<u>122,102</u>
Excess (deficiency) of revenues over expenditures - Budgetary Basis	<u>\$ 97,821</u>	<u>\$ 28,427</u>	<u>\$ 126,248</u>	<u>59,628</u>	<u>\$ (66,620)</u>
RECONCILIATION TO GAAP BASIS:					
DEMHS direct services programs are not budgeted as revenues				490,448	
CRCOG purchasing council fees are not budgeted as revenues				7,000	
DEMHS direct service programs are not budgeted as expenditures				(448,154)	
CRCOG purchasing council costs are not budgeted as expenditures				(7,000)	
Excess of expenditures and other financing uses over revenues and other financing sources - GAAP basis				<u>\$ 101,922</u>	

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023
SCCOG's proportion of the net pension liability	0.175363%	0.175363%	0.224384%	0.224384%	0.191759%	0.180784%	0.186302%	0.235821%	0.201232%
SCCOG's proportionate share of the net pension liability	\$ 170,207	\$ 240,091	\$ 440,415	\$ 370,909	\$ 733,399	\$ 667,240	\$ 731,612	\$ 558,133	\$ 904,747
SCCOG's covered-employee payroll	\$ 389,141	\$ 389,141	\$ 477,123	\$ 477,123	\$ 539,766	\$ 464,746	\$ 477,123	\$ 638,560	\$ 566,853
SCCOG's proportionate share of the net pension liability as a percentage of its covered payroll	43.74%	61.70%	92.31%	77.74%	135.87%	143.57%	153.34%	87.40%	159.61%
Plan fiduciary net position as a percentage of the total pension liability	90.48%	92.72%	88.29%	91.68%	73.60%	72.69%	71.18%	82.59%	68.71%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	Rates of Inflation, Real Investment Return Mortality Withdrawal, Disability, Retirement, and Salary Increases
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Amortization period	20 years
Asset valuation method	5-year smoothed market

See independent auditors' report

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	\$ 59,747	\$ 58,744	\$ 51,675	\$ 67,979	\$ 69,865	\$ 83,893	\$ 95,461	\$ 116,006	\$ 104,942
Contributions in relation to the actuarially determined contribution	59,747	58,744	51,675	67,979	69,865	83,893	95,461	116,006	104,942
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 389,141	\$ 389,141	\$ 477,123	\$ 477,123	\$ 539,766	\$ 464,746	\$ 477,123	\$ 638,560	\$ 566,853
Contributions as a percentage of covered-employee payroll	15.35%	15.10%	10.83%	14.25%	12.94%	18.05%	20.01%	18.17%	18.51%

Notes to Schedule

Valuation date:	June 30, 2014	June 30, 2014	June 30, 2016	June 30, 2016	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022
Measurement Date:	June 30, 2015	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022

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	20 years
Asset valuation method	5-year smoothed market
Inflation	2.50%
Salary increases	3.5%-10%, average, including inflation
Investment rate of return	7.0% net of investment expense, including inflation
Changes in assumptions	Rates of Inflation, Real Investment Return Mortality Withdrawal, Disability, Retirement, and Salary Increases

See independent auditors' report

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2023**

FEDERAL PROGRAMS

	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '19	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '20	U.S. DEPARTMENT OF HOMELAND SECURITY DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '21	DEMHS HOMELAND SECURITY EMPG '20	DEMHS HOMELAND SECURITY EMPG '22	DEMHS MULTI-JURISDICTION HAZARD MITIGATION PLAN UPDATE	U.S. TREASURY MUNICIPAL ARPA
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants receivable:							
Federal and State grants	-	7,092	-	-	1,500	124,170	-
Accounts receivable	-	-	-	-	-	-	-
Due from other funds	6,781	-	15,750	-	-	-	55,959
Total assets	\$ 6,781	\$ 7,092	\$ 15,750	\$ -	\$ 1,500	\$ 124,170	\$ 55,959
LIABILITIES							
Due to other funds	\$ -	\$ 7,092	\$ -	\$ -	\$ 1,500	\$ 124,170	\$ -
Due to funding source	-	-	-	-	-	-	-
Unearned revenue	6,781	-	15,750	-	-	-	55,959
Total liabilities	6,781	7,092	15,750	-	1,500	124,170	55,959
DEFERRED INFLOWS OF RESOURCES							
Revenue - unavailable	-	7,092	-	-	1,500	124,170	-
Total deferred inflows of resources	-	7,092	-	-	1,500	124,170	-
Total liabilities and deferred inflows of resources	6,781	14,184	15,750	-	3,000	248,340	55,959
FUND BALANCES							
Unassigned	-	(7,092)	-	-	(1,500)	(124,170)	-
Total fund balances	-	(7,092)	-	-	(1,500)	(124,170)	-
Total liabilities, deferred inflows of resources and fund balances	\$ 6,781	\$ 7,092	\$ 15,750	\$ -	\$ 1,500	\$ 124,170	\$ 55,959

Continued

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2023**

	BUILDING OFFICIAL AND AFFORDABLE HOUSING CONSULTING	PRESTON PLAN REVIEW	UCONN CIRCA GRANTS	MUNICIPAL AND TECHNICAL ASSISTANCE	SOUTHEASTERN CONNECTICUT HOUSING ALLIANCE	CROG REGIONAL PURCHASING COUNCIL	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grants receivable:							
Federal and State grants	-	-	-	-	-	-	132,762
Accounts receivable	28,339	2,275	-	38,740	2,241	500	72,095
Due from other funds	-	-	10,832	-	-	-	89,322
Total assets	<u>\$ 28,339</u>	<u>\$ 2,275</u>	<u>\$ 10,832</u>	<u>\$ 38,740</u>	<u>\$ 2,241</u>	<u>\$ 500</u>	<u>\$ 294,179</u>
LIABILITIES							
Due to other funds	\$ -	\$ 2,275	\$ -	\$ 38,740	\$ 2,241	\$ 500	\$ 176,518
Due to funding source	-	-	-	-	-	-	-
Unearned revenue	28,339	-	10,832	-	-	-	117,661
Total liabilities	<u>28,339</u>	<u>2,275</u>	<u>10,832</u>	<u>38,740</u>	<u>2,241</u>	<u>500</u>	<u>294,179</u>
DEFERRED INFLOWS OF RESOURCES							
Revenue - unavailable	-	2,275	-	-	-	500	135,537
Total deferred inflows of resources	<u>-</u>	<u>2,275</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>500</u>	<u>135,537</u>
Total liabilities and deferred inflows of resources	<u>28,339</u>	<u>4,550</u>	<u>10,832</u>	<u>38,740</u>	<u>2,241</u>	<u>1,000</u>	<u>429,716</u>
FUND BALANCES							
Unassigned	-	(2,275)	-	-	-	(500)	(135,537)
Total fund balances	<u>-</u>	<u>(2,275)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(500)</u>	<u>(135,537)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 28,339</u>	<u>\$ 2,275</u>	<u>\$ 10,832</u>	<u>\$ 38,740</u>	<u>\$ 2,241</u>	<u>\$ 500</u>	<u>\$ 294,179</u>

See independent auditors' report

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023**

FEDERAL PROGRAMS

	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '19	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '20	U.S. DEPARTMENT OF HOMELAND SECURITY DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '21	DEMHS HOMELAND SECURITY EMPG '20	DEMHS HOMELAND SECURITY EMPG '22	DEMHS MULTI-JURISDICTION HAZARD MITIGATION PLAN UPDATE	U.S. TREASURY MUNICIPAL ARPA
REVENUES							
Intergovernmental:							
Federal and State grants	\$ 9,102	\$ 23,900	\$ -	\$ 1,500	\$ -	\$ -	\$ -
Other grants	-	-	-	-	-	-	-
Municipal and technical assessment contracts	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
Total revenues	<u>9,102</u>	<u>23,900</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES							
Direct salaries	4,153	2,463	-	-	-	-	-
Allocated indirect	4,502	2,669	-	-	-	-	-
Direct charges	447	25,860	-	-	1,500	108,479	-
Total expenditures	<u>9,102</u>	<u>30,992</u>	<u>-</u>	<u>-</u>	<u>1,500</u>	<u>108,479</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	(7,092)	-	1,500	(1,500)	(108,479)	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	-	(7,092)	-	1,500	(1,500)	(108,479)	-
FUND BALANCE, beginning of year	-	-	-	(1,500)	-	(15,691)	-
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ (7,092)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,500)</u>	<u>\$ (124,170)</u>	<u>\$ -</u>

Continued

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 NONMAJOR FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023**

	BUILDING OFFICIAL AND AFFORDABLE HOUSING CONSULTING	PRESTON PLAN REVIEW	UCONN CIRCA GRANTS	MUNICIPAL AND TECHNICAL ASSISTANCE	SOUTHEASTERN CONNECTICUT HOUSING ALLIANCE	CRCOG REGIONAL PURCHASING COUNCIL	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES							
Intergovernmental:							
Federal and State grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,502
Other grants	-	-	81,753	-	-	-	81,753
Municipal and technical assessment contracts	48,811	-	-	177,592	-	-	226,403
Other revenue	-	-	-	-	6,524	7,000	13,524
Total revenues	<u>48,811</u>	<u>-</u>	<u>81,753</u>	<u>177,592</u>	<u>6,524</u>	<u>7,000</u>	<u>356,182</u>
EXPENDITURES							
Direct salaries	821	-	7,046	54,047	6,496	-	75,026
Allocated indirect	889	-	7,637	54,671	-	-	70,368
Direct charges	<u>43,821</u>	<u>2,205</u>	<u>60,870</u>	<u>69,163</u>	<u>28</u>	<u>7,000</u>	<u>319,373</u>
Total expenditures	45,531	2,205	75,553	177,881	6,524	7,000	464,767
Excess (deficiency) of revenues over expenditures	3,280	(2,205)	6,200	(289)	-	-	(108,585)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	289	-	-	289
Transfers out	<u>(3,280)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,280)</u>
Total other financing sources (uses)	(3,280)	-	-	289	-	-	(2,991)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	-	(2,205)	6,200	-	-	-	(111,576)
FUND BALANCE, beginning of year	-	(70)	(6,200)	-	-	(500)	(23,961)
FUND BALANCE, end of year	<u>\$ -</u>	<u>\$ (2,275)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (500)</u>	<u>\$ (135,537)</u>

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
FINANCIAL SUMMARY FOR THE
SOUTHEASTERN CONNECTICUT HOUSING ALLIANCE
CUSTODIAL FUND
FOR THE YEAR ENDED JUNE 30, 2023**

CASH, beginning of year	\$	12,434
CASH RECEIPTS:		-
Total cash receipts		-
CASH DISBURSEMENTS		
Wages and travel		8,237
Total cash disbursements		8,237
Excess (deficiency) of cash receipts over cash disbursements		(8,237)
CASH, end of year	\$	4,197

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
PROJECT INCEPTION THROUGH JUNE 30, 2023**

	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.09-06(17) STATE PROJECT NUMBER DOT07209996PL REGIONAL TRANSPORATION PLANNING FYE 2023	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.09-06(17) STATE PROJECT NUMBER DOT07209996PL REGIONAL TRANSPORATION PLANNING FYE 2022	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.09-06(17) STATE PROJECT NUMBER DOT07209996PL REGIONAL TRANSPORATION FY 2019 CARRYOVER	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.09-06(17) STATE PROJECT NUMBER DOT00440159PL EAST LYME ROUTE 161 CORRIDOR STUDY	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.09-06(17) STATE PROJECT NUMBER DOT00940262PL NEW LONDON ROUTE 32 CORRIDOR STUDY	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.09-06(17) STATE PROJECT NUMBER DOT01030281PL NORWICH MOBILITY CORRIDOR STUDY
MAXIMUM FUNDS AUTHORIZED						
U.S. Department of Transportation	\$ 501,770	\$ 501,770	\$ 178,429	\$ 222,222	\$ 177,778	\$ 235,294
State of Connecticut	62,721	62,721	22,304	27,778	22,222	14,706
Local required match	62,721	62,721	22,304	27,778	22,222	44,118
Total maximum funds authorized	<u>627,212</u>	<u>627,212</u>	<u>223,037</u>	<u>277,778</u>	<u>222,222</u>	<u>294,118</u>
AUDITED EXPENDITURES						
Direct salaries	227,706	241,835	-	121	-	-
Indirect	246,802	301,083	-	131	-	-
Direct charges	1,555	1,354	18,388	219,933	180,001	7,765
Total audited expenditures	<u>476,063</u>	<u>544,272</u>	<u>18,388</u>	<u>220,185</u>	<u>180,001</u>	<u>7,765</u>
DISTRIBUTION OF AUDITED EXPENDITURES						
U.S. Department of Transportation	380,850	435,418	14,710	176,148	144,001	6,212
State of Connecticut	47,606	54,427	1,839	22,019	18,000	388
Local	47,607	54,427	1,839	22,018	18,000	1,165
Total distribution of audited expenditures	<u>476,063</u>	<u>544,272</u>	<u>18,388</u>	<u>220,185</u>	<u>180,001</u>	<u>7,765</u>
CONNDOT RESPONSIBILITY						
U.S. Department of Transportation	380,850	435,418	14,710	176,148	144,001	6,212
State of Connecticut	47,606	54,427	1,839	22,019	18,000	388
Total ConnDOT responsibility	<u>428,456</u>	<u>489,845</u>	<u>16,549</u>	<u>198,167</u>	<u>162,001</u>	<u>6,600</u>
LESS: payments received through June 30, 2023	403,761	489,845	11,818	124,975	145,660	-
Balance due from (to) ConnDOT at June 30, 2023	<u>\$ 24,695</u>	<u>\$ -</u>	<u>\$ 4,731</u>	<u>\$ 73,192</u>	<u>\$ 16,341</u>	<u>\$ 6,600</u>

* Note: All amounts are cumulative through June 30, 2023 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

SUPPLEMENTARY INFORMATION

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, 2023, and the related notes to the financial statements, which collectively comprise SCCOG's basic financial statements, and have issued our report thereon dated February 12, 2024.

REPORT ON 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) as a basis for designing 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 or significant deficiencies may exist that have not been identified.

REPORT ON 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 financial statements. 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 & Malashan, LLC

Groton, Connecticut

February 12, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE 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

Opinion on Each Major Federal Program

We have audited Southeastern Connecticut Council of Governments (SCCOG's) compliance with the types of compliance requirements identified as subject to audit 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, 2023. SCCOG's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of federal findings and questioned costs.

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 federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SCCOG and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of SCCOG's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to SCCOG's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SCCOG's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SCCOG's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SCCOG's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SCCOG's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 SCCOG's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses,

as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

February 12, 2024

**SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS**

**SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023**

Grantor; Pass-through Grantor; Program Title; Description	Pass-Through Entity Identifying Number	Federal CFDA Number	Grant Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Indirect:			
Passed through the State of Connecticut Department of Transportation:			
Regional Transportation Planning			
Federal Highway Administration (FHWA) and Federal Transit Administration (FTA)	05.09-06(17)	20.205	\$ 380,851
New London - Route 32 Corridor Study DOT00940262PL	05.09-06(17)	20.205	121,004
East Lyme - Route 161 Corridor Study DOT00440159PL	05.09-06(17)	20.205	148,731
Norwich Mobility Corridor Study DOT01030281PL	05.09-06(17)	20.205	6,212
PL Carryforward Fimds - DOT07229996PL	05.09-06(17)	20.205	4,205
Total U.S. Department of Transportation			<u>661,003</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Indirect:			
Passed through the State of Connecticut Department of Emergency Services and Public Protection			
Building Resilient Infrastructure and Communities	EMB-2020-BR-001-0012	97.047	108,479
Direct Service Regional 4 Collaboration FFY 2022		97.067	107,099
Direct Service Regional 4 Collaboration FFY 2021		97.067	96,919
Direct Service Regional 4 Collaboration FFY 2020		97.067	33,598
Direct Service Regional 4 Collaboration FFY 2019		97.067	156,343
			<u>393,959</u>
Emergency Management Performance Grants			
EMPG Haz Mat Region 4 FFY 19 - Admin		97.042	9,102
EMPG Haz Mat Region 4 FFY 20 - Admin		97.042	30,992
EMPG Haz Mat Region 4 FFY 22 - Admin		97.042	1,500
EMPG Haz Mat Teams 2021		97.042	51,471
EMPG Haz Mat Teams 2022		97.042	2,724
			<u>95,789</u>
Total U.S. Department of Homeland Security			<u>598,227</u>
Total Expenditures of Federal Awards			<u>\$ 1,259,230</u>

The accompanying notes are an integral part of this schedule.

**SOUTHEASTERN CONNECTICUT COUNCIL
OF GOVERNMENTS
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

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, 2023**

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:

<u>CFDA Number</u>	<u>Name of Federal Program</u>	<u>Expenditures</u>	<u>Federal Assistance</u>
20.205	U.S. Department of Transportation – Regional Transportation Planning Federal Highway Administration (FHWA) and Federal Transit Administration (FTA)	\$661,003	\$661,003

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, 2023**

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

- We issued a report dated February 12, 2024 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, 2023**

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, 2023, and the related notes to the financial statements, which collectively comprise SCCOG's basic financial statements, and have issued our report thereon dated February 12, 2024.

REPORT ON 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) as a basis for designing 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 or significant deficiencies may exist that have not been identified.

REPORT ON 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 financial statements. 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 & Malashan, LLC

Groton, Connecticut

February 12, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
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

Opinion on Each Major State Program

We have audited Southeastern Connecticut Council of Government (SCCOG)'s compliance with the types of compliance requirements identified as subject to audit 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, 2023. SCCOG's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, SCCOG complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of SCCOG and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of SCCOG's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes,, regulations, rules and provisions of contracts or grant agreements applicable to SCCOG's state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SCCOG's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SCCOG's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SCCOG's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of SCCOG's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 SCCOG's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

REPORT ON 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses,

as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

February 12, 2024

**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, 2023**

State Grantor/Program Title	State Grant Program Core-CT Number	Grant Expenditures
DEPARTMENT OF TRANSPORTATION		
Direct:		
Regional Transportation Planning	12062-DOT57551-22108	\$ 47,606
Local Transportation Capital Improvement Program	13033-DOT57197-43584	40,845
Fiscal Year 2019 Carryover	12062-DOT57551-22108	526
East Lyme - Route 161 Corridor Study	DOT00440159PL	18,592
New London - Route 32 Corridor Study	DOT00940262PL	15,126
Norwich Mobility Corridor Study	DOT01030281PL	388
Total Department of Transportation		123,083
OFFICE OF POLICY AND MANAGEMENT		
Direct:		
Regional Services Grants	12060-OPM20600-35457-13046	376,192
Regional Performance Incentive Program	12060-OPM20600-35457-13046	82,129
Total Office of Policy and Management		458,321
Total State Financial Assistance		\$ 581,404

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, 2023**

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, 2023**

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 None reported
○ Significant deficiency(ies) identified?	_____	Yes	_____	✓ reported
Noncompliance material to financial statements noted?	_____	Yes	_____	✓ No

STATE FINANCIAL ASSISTANCE

Internal control over major programs:				
○ Material weakness(es) identified?	_____	Yes	_____	✓ No None reported
○ Significant deficiency(ies) identified?	_____	Yes	_____	✓ 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:

<i>State Grantor/Program</i>	State Grant Program Identification Number	Expenditures
Office of Policy and Management:		
Regional Services Grant	12060-OPM20600-35457-13046	\$ 376,192
Regional Performance Incentive Program	12060-OPM20600-35457-13046	\$ 82,129
Dollar threshold used to distinguish between Type A and Type B program:		<u><u>\$100,000</u></u>

**SOUTHEASTERN CONNECTICUT COUNCIL
OF GOVERNMENTS
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

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

- We issued a report dated February 12, 2024 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, 2023**

**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, 2023**

PRIOR YEAR AUDIT FINDINGS RESOLVED

None

INDEPENDENT AUDITORS' REPORT ON THE SCHEDULE OF INDIRECT COSTS AND OVERHEAD RATE CALCULATION

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

Opinion

We have audited the accompanying Schedule of Indirect Costs and Overhead Rate Calculation of the Southeastern Connecticut Council of Governments (SCCOG) for the year ended June 30, 2023, and the related notes to the schedule.

In our opinion, the Schedule of Indirect Costs and Overhead Rate Calculation presents fairly, in all material respects, the indirect costs and overhead rate of SCCOG for the year ended June 30, 2023, in accordance with provisions prescribed by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Information section of our report. We are required to be independent of SCCOG and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note A of the schedule, which describes the basis of accounting to meet the requirements of the Council's Transportation Planning Agreement with the State of Connecticut Department of Transportation (DOT). The schedule is prepared on the basis of the provisions prescribed by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the DOT. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Information

Management is responsible for the preparation and fair presentation of the schedule in accordance with the provisions prescribed by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Responsibilities of Management for the Financial Information (Continued)

In preparing the schedule, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about SCCOG's ability to continue as a going concern within one year after the date that the schedule is available to be issued.

Auditors' Responsibilities for the Audit of the Financial Information

Our objectives are to obtain reasonable assurance about whether the schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit 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 SCCOG's internal control. Accordingly, no such opinion is expressed.
- Evaluate 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 schedule.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SCCOG's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on the Audit of the Financial Statements

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, 2023, and the related notes to the financial statements, which collectively comprise SCCOG's basic financial statements and our report thereon dated February 12, 2024, expressed an unmodified opinion on those financial statements.

Restriction on Use

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

Hoyt, Filippetti & Malashan, LLC

Groton, Connecticut

February 12, 2024

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS AND OVERHEAD RATE CALCULATION
FOR THE YEAR ENDED JUNE 30, 2023

INDIRECT COSTS

Indirect salaries	\$	177,636
Fringe benefits		265,534
Office maintenance		27,152
Supplies		6,972
Equipment rental and maintenance		6,631
Equipment purchases		4,004
Computer services		12,456
Telephone and postage		5,653
Bond and insurance		17,831
Travel		92
Conferences		2,062
Printing		34
Miscellaneous		14
Staff expenses		829
Training		30
Dues, books and subscriptions		7,830
Capital purchases		5,780
Audit/Accounting/Legal		34,975
Advertising		280
Depreciation		10,949
Total indirect costs	\$	586,744

OVERHEAD RATE CALCULATION

Total payroll	\$	718,982
Less: indirect and unassigned payroll		177,636
Payroll base	\$	541,346

Total allowable indirect costs	\$	586,744
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Indirect cost rate		108.386%
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The accompanying notes are an integral part of these financial statements

**SOUTHEASTERN CONNECTICUT COUNCIL
OF GOVERNMENTS
NOTES TO THE SCHEDULE OF INDIRECT COSTS
AND OVERHEAD RATE CALCULATION
FOR THE YEAR ENDED JUNE 30, 2023**

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. 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.

NOTE B - COST ALLOCATION

Costs are assigned to projects and activities in accordance with the requirements and cost principles prescribed by the Uniform Guidance. Allocations of indirect costs are based on direct labor charges associated with each project and activity. Direct costs incurred by a particular project or activity are charged to that project whether the cost is reimbursable or not.

NOTE C - SUBSEQUENT EVENTS

Subsequent events were evaluated by management through February 12, 2024.