FY22
BUDGET REQUEST

SEAT

TOWN OF WATERFORD
15 Rope Ferry Road
Waterford, CT 06385
860-442-0553

SOCIAL SERVICES GRANT FUNDING REQUEST

ORGANIZATION NAME: Southeast Area Transit District FY22

REQUEST DATE (FISCAL YEAR): (July 1, 2021 - June 30, 2022)

REQUESTED AMOUNT: $35,888

BENEFIT STATEMENT (Describe how these funds will be used)

These funds represent the local match requirements to fund public transit services (fixed routes 1, 3, 12, 14, 15 and ADA paratransit service) in the town of Waterford. The projected total annual operating costs of the Waterford services is $584,980; the balance of these costs are borne by State, Federal and passenger fares. SEAT requires no capital contributions from its member towns, which are fully funded by Federal and State funds.

Per Town of Waterford Budget Guidelines: please attach a certified audit report of all funds appropriated during the last completed fiscal year to your funding request.

DECLARATION

I, the requester, understand that I am requesting public funds from the Town of Waterford. I declare that this request does not pose any potential conflict with the Town of Waterford and I will provide any documentation requested by the Town of Waterford to authorize funding this request or review the appropriateness of the request.

Signature

12/22/20
Date

Southeast Area Transit
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Current Month					Year to Date				Budget Analysis	
Actual	Plan	Variance $	Variance %	**CONSOLIDATED SEAT**	Actual	Plan	Variance $	Variance %	Earned % 2021 Budget	Actual % 2021 Budget
				OPERATING AND OTHER REVENUES						
				PASSENGER REVENUES						
$ 55,297	$ 93,882	$ (38,584)	-41.10%	Fixed Route Transit Passenger	$ 142,884	$ 563,290	$ (420,406)	-74.63%	50.00%	12.68%
$ 936	$ 2,024	$ (1,088)	-53.74%	Demand Response Passenger	$ 2,675	$ 12,143	$ (9,468)	-77.97%	50.00%	11.01%
$ 56,234	$ 95,905	$ (39,672)	-41.37%	Total Passenger Revenue	$ 145,558	$ 575,433	$ (429,874)	-74.70%	50.00%	12.65%
				GOVERNMENT GRANTS						
$ 46,817	$ 46,790	$ 28	0.06%	Local Government Grants	$ 280,904	$ 280,738	$ 166	0.06%	50.00%	50.03%
$ 376,977	$ 386,401	$ (9,424)	-2.44%	State Government Grants	$ 2,261,860	$ 2,318,407	$ (56,546)	-2.44%	50.00%	48.78%
$ 28,525	$ 44,207	$ (15,682)	-35.47%	Federal CARES Grant	$ 732,531	$ 265,244	$ 467,287	176.17%	151.08%	417.24%
$ 14,282	$ 14,631	$ (348)	-2.38%	State Government Grants - ADA	$ 85,693	$ 87,783	$ (2,090)	-2.38%	50.00%	48.81%
$ 466,602	$ 492,029	$ (25,427)	-5.17%	Total Grant Revenue	$ 3,360,988	$ 2,952,172	$ 408,817	13.85%	54.94%	62.54%
				OTHER REVENUES						
$ 78	$ 2,884	$ (2,806)	-97.31%	Advertising/Misc Revenue	$ 20,400	$ 17,302	$ 3,098	17.91%	50.00%	58.95%
$ 78	$ 2,884	$ (2,806)	-97.31%	Total Other Income	$ 20,400	$ 17,302	$ 3,098	17.91%	2.39%	2.82%
$ 522,913	$ 590,818	$ (67,905)	-11.49%	**TOTAL REVENUES**	$ 3,526,947	$ 3,544,906	$ (17,959)	-0.51%	48.91%	48.66%

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Current Month Actual	Current Month Plan	Current Month Variance $	Current Month Variance %	**CONSOLIDATED SEAT**	Year to Date Actual	Year to Date Plan	Year to Date Variance $	Year to Date Variance %	Budget Analysis Earned % 2021 Budget	Budget Analysis Actual % 2021 Budget
				OPERATING EXPENSES						
$ 151,887	$ 160,120	$ (8,233)	-5.14%	Operators' Salaries & Wages	$ 931,848	$ 960,722	$ (28,874)	-3.01%	50.00%	48.50%
$ 27,263	$ 29,133	$ (1,870)	-6.42%	Operators Overtime	215,712	174,796	40,916	23.41%	50.00%	61.70%
$ 51,429	$ 92,557	$ (41,127)	-44.43%	Other Salaries & Wages	$ 517,025	$ 555,340	$ (38,315)	-6.90%	50.00%	46.55%
$ 230,579	$ 281,810	$ (51,230)	-18.18%	Total Salaries & Wages	1,664,584	1,690,857	(26,273)	-1.55%	50.00%	50.52%
$ 171,593	$ 170,663	$ 930	0.55%	Fringe Benefits	$ 1,047,021	$ 1,023,979	$ 23,042	2.25%	50.00%	51.13%
$ 22,752	$ 32,647	$ (9,895)	-30.31%	Services	$ 226,318	$ 195,884	$ 30,435	15.54%	50.00%	57.77%
				Materials & Supplies						
$ 29,743	$ 38,422	$ (8,678)	-22.59%	Fuel & Lubricants	$ 214,806	$ 230,530	$ (15,724)	-6.82%	50.00%	46.59%
$ 4,342	$ 5,755	$ (1,413)	-24.55%	Tires & Tubes	$ 29,841	$ 34,530	$ (4,689)	-13.58%	30.57%	26.42%
$ 17,898	$ 27,395	$ (9,497)	-34.67%	Other Materials	$ 129,063	$ 164,372	$ (35,308)	-21.48%	50.00%	39.26%
$ 51,983	$ 71,572	$ (19,589)	-27.37%	Total Materials & Supplies	373,711	429,432	(55,721)	-12.98%	47.57%	41.40%
$ 19,027	$ 21,274	$ (2,247)	-10.56%	Purchased Transportation	$ 116,166	$ 127,646	$ (11,480)	-8.99%	50.00%	45.50%
$ 4,176	$ 719	$ 3,457	480.84%	Casualty & Liability	$ 32,146	$ 4,314	$ 27,833	645.25%	50.00%	372.62%
$ 5,323	$ 4,276	$ 1,047	24.49%	Utilities	$ 26,393	$ 25,656	$ 737	2.87%	50.00%	51.44%
$ 2,326	$ 2,174	$ 152	7.00%	Telephone Expense	$ 13,994	$ 13,044	$ 950	7.29%	50.00%	53.64%
$ 1,212	$ 1,027	$ 185	18.03%	Interest Expense	$ 8,158	$ 6,160	$ 1,998	32.44%	50.00%	66.22%
$ -	$ -	$ -	0.00%	Receivable Adjustment	$ -	$ -	$ -	0.00%	0.00%	0.00%
$ 13,198	$ 4,622	$ 8,576	185.55%	Miscellaneous	$ 17,712	$ 27,733	$ (10,020)	-36.13%	239.40%	152.90%
$ 522,170	$ 590,784	$ (68,614)	-11.61%	**TOTAL SEAT EXPENSES**	$ 3,526,204	$ 3,544,702	$ (18,498)	-0.52%	50.00%	49.74%
$ 743	$ 34	$ 709	0.00%	**Net Income/Loss from Operations**	$ 743	$ 204	$ 539	0.00%		

Revenue MTD	Expense MTD	Surplus/Deficit	**Operations Net by Program**	Revenue YTD	Expense YTD	Surplus/Deficit
$ 479,170	$ 500,333	$ (21,163)	**Fixed Route**	$ 2,706,048	$ 3,386,711	$ (680,663)
$ 15,218	$ 21,836	$ (6,618)	**ADA**	$ 88,368	$ 139,492	$ (51,124)
$ 27,782	$ -	$ 27,782	**CARES Supplement**	$ 732,531	$ -	$ 732,531
$ 522,170	$ 522,169	$ 1	**Combined**	$ 3,526,947	$ 3,526,203	$ 744

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Current Month Actual	Current Month Plan	Current Month Variance $	Current Month Variance %	**CAPITAL PROGRAM**	Year to Date Actual	Year to Date Plan	Year to Date Variance $	Year to Date Variance %	Budget Analysis Earned % 2021 Budget	Budget Analysis Actual % 2021 Budget
				Capital Equipment Funding						
$ 6,701	$ -	$ 6,701	0.00%	Federal Capital Grants	$ 1,004,106	$ -	$ 1,004,106	0.00%	-	-
$ 1,675	$ -	$ 1,675	0.00%	State Capital Grants	$ 251,540	$ -	$ 251,540	0.00%	-	-
$ 8,376	$ -	$ 8,376	0.00%	Total Capital Equipment Funding	$ 1,255,646	$ -	$ 1,255,646	0.00%	-	-
				Capital Equipment Expenditures						
$ 6,701	$ -	$ 6,701	0.00%	Federal Capital Grants	$ 1,004,106	$ -	$ 1,004,106	0.00%	-	-
$ 1,675	$ -	$ 1,675	0.00%	State Capital Grants	$ 251,027	$ -	$ 251,027	0.00%	-	-
$ 8,376	$ -	$ 8,376	0.00%	Total Capital Equipment Expenditures	$ 1,255,133	$ -	$ 1,255,133	0.00%	-	-
				Capital Grant Operations Support						
$ 68,750	$ 39,669	$ 29,081	0.00%	Capital Grant OPS Revenue Funding	$ 68,750	$ 79,338	$ (10,588)	-13.35%		
$ 68,750	$ 39,669	$ 29,081	0.00%	Capital Grant OPS Expense Transfer	$ 68,750	$ 79,338	$ (10,588)	-13.34%		
$ (0)	$ -	$ (0)	0.00%	Total Capital Operations Activity	$ (0)	$ -	$ (0)	0.00%		
$ (0)	$ -	$ (0)	0.00%	**Net Income/Loss from Capital Programs**	$ 513	$ -	$ 513	0.00%	-	-
$ 743	$ 34	$ 709	0.00%	**Net Income/Loss from Operations & Capital Programs**	$ 1,256	$ 204	$ 1,052	100.00%		

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Current Month Actual	Current Month Plan	Current Month Variance $	Current Month Variance %	FIXED ROUTE OPERATING EXPENSE	Year to Date Actual	Year to Date Plan	Year to Date Variance $	Year to Date Variance %	Budget Analysis Earned % 2021 Budget	Budget Analysis Actual % 2021 Budget
$ 151,887	$ 160,120	$ (8,233)	-5.14%	Operators' Salaries & Wages	$ 931,848	$ 960,722	$ (28,874)	-3.01%	50.00%	48.50%
$ 27,263	$ 29,133	$ (1,870)	-6.42%	Operator's Overtime	$ 215,712	$ 174,796	$ 40,916	23.41%	50.00%	61.70%
$ (3,670)	$ 23,384	$ (27,054)	-115.70%	Other Salaries & Wages	$ 107,133	$ 140,305	$ (33,172)	-23.64%	50.00%	38.18%
$ 175,479	$ 212,637	$ (37,158)	-17.47%	Total Salaries & Wages	$ 1,254,692	$ 1,275,822	$ (21,130)	-1.66%	50.00%	49.17%
$ 144,066	$ 132,624	$ 11,442	8.63%	Fringe Benefits	$ 841,717	$ 795,744	$ 45,973	5.78%	50.00%	52.89%
$ 1,406	$ 992	$ 414	41.71%	HR & Other Services	$ 8,276	$ 5,953	$ 2,323	39.01%	50.00%	69.51%
				Materials & Supplies						
$ 22,980	$ 32,663	$ (9,682)	-29.64%	Fuel & Lubricants	$ 187,717	$ 195,976	$ (8,259)	-4.21%	50.00%	47.89%
$ 4,342	$ 5,631	$ (1,289)	-22.88%	Tires & Tubes	$ 27,739	$ 33,784	$ (6,045)	-17.89%	50.00%	41.05%
$ 4,062	$ 3,832	$ 230	6.00%	Other Materials	$ 22,504	$ 22,994	$ (490)	-2.13%	50.00%	48.94%
$ 31,385	$ 42,126	$ (10,741)	-25.50%	Total Materials & Supplies	$ 237,960	$ 252,754	$ (14,793)	-5.85%	50.00%	47.07%
$ -	$ -	$ -	0.00%	Miscellaneous	$ -	$ -	$ -	0.00%	0.00%	0.00%
$ 352,336	$ 388,379	$ (36,042)	-9.28%	**Total FR Operations Expense**	$ 2,342,645	$ 2,330,273	$ 12,372	0.53%	50.00%	50.27%

Current Month Actual	Current Month Plan	Current Month Variance $	Current Month Variance %	FIXED ROUTE MAINTENANCE EXPENSE	Year to Date Actual	Year to Date Plan	Year to Date Variance $	Year to Date Variance %	Budget Analysis Earned % 2021 Budget	Budget Analysis Actual % 2021 Budget
$ 44,694	$ 42,704	$ 1,990	4.66%	Salaries & Wages	$ 279,492	$ 256,226	$ 23,267	9.08%	50.00%	54.54%
$ 6,658	$ 7,230	$ (572)	-7.92%	Maintenance Overtime	$ 36,863	$ 43,381	$ (6,518)	-15.02%	50.00%	42.49%
$ 26,336	$ 26,567	$ (231)	-0.87%	Fringe Benefits	$ 158,866	$ 159,400	$ (533)	-0.33%	50.00%	49.83%
$ 10,987	$ 11,599	$ (612)	-5.28%	Vehicle and Bldg MNTC Services	$ 97,299	$ 69,595	$ 27,705	39.81%	50.00%	69.90%
				Materials & Supplies						
$ 1,957	$ 4,159	$ (2,202)	-52.94%	Fuel & Lubricants	$ 12,179	$ 24,952	$ (12,773)	-51.19%	50.00%	24.40%
$ -	$ 3,657	$ (3,657)	0.00%	Misc Travel/Training	$ -	$ 21,941	$ (21,941)	0.00%	0.00%	0.00%
$ 10,070	$ 21,201	$ (11,130)	-52.50%	Other Materials	$ 91,281	$ 127,205	$ (35,924)	-28.24%	50.00%	35.88%
$ 12,027	$ 29,016	$ (16,989)	-58.55%	Total Materials & Supplies	$ 103,460	$ 174,098	$ (70,637)	-40.57%	50.00%	29.71%
$ 100,702	$ 117,116	$ (16,414)	-14.02%	**Total FR Maintenance Expenses**	$ 675,981	$ 702,698	$ (26,717)	-3.80%	50.00%	48.10%

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Current Month Actual	Current Month Plan	Current Month Variance $	Current Month Variance %	FIXED ROUTE ADMINISTRATION EXPENSE	Year to Date Actual	Year to Date Plan	Year to Date Variance $	Year to Date Variance %	Budget Analysis Earned % 2021 Budget	Budget Analysis Actual % 2021 Budget
$ 2,993	$ 18,532	$ (15,539)	-83.85%	Salaries & Wages	$ 88,415	$ 111,192	$ (22,777)	-20.48%	50.00%	39.76%
$ 787	$ 11,116	$ (10,329)	-92.92%	Fringe Benefits	$ 43,692	$ 66,694	$ (23,002)	-34.49%	50.00%	32.76%
$ 8,211	$ 14,704	$ (6,492)	-44.15%	Management Services	$ 98,138	$ 88,222	$ 9,916	11.24%	50.00%	55.62%
$ 100	$ 2,848	$ (2,748)	-96.49%	Professional/Technical Services	$ 9,017	$ 17,088	$ (8,071)	-47.23%	50.00%	26.38%
$ 2,047	$ 2,126	$ (78)	-3.68%	Other Admin Services	$ 11,620	$ 12,754	$ (1,134)	-8.89%	50.00%	45.55%
$ 10,359	$ 19,677	$ (9,318)	-47.36%	Total Services	$ 118,774	$ 118,064	$ 710	0.60%		
$ 3,980	$ -	$ 3,980	#DIV/0!	Fuel & Lubricants (Htg Oil)	$ 7,022	$ -	$ 7,022	#DIV/0!	#DIV/0!	#DIV/0!
$ 2,942	$ 2,265	$ 677	29.89%	Other Materials	$ 11,779	$ 13,589	$ (1,810)	-13.32%	50.00%	43.34%
$ 6,921	$ 2,265	$ 4,657	205.60%	Total Materials & Supplies	$ 18,801	$ 13,589	$ 5,212	38.35%	50.00%	69.18%
$ 4,176	$ 719	$ 3,457	480.84%	Casualty & Liability	$ 32,146	$ 4,314	$ 27,833	645.25%	50.00%	372.62%
$ 5,323	$ 4,276	$ 1,047	24.49%	Utilities	$ 26,393	$ 25,656	$ 737	2.87%	50.00%	51.44%
$ 2,326	$ 2,174	$ 152	7.00%	Telephone Expense	$ 13,994	$ 13,044	$ 950	7.29%	50.00%	53.64%
$ 1,212	$ 1,027	$ 185	18.03%	Interest Expense	$ 8,158	$ 6,160	$ 1,998	32.44%	50.00%	66.22%
$ -	$ -	$ -	0.00%	Leases & Rentals	$ -	$ -	$ -	0.00%	0.00%	0.00%
$ 13,198	$ 965	$ 12,233	1267.22%	Miscellaneous	$ 17,712	$ 5,792	$ 11,920	205.81%	50.00%	152.90%
$ 47,295	$ 60,751	$ (13,456)	-22.15%	**Total FR Admin Expenses**	$ 368,086	$ 364,504	$ 3,582	0.98%	50.00%	50.49%
$ 500,333	**$ 566,246**	**$ (65,912)**	**-11.64%**	**TOTAL FIXED ROUTE EXPENSE**	**$ 3,386,711**	**$ 3,397,474**	**$ (10,763)**	**-0.32%**	**55.29%**	**55.11%**

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Current Month Actual	Current Month Plan	Current Month Variance $	Current Month Variance %	ADA TRANSIT EXPENSE	Year to Date Actual	Year to Date Plan	Year to Date Variance $	Year to Date Variance %	Budget Analysis Earned % 2021 Budget	Budget Analysis Actual % 2021 Budget
$ 755	$ 706	$ 49	6.95%	Other Salaries & Wages	$ 5,122	$ 4,237	$ 885	20.88%	50.00%	60.44%
$ 755	$ 706	$ 49	6.95%	Total Salaries & Wages	$ 5,122	$ 4,237	$ 885	20.88%	50.00%	60.44%
$ 404	$ 357	$ 47	13.25%	Fringe Benefits	$ 2,746	$ 2,142	$ 604	28.23%	50.00%	64.11%
$ -	$ 379	$ (379)	-100.00%	Vehicle Maint Contracted Service	$ 1,969	$ 2,272	$ (303)	0.00%	0.00%	0.00%
				Materials & Supplies						
$ 826	$ 1,600	$ (774)	-48.36%	Fuel & Lubricants	$ 7,888	$ 9,602	$ (1,714)	-17.85%	50.00%	41.07%
$ -	$ 124	$ (124)	0.00%	Tires & Tubes	$ 2,102	$ 746	$ 1,356	181.77%	50.00%	140.88%
$ 823	$ 97	$ 726	745.95%	Other Materials	$ 3,500	$ 584	$ 2,916	499.26%	50.00%	299.63%
$ 1,650	$ 1,822	$ (172)	-9.45%	Total Materials & Supplies	$ 13,490	$ 10,932	$ 2,558	23.40%	50.00%	61.70%
$ 19,027	$ 21,274	$ (2,247)	-10.56%	Purchased Transportation	$ 116,166	$ 127,646	$ (11,480)	-8.99%	50.00%	45.50%
$ 21,836	**$ 24,538**	**$ (2,702)**	**-11.01%**	**Total ADA Expense**	**$ 139,492**	**$ 147,228**	**$ (7,736)**	**-5.25%**	**50.00%**	**47.37%**
$ 27,782	$ -	$ 27,782	0.00%	Federal Capital - CARES GRNT	$ 732,531	$ -	$ 732,531	0.00%	-	-

1/14/2021

31-Oct-20
FY2022 Plan - Preliminary

REVENUE

	FY 2020 Actual	FY 2021 Projected	**Adjusted FY 2022 Budget Plan Forecast**	FY 2022 Variance to FY 21 Projected	Variance %
PASSENGER FARES					
Passenger Fares	$ 776,020	$ 1,061,944	**$ 849,555**	$ (212,389)	-20.00%
Passenger Fares - Stop & Shop	$ 19,755	$ 31,635	**$ 19,755**	$ (11,880)	-37.55%
Passenger Fares - ADA	$ 17,036	$ 24,286	**$ 17,036**	$ (7,250)	-29.85%
Special Transit Revenue	$ 21,000	$ 21,000	**$ 21,000**	$ -	0.00%
WTW - ECWIB/(DSS) - Ticket Purchases	$ 13,432	$ 12,000	**$ 13,432**	$ 1,432	11.93%
	$ 847,243	$ 1,150,865	**$ 920,778**	$ (230,087)	-19.99%
STATE AND LOCAL SUBSIDY					
Local Government Grants	$ 548,107	$ 561,476	**$ 561,476**	$ (0)	0.00%
State Government Grants - Fixed Route	$ 4,523,720	$ 4,636,813	**$ 4,523,720**	$ (113,093)	-2.44%
State Government Grants - ADA	$ 171,386	$ 175,566	**$ 171,386**	$ (4,180)	-2.38%
FTA CARES Operating Grant	$ -	$ 530,489	**$ 527,604**	$ (2,885)	-0.54%
	$ 5,243,213	$ 5,904,344	**$ 5,784,186**	$ (120,158)	-2.04%
MISCELLANEOUS					
Advertising Revenue	$ 33,281	$ 33,000	**$ 33,000**	$ -	0.00%
Interest Income	$ 128	$ 153	**$ 153**	$ -	0.16%
Miscellaneous income	$ 1,850	$ 1,451	**$ 1,451**	$ -	0.03%
	$ 35,259	$ 34,604	**$ 34,605**	$ -	0.00%
TOTAL REVENUE	$ 6,125,715	$ 7,089,813	**$ 6,739,568**	$ (350,245)	-4.94%

EXPENSES

	FY 2020 Actual		FY 2021 Projected		**FY 2022 Budget Plan Forecast**		FY 2022 Variance to FY 21 Projected	Variance %
OPERATIONS								
Operator Wages	$	1,578,152	$	1,921,443	**$**	**1,902,522**	$	(18,921)	-0.98%
Operator Overtime	$	323,869	$	349,592	**$**	**305,095**	$	(44,497)	-12.73%
Other Wages/Overtime	$	188,020	$	280,609	**$**	**189,081**	$	(91,528)	-32.62%
Operator Fringe Benefits	$	1,501,722	$	1,591,488	**$**	**1,578,319**	$	(13,169)	-0.83%
Tires & Tubes	$	64,280	$	67,568	**$**	**67,000**	$	(568)	-0.84%
Fuel	$	446,921	$	391,952	**$**	**344,354**	$	(47,598)	-12.14%
Other Materials/Supplies	$	59,394	$	45,987	**$**	**45,987**	$	-	0.00%
Misc	$	1,589	$	11,906	**$**	**1,906**	$	(10,000)	-83.99%
Total	$	4,163,946	$	4,660,546	**$**	**4,434,265**	$	(226,281)	-4.86%
MAINTENANCE								
Salaries & Wages	$	478,406	$	512,451	**$**	**466,991**	$	(45,460)	-8.87%
Maintenance Overtime	$	65,575	$	86,762	**$**	**89,362**	$	2,600	3.00%
Fringe Benefits	$	273,398	$	318,799	**$**	**307,818**	$	(10,981)	-3.44%
Contracted Services	$	102,117	$	77,617	**$**	**77,617**	$	-	0.00%
Lubricants	$	24,762	$	24,426	**$**	**24,373**	$	(53)	-0.22%
Other Materials & Supplies	$	157,264	$	227,779	**$**	**227,779**	$	-	0.00%
Miscellaneous	$	9	$	540	**$**	**500**	$	(40)	
Total	$	1,101,530	$	1,248,373	**$**	**1,194,439**	$	(53,934)	-4.32%

	FY 2020 Actual	FY 2021 Projected	**FY 2022 Budget Plan Forecast**	FY 2022 Variance to FY 21 Projected	Variance %
ADMINISTRATION					
Salaries & Wages	$ 163,788	$ 222,383	**$ 168,839**	$ (53,544)	-24.08%
Fringe Benefits	$ 97,407	$ 133,388	**$ 108,241**	$ (25,148)	-18.85%
Management Services	$ 189,733	$ 151,444	**$ 181,268**	$ 29,824	19.69%
Professional Services	$ 32,320	$ 34,176	**$ 34,176**	$ -	0.00%
Other Material Supplies	$ 26,427	$ 27,178	**$ 27,178**	$ -	0.00%
Other Services	$ 24,461	$ 25,508	**$ 25,508**	$ -	0.00%
Liability Insurances	$ 8,458	$ 8,627	**$ 8,973**	$ 345	4.00%
Utilities	$ 50,961	$ 51,312	**$ 51,312**	$ -	0.00%
Telephone/Internet	$ 26,822	$ 26,088	**$ 26,088**	$ -	0.00%
Interest Expense	$ 10,201	$ 12,319	**$ 12,319**	$ -	0.00%
Miscellaneous	$ 10,158	$ 11,584	**$ 11,348**	$ (235)	-2.03%
Contingency Adjustment	$ 67,928	$ -	**$ -**	$ -	0.00%
Total	$ 708,663	$ 704,007	**$ 655,249**	$ (48,758)	0.00%
BUILDING MAINTENANCE					
Contracted Services	$ 65,552	$ 61,572	**$ 61,572**	$ -	0.00%
Materials & Supplies	$ 25,386	$ 27,022	**$ 27,022**	$ -	0.00%
Heating Oil	$ 29,141	$ 25,496	**$ 25,496**	$ -	0.00%
Property Insurance	$ 41,988	$ 43,341	**$ 45,074**	$ 1,734	4.00%
			$ -		
Total	$ 162,068	$ 157,431	**$ 159,165**	$ 1,734	1.10%

ADA SERVICES	FY 2020 Actual	FY 2021 Projected	**FY 2022 Budget Plan Forecast**	FY 2022 Variance to FY 21 Projected	Variance %
Operator Cost	$ 209,057	$ 255,291	**$ 264,000**	$ 8,709	3.4%
Maintenance Wages	$ 8,776	$ 8,474	**$ 8,474**	$ -	0.00%
Maintenance FB	$ 4,772	$ 4,283	**$ 4,433**	$ 149	3.49%
Fuel/Lubricants	$ 20,262	$ 19,204	**$ 16,254**	$ (2,950)	-15.36%
Contracted Services	$ 630	$ 4,544	**$ 630**	$ (3,914)	0.00%
Materials/Supplies	$ 1,238	$ 1,168	**$ 1,168**	$ -	0.0%
Tires	$ 1,243	$ 1,492	**$ 1,492**	$ -	100.0%
Total	$ 245,978	$ 294,456	**$ 296,450**	$ 1,994	0.7%
GRAND TOTAL EXPENSE	$ 6,382,183	$ 7,064,813	**$ 6,739,569**	$ (325,244)	-4.60%
NET GAIN/(LOSS)	$ (256,469)	$ 25,000	**$ -**	$ (25,000)	-100.0%

	FY 2020 Actual	FY 2021 Projected	FY 2022 Budget Plan Forecast	FY 2022 Variance to FY 21 Projected	Variance %

Economic Assumptions

Assumes recovery to 2019 Passenger Fare Revenue
Reflects State 0% increase in CT/DOT Operating Subsidies in FY 2022
Requests additional Town funding of $0.0 (+0%)
Reflects approval of $21,000 annual Revenue from UPASS for FY 2022

Assumes 42 Drivers
Assumes 0 Part-time Drivers
Reflects final estimated WC Expense including HNS WC expense ($6K)
Reflects 1st Year of new Labor Contract increase with 2.5% increase July 1, 2021
Reflects estimated - 5% Increase CIGNA Dental and Eye
Reflects estimated 6.0% (annual) Increase in Connecticut Partnership health premiums.

Assumes Diesel @ $1.385 gallon thru October & $1.3850 November through June of FY2022.
Assumes capital labor expenditure transfer of $75,000
Assumes additional capital labor transfer of $81,887 based on new FTA Safety Program expense.
Assumes return to FY 2020 ADA Ridership and Expense
Assumes Overtime Expense at FY 2020 Forecast level

Summary of Town Support with 0% Increase for FY 2022

	FY 2019	FY 2021	FY 2022	FY 2022 % Change
East Lyme	$ 9,200	$ 9,430	$ 9,430	0.0%
Griswold	$ 10,657	$ 10,923	$ 10,923	0.0%
Lisbon	$ 23,412	$ 23,997	$ 23,997	0.0%
Groton	$ 90,416	$ 92,676	$ 92,676	0.0%
Montville	$ 19,444	$ 19,930	$ 19,930	0.0%
New London	$ 152,020	$ 155,821	$ 155,821	0.0%
Norwich	$ 182,653	$ 187,219	$ 187,219	0.0%
Stonington	$ 25,292	$ 25,924	$ 25,924	0.0%
Waterford	$ 35,013	$ 35,888	$ 35,888	0.0%
	$ 548,107	$ 561,808	$ 561,808	0.0%

STATE OF CONNECTICUT

OFFICE OF POLICY AND MANAGEMENT

FY 2018-2019 MUNICIPAL AUDIT QUESTIONNAIRE

❖ This Questionnaire is required to be submitted to OPM with the audit reports of municipalities and audited agencies (as defined under Section 7-391 of the Connecticut General Statutes).

Name of Auditee Southeast Area Transit District

Fiscal Period under Audit July 1, 2018 to June 30, 2019

Ron L. Beaulieu & Company, CPAs
(Audit Firm Name)

Ron L. Beaulieu & Co.
(Signature)

December 23, 2019
(Date)

This Questionnaire was reviewed with and a copy given to:

Alfred Fritzsche	on	December 23, 2019
Name of Municipal Official		Date
Finance Director		860-886-6097
Title of Municipal Official		Telephone

		YES	NO	NA
1.	Did you inform the town, city or Borough clerk of that part of Section 7-394 of the General Statutes which provides that within one week after receiving the audit report he/she shall cause to be published a legal notice in a newspaper having a substantial circulation in the municipality that the report is on file in said clerk's office?	X		
2.	Did you obtain a letter from municipal counsel with respect to unpaid or pending judgments and as to any other legal proceeding affecting the municipality's finances?		X	
3.	Were financial statements and/or books and records of the entity made available within a reasonable time after the close of the fiscal year?	X		
4.	Did the entity issue tax anticipation notes (TANs) during the fiscal year?		X	
	(If yes, the notes to the financial statements should provide details regarding such TANs, including the purpose for which the TANs were issued.)			
5.	Was a separate management letter issued in addition to the Internal Control Report? If so, it must be submitted to the Office of Policy and Management with the audit report.		X	
6.	Were municipal officials (including the chief elected or executive official and governing body of the municipal entity) made aware of findings and recommendations resulting from the audit?			X
7.	Federal Single Audit Act as Amended, 1996; Uniform Guidance for Federal Awards (Title 2 of CFR, 12/26/13)			
	(a) Did you conduct a Single Audit of Federal Financial Assistance expended by the entity for FY 2018-19?	X		
	(b) Is a copy of the Single Audit included in the reporting package submitted?		X	
8.	State Single Audit (SSA) Act as amended by P.A. 09-7; Regulations to the SSA Act as amended by P.A. 09-7			
	(a) Did you conduct a Single Audit of state financial assistance expended by the entity for FY 2018-19 or a program-specific audit of the entity's sole state program?	X		
	(b) Is a copy of the State Single Audit or program-specific audit included in the reporting package submitted?	X		

		YES	NO	NA
(c)	If applicable, did officials prepare a Corrective Action Plan (CAP) in sufficient time for inclusion in the audit report package [C.G.S. Sec.4-233(d)] to be filed with OPM as the cognizant state agency (hardcopy and electronic)?			X
(d)	Did you upload the corrective action plan with the audit report package on OPM's Electronic Audit Reporting System?			X

The following question applies only to the one-hundred and sixty-nine (169) Connecticut municipalities, including the Borough of Naugatuck. It does not apply to other boroughs, regional school districts, other audited agencies or the City of Groton.

		YES	NO
9.	Did the municipality complete its filings of the annual report in accordance with the Uniform System of Accounting for fiscal years ended 2014 through 2018 as provided under Section 7-406c(b) of the General Statutes?		

Southeast Area Transit District

State Single Audit Reports

June 30, 2019

Ron L. Beaulieu & Company

CERTIFIED PUBLIC ACCOUNTANTS

SOUTHEAST AREA TRANSIT DISTRICT

JUNE 30, 2019

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

To the Board of Directors of
Southeast Area Transit District
Preston, Connecticut

Report on Compliance for Each Major State Program

We have audited Southeast Area Transit District's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of Southeast Area Transit District's major state programs for the year ended June 30, 2019. Southeast Area Transit District's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major State Program

In our opinion, Southeast Area Transit District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of Southeast Area Transit District, as of and for the year ended June 30, 2019 and have issued our report thereon dated December 20, 2019, which contained a qualified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional

analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.

Ron L. Beaulieu & Co.

Portland, Maine
December 20, 2019

SOUTHEAST AREA TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2019

STATE GRANTOR PASS-THROUGH GRANTOR PROGRAM TITLE	STATE GRANT PROGRAM CORE-CT NUMBER	EXPENDITURES
Department of Transportation		
Bus Operations	12001-DOT57000-12175	$ 5,025,353
ADA	12001-DOT57000-12378	167,206
TOTAL STATE FINANCIAL ASSISTANCE		$ 5,192,559

See accompanying independent auditors' report and management's notes to schedule of expenditures of state financial assistance.

SOUTHEAST AREA TRANSIT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2019

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Southeast Area Transit District under programs of the State of Connecticut for the fiscal year ended June 30, 2019. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including fixed route services, ADA specialized transit services, and capital asset purchases.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Southeast Area Transit District conform to accounting principles generally accepted in the United States of America as applicable to governments.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

SOUTHEAST AREA TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' opinion issued: Qualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? ______ yes __X__ no

State Financial Assistance

Internal control over major programs:

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

Type of auditors' opinion 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 __X__ no

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

State Grantor and Program	State Core-CT Number	Expenditures
Department of Transportation		
Bus Operations	12001-DOT57000-12175	$ 5,025,353

- Dollar threshold used to distinguish between type A and type B programs $ 200,000

II. FINANCIAL STATEMENT FINDINGS

- We have issued reports, dated December 20, 2019 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 indicated no significant deficiencies.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

- No findings or questioned costs are reported related to State Financial Assistance programs.

Southeast Area Transit District

Independent Auditors' Reports and Management's Financial Statements

June 30, 2019

Ron L. Beaulieu & Company

CERTIFIED PUBLIC ACCOUNTANTS

SOUTHEAST AREA TRANSIT DISTRICT

JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Southeast Area Transit District
Preston, Connecticut

Report on the Financial Statements

We have audited the accompanying financial statements of Southeast Area Transit District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Basis for Qualified Opinion

Management has not recorded in-kind revenues and expenses associated with donated bus and equipment leases from the State of Connecticut. Accounting principles generally accepted in the United States of America require that in-kind donations be represented as revenue and either as an expense or asset. Without these transactions, capital assets-net is understated, and net position is understated. The amount by which this departure would affect the assets, net position, and revenues has not been determined.

Qualified Opinion

In our opinion, except for the effects of the matter described in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Southeast Area Transit District, as of June 30, 2019, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3.1 through 3.11 be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2019, on our consideration of Southeast Area Transit District'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 Southeast Area Transit District'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 Southeast Area Transit District's internal control over financial reporting and compliance.

Ron L. Beaulieu & Co.

Portland, Maine
December 20, 2019

Management's Discussion and Analysis
Introduction

Annual reports provide information about the proprietary fund of the Southeast Area Transit District. This fund shows restrictions on the planned use of resources or measured, in the short term, the revenues and expenditures arising from certain activities. GASB Statement 34 requires that the managers of the Southeast Area Transit District focus on this fund.

The proprietary fund financial statements will continue to measure and report the "operating results" by measuring cash on hand and other assets that can easily be converted to cash. These statements show the short-term performance of funds using the same measures governments use when financing current operations. On the other hand, if we charge a fee to users for services, fund information will continue to be based on accrual accounting. Showing budgetary compliance has always been an important part of governmental accountability.

We hope to provide an objective and readable analysis of our financial performance for the year. Taken together, the following statements should enable one to assess whether the Southeast Area Transit District's financial position has improved or deteriorated as a result of the year's operations. The annual report includes proprietary fund financial statements prepared on the accrual basis for all Southeast Area Transit District's activities. Accrual accounting measures not just current assets and current liabilities, but long-term assets and liabilities as well. It also reports all revenues and all costs of providing services each year, not just those received or paid in the current fiscal year (or shortly thereafter).

In sum, the proprietary fund financial statements help to:

- Assess the finances of the Southeast Area Transit District in its entirety, including the year's operating results;
- Determine whether our overall financial position improved or deteriorated;
- Evaluate whether our current-year revenues were enough to pay for current-year services;
- Show the costs of providing the services requested of us;
- See how we finance the programs requested – through user fees, state and federal grants, community assessments, and other program revenues;
- Make better comparisons between governments. The Annual Financial Report includes the following information and financial statements as defined by GASB Statement 34.

* ***Management's Discussion and Analysis (MD & A)*** – An introduction to the basic financial statements and an analytical overview of the District's financial activities. The MD & A provides an objective and easily readable analysis of the Southeast Area Transit District's financial activities based on currently known facts, decisions, or conditions. The MD & A

- Includes comparisons of the current year to the prior year based on government-wide information;
- Provides an analysis of our overall financial position and the results of operations to assist in assessing whether our financial position has improved or deteriorated as a result of the year's activities;
- Analyzes significant changes in fund and major budget variances;
- Concludes with a description of currently known facts, decisions, or conditions that are expected to have a significant effect on our financial position or the results of our operations.

Proprietary Fund Financial Statements are designed to provide a broad overview of the Southeast Area Transit District's finances, in a manner similar to private-sector business.

- They include a *statement of net position* which presents information on the District's assets and liabilities, with the difference between the two reported as *net position.* Unlike Operations reports, GAAP requires all capital revenues, capital expenses and depreciation, as well as operations expense and revenues, be included in Net Position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The *statement of revenues, expenses and changes in net position* presents information showing how the government'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. The statement of revenues, expenses and changes in net position is prepared using the economic resources measurement focus and the accrual basis of accounting. These statements report all assets, liabilities, revenues, expenses, and gains and losses of the District. The proprietary fund financial statements reflect that Southeast Area Transit District recovers a significant portion of its costs through user fees and charges. The proprietary activities of the District consist primarily of providing public transportation to the citizens of its member towns.

- Expenses are presented reduced by program revenues, resulting in a measurement of "net (expense) revenue" for each of the government's functions. Program expense includes all direct expenses. General revenues such as fares, grants, special and extraordinary items are reported separately, ultimately arriving at the change in *net position* for the period. Special items are significant transactions or other events that are either unusual or infrequent and are within the control of management.

- Notes to the Financial Statements
    - Provide information essential to understanding of the data in the proprietary fund financial statements.

    - Supplementary Information

        - Combining Statement of Net Position, Combining Statement of Revenues, Expenses and Changes in Net Position and Schedule of Revenues, Functional Expenses and Changes in Net Position.

We hope the financial reporting model will serve as a more comprehensive way to demonstrate our stewardship in the long term in addition to the way we currently demonstrate our management in the short term and through the budgetary process.

As management of the Southeast Area Transit District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the Southeast Area Transit District for the fiscal year ended June 30, 2019.

SEAT Structural Change

From a historical view SEAT has been undergoing structural change since 2010, when SEAT started making equipment purchases under Grants that were under SEAT's name. SEAT made its first substantial purchase of buses in FY 2013 with two new hybrid electric buses. Prior to this all buses and equipment had been purchased through the State of Connecticut under grants in the State's name. Under this prior mode, the State of Connecticut was responsible for reporting depreciation and status of vehicles to the FTA.

Since that initial purchase of (2) hybrid buses, SEAT has replaced 28 additional buses, service trucks, SUVs and minivans under grants in SEAT's name, and will replace an additional 8 buses over the next two years. As a result, SEAT is now almost entirely responsible for reporting depreciation and status of assets directly to the FTA, the details of which are also reported directly to the State of Connecticut.

From an accounting point of view, this change is resulting in a huge increase in undepreciated assets and is having a significant impact on 'Net Position', and how our performance is measured. Our Fixed Assets have grown from 'zero' investment in Fixed Assets in FY 2012 to $8,956,277 in FY 2019. Correspondingly, SEAT has gone from reporting 'zero' depreciation in FY 2012 to $827,434 in FY 2019. This has affected our Statements in this audit.

Statement B of our Financial Statements shows an operating loss (before capital contributions) of $-824,281. This is almost entirely due to reporting $827,434 in depreciation expense. At the same time our assets were increased by $2,480,052, and our net position was driven up by $1,655,819 in FY 2019 due to delivery of (5) heavy duty buses and (2) service trucks in FY 2019. As we complete transition to 100% ownership of the vehicles and equipment purchased under our own grants, and we replace the last eight heavy duty buses, you will likely see a continuing increase in 'Net Position'. It is also reasonable to forecast that the Net Position will start to decline in FY 2021 and FY 2022, as the depreciation grows and exceeds new purchases. While Net Position is now dominated by the impact of capital assets, you will read, in the analyses below, that in FY 2019 SEAT had a very small surplus in operating expense.

As a special note regarding Statement C, 'Statement of Cash Flows', it is reported we had a significant decrease in cash and cash equivalents in FY 2019 from FY 2018. This was related to bus procurement expense and was the result of obtaining funding from the State of Connecticut in FY 2018 for (5) new buses that were not actually paid for until early FY 2019. SEAT's actual cash excluding that one transaction would have shown an improved cash position for FY 2019 year end.

Non-Financial Highlights

For overview SEAT provides the following key events occurring in FY 2019, some of which have contributed to the Financial Highlights that follow:

- SEAT completed the 2nd year of our 3 Year *Labor Contract* with ATU. FY 2019 included a 2.5% wage hike.

- Capital *Purchase of NewFlyer replacement buses* received in May & June of FY 2018, and in July of FY 2019 with the successful installation of GPS Locator Systems, Motorola Radios, GFI Fareboxes, Apollo Mobile Security equipment, and New Flyer repairs to their steering system. These buses were put into service in late July of FY 2019.

- In addition, (4) Gillig 30' replacement buses were successfully received in February of FY 2019 and placed in service in late March. These Gillig buses were delivered with most communications, security and farebox equipment already installed.

- Ridership and Passenger Fare Revenues will be reviewed in detail in the Proprietary Fund Analysis section. SEAT is hopeful that generally improving ridership may represent stabilization and an end to the declining ridership of the past few years.

Financial Highlights

As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of $9,384,858 in FY 2019. This fund balance represents $8,956,277 investment in capital assets, with the balance of $428,582 considered an *unrestricted fund* balance (see Table 1). This included depreciation decreasing capital assets by $827,434. The depreciable Fixed Asset purchases in FY 2019 included (4) 30' Gillig heavy duty buses, (2) new Service Trucks, and the replacement of SEAT's computers and software.

As stated above, SEAT looks primarily at operations expense, as those from which the deficit or surplus is determined. For reference readers should understand that operations expense is defined for our purpose as labor, fringe benefits, materials, building and vehicle maintenance, and administrative expense, and *does not include capital grant funded purchases, depreciation, or in-kind revenue and expense*.

- *SEAT FY 2019 is reporting a year-end Bus operations surplus (excluding capital, In-Kind, and depreciation)* of $7,468 (see Table 2). In FY 2018 the Bus operations surplus was $26,676. This surplus covers only management-controlled costs and revenues that can contribute directly to an operations surplus or deficit. The operations net income reflects a surplus of $101,634 for Fixed Route with a deficit in ADA Service of -$94,166.

- *SEAT FY 2019 Operations Performance to Plan*: The FY2019 Operations Plan for Fixed Route and ADA expense and revenue for FY 2019 was $6,316,663. SEAT overran the Plan budget for both operations revenue and operations expense. R*evenue exceeded plan by $24,341. Expense exceeded plan by $16,874 leaving an operations surplus* of $7,468 (Table 2).

- *SEAT CT DOT Fixed Route operations subsidies* were planned with a CTDOT directed budget for FY 2019 of $4,413,385, including a 2.5% increase. SEAT was able to come in under budget $-101,634 for FY 2019. *SEAT CT DOT ADA Paratransit Operations subsidy* for FY 2019 was increased 2.5% to $167,206. This, however, did not reduce the deficit sufficiently to balance the ADA budget. The ADA deficit grew again to $-94,166 from $-83,989 in FY 2018. The combination of both Fixed Route & ADA service results in a minor variance.

- *SEAT Capital highlights for FY 2019* were again significant. The major projects mentioned under non-financial highlights resulted in increasing our Fixed Assets an additional $1,655,819 (net of depreciation effect). Capital expenditures will be strong again in FY 2020 with the delivery of (2) mini-buses in December to be used in a micro-transit trial service, and five additional 35' Gillig replacement buses delivered in February, 2020.

- The Southeast Area Transit District did renew the Peoples Bank $1,000,000 Commercial Line of Credit loan for future borrowing requirements. This was completed in June of FY 2019. The District's short-term debt was $110,000 as of June 30, 2019, Compared to $100,000 in FY 2018. The Peoples interest rate has declined from 7.5% to 5.5% since December of 2018.

Proprietary Fund Analysis:

As noted earlier, *net position* may serve over time as a useful indicator of a government's financial position. In FY 2019 Southeast Area Transit District's *net position* exceeded liabilities by $9,384,858 at the close of the year. Of these assets $428,581 is defined as *unrestricted* and is available to meet short-term liabilities such as payments for vehicle operations and maintenance, non-vehicle maintenance, and general administration expenses.

Also noted, in FY 2019 the ownership and responsibility for assets has changed dramatically. The land & buildings, some equipment, and as of the end of FY 2019, just 8 of SEAT's 28 bus fleet remained as State of CT assets. The Capital Assets shown below reflect only those assets procured under Grants in the name of Southeast Area Transit District. SEAT procurement of these capital assets began in FY 2010, and now includes all rolling stock and equipment. As a result, and as discussed earlier, SEAT has been and will continue to show steady increases in capital assets that will also be accompanied by significantly increased depreciation expense.

Table 1: *Net Position*

	Proprietary Activities 2019	Proprietary Activities 2018
Current and Other Assets	$ 908,521	$ 3,233,424
Capital Assets	$ 8,956,277	$ 7,303,660
Total Assets	$ 9,864,798	$ 10,537,084
Long-Term Debt Outstanding	$ -	-
Other Current Liabilities	$ 479,939	$ 2,808,048
Total Liabilities	$ 479,939	$ 2,808,048
Net Position:		
Net Invested in Capital Assets	$ 8,956,277	$ 7,303,660
Unrestricted (deficit)	$ 428,581	$ 425,376
Total Net Position	$ 9,384,858	$ 7,729,036

Total operations expense in FY 2019, *excluding capital purchases, in-kind expenses, and depreciation*, was $6,333,536 and was offset by $6,341,004 in operations revenue, with an operations surplus of $7,468. A breakdown of operations expense is shown in Table 2. Most of the District's operations revenue of $6,341,004 was from operations subsidies from the State of Connecticut ($4,580,591), local subsidy received from the District's nine-member towns ($534,746), and charges for services such as passenger fares and receipts from advertising ($1,202,088).

The Southeast Area Transit District also received revenues for capital ($2,655,241) and the in-kind rental value of our leased facility ($749,187). These capital and in-kind revenues were provided by the State of Connecticut ($1,280,235) and the Federal Transit Administration ($2,124,193).

Proprietary Operations Activities: Below is a summary of the Southeast Area Transit District consolidated operations revenue and expense. This chart includes both Fixed Route and ADA services:

Table 2. Changes in Operations Expense and Revenue	Proprietary Activities 2019	Proprietary Activities 2018
Program Revenues:		
Revenue from Services	$ 1,144,747	$ 1,146,653
Operations Grants and Local Government Contributions	$ 5,196,257	$ 5,009,273
Total Bus Operating Revenue	$ 6,341,004	$ 6,155,926
Other Non-Operating Revenue:	$ 175,142	$ 206,710
In-Kind Revenue	$ 749,187	$ 749,187
General Revenues Total:	$ 7,265,333	$ 7,111,823
Program Expenses:		
Payroll	$ 2,831,046	$ 2,639,416
Fringe Benefits and taxes	$ 1,740,667	$ 1,796,500
Services	$ 406,359	$ 585,833
Materials & Supplies	$ 925,381	$ 855,853
Other excluding Depreciation	$ 430,083	$ 251,648
Total Bus Operating Expense	$ 6,333,536	$ 6,129,250
Capital Depreciation	$ 827,434	$ 299,174
Non-depreciating Capital Expense	$ 179,409	$ 228,969
Rent (In-Kind)	$ 749,187	$ 749,187
Total Operating Expense:	$ 8,089,566	$ 7,406,580
Less Non Opeating Revenues	$ (48)	$ (299)
Total Bus Operating Surplus/(Deficit)	$ 7,468	$ 26,676
Income (Loss) before Capital Contributions	$ (824,281)	$ (294,757)
Capital Contributions	$ 2,480,052	$ 5,474,999
Change in Net Position	$ 1,655,819	$ 5,180,242
Ending Net Position	$ 9,384,855	$ 7,729,036

Passenger fare revenues were down (-0.2%) in FY 2019 vs FY 2018 and compared to a (-5.9%) decline in FY 2018 vs FY 2017. This is being interpreted that the declines may be bottoming out and stabilizing. Overall, revenue from services increased 6.9% partially due to the services provided to riders during Gold Star Bridge repairs.

SEAT continues to analyze the national trend which has been a serious decline in bus and rail transit since 2014. While 2019 has been the first year of reduced decline, the future remains uncertain. Even so, the data in the below suggests a significant reduction in the recent declines in fare revenue.

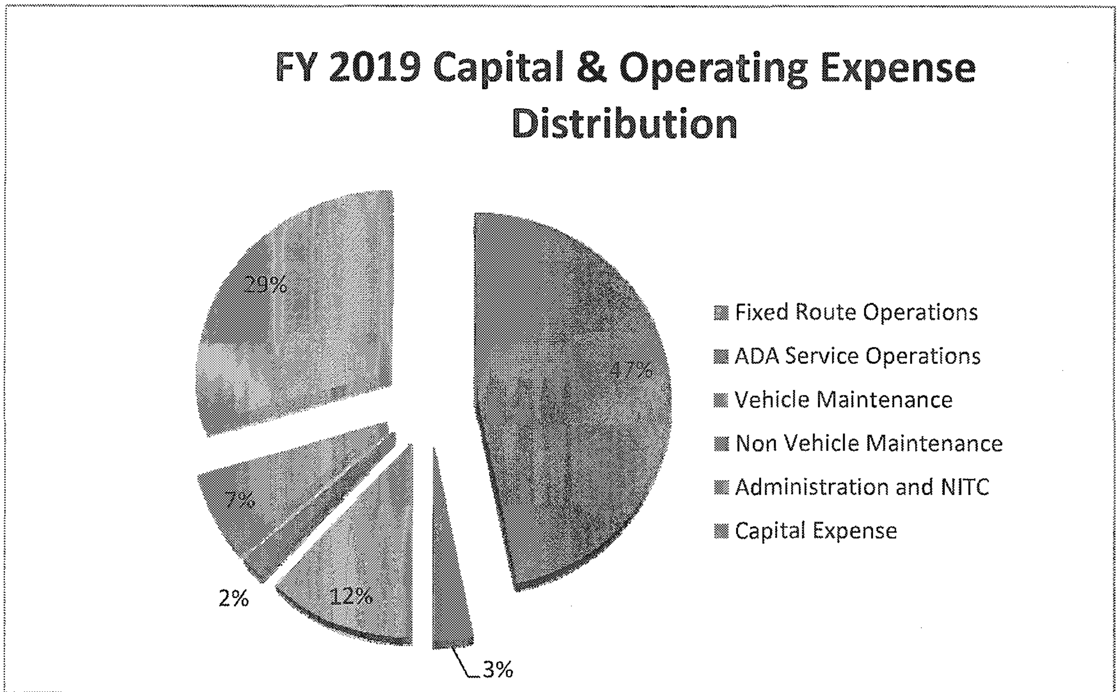
Revenue from Services provided were down 0.2% from FY 2019:

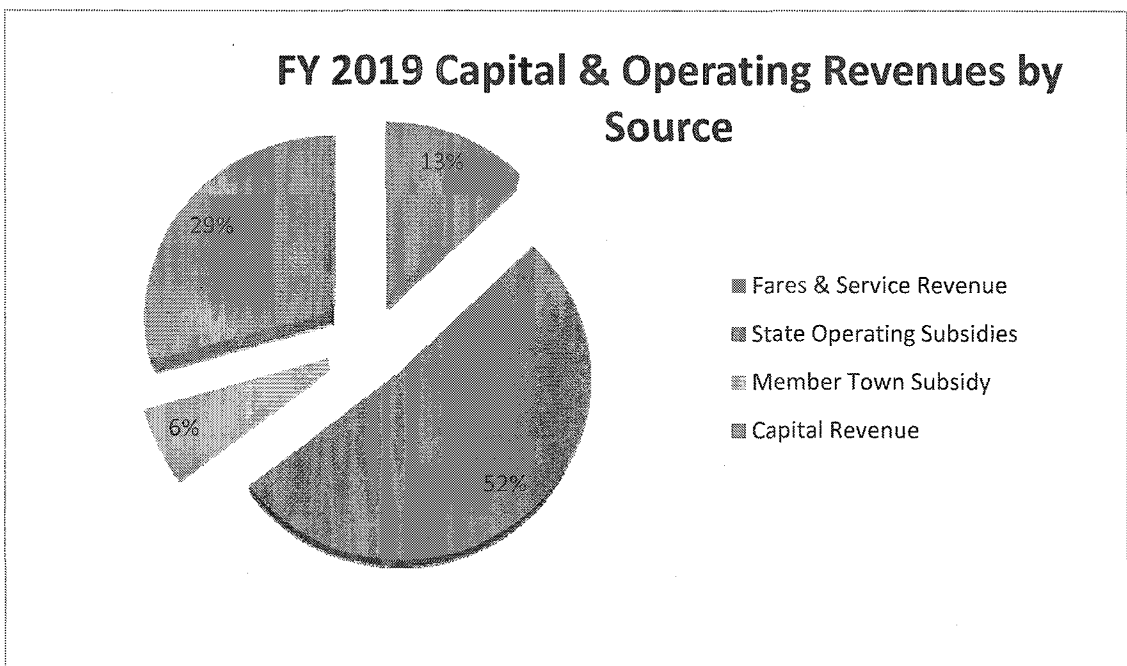
Analysis YOY - Revenue from Passenger Fares				
	2019	2018	Over/(Under)	% change
Fixed Route Farebox (GFI)	$ 1,039,729.00	$ 1,051,009.57	$ (11,280.57)	-1.1%
Stop & Shop Ticket Sales	$ 31,635.00	$ 40,428.00	$ (8,793.00)	-21.7%
Advertizing and other Revenue	$ 34,962.00	$ 29,618.38	$ 5,343.62	18.0%
ECWIB Ticket Purchases	$ 14,841.90	$ 3,142.58	$ 11,699.32	372.3%
ADA Farebox	$ 23,578.71	$ 22,454.48	$ 1,124.23	5.0%
Total Farebox & Ticket Sales	$ 1,144,746.61	$ 1,146,653.01	$ (1,906.40)	-0.2%
Offset Special Transit Revenues				
Gald Star Bridge Shuttle	$ 80,920.00	$ -	$ 80,920.00	100.0%
	$ -	$ -	$ -	
Total Special Transit	$ 80,920.00	$ -	$ 80,920.00	100.0%
Net Revenue	$ 1,225,666.61	$ 1,146,653.01	$ 79,013.60	6.9%

Ridership was up 0.8% from FY 2018 and down -4.3% from FY 2017.

SEAT YOY Fixed Route Ridership Analysis					
	2019 Ridership	2018 Ridership	2017 Ridership	2019 to 2018 % Change	2018 to 2017 % Change
Jul	78,266	78,585	89,477	-0.4%	-12.5%
Aug	86,355	88,076	97,331	-2.0%	-11.3%
Sep	75,377	81,640	86,053	-7.7%	-12.4%
Oct	87,183	83,255	85,594	4.7%	1.9%
Nov	79,252	79,025	83,529	0.3%	-5.1%
Dec	78,068	77,700	83,532	0.5%	-6.5%
Jan	77,612	70,924	79,950	9.4%	-2.9%
Feb	73,636	75,402	72,629	-2.3%	1.4%
Mar	78,124	76,767	80,662	1.8%	-3.1%
Apr	80,950	77,947	79,090	3.9%	2.4%
May	82,838	82,829	81,429	0.0%	1.7%
Jun	81,783	79,550	83,691	2.8%	-2.3%
Total Year	959,444	951,700	1,002,967	0.8%	-4.3%

Proprietary Fund Revenue Sources and Distribution: The below charts present a snapshot of the source and use of District operating funds in FY 2019. This year we added capital revenues and expense to these charts which makes visually clear the significant capital investments made as a result of the scheduled and actual replacement of our heavy-duty buses. A reduced but still high level of capital expenditure will continue with (5) new replacement 35' buses arriving in FY 2021 and (2) replacement 40' buses arriving FY 2021.





Capital Asset and Debt Administration:

Capital assets: In FY 2019 and prior years, expenditures for items purchased under FTA grants under the administrative responsibility of Southeast Area Transit, and have a value of $5,000 or greater, are, for accounting reasons, recorded under Fixed Asset accounts. SEAT regularly reports the status of those assets to the FTA. This includes any new items for which expenditures were made in FY 2019 under three SEAT/FTA grants. SEAT's FTA grant (X469) remains active and has provided the funds for the now completed purchase of (5) ADA vans and (3) SUV replacements, with one significant project in progress. This project is the installation of a new bus wash system and a fueling systems upgrade. The second current SEAT/FTA grant (CT-2017) remains active. This grant funded the replacement of (15) heavy duty buses in FY 2019. Even so a current balance of unused funds is $1,659,402 for many projects still in progress. A third grant (CT-2018) went into effect in FY 2019 with the major expense being to cover the replacement (6) 35' buses that are being delivered in FY 2020. Last, a fourth grant (CT-2019) has been approved and was activated in August of FY 2019 and will cover the replacement of (2) 40' buses purchased in 2007 and 2008. These new buses are estimated to be delivered in FY 2021.

Long-term debt: At the end of the current fiscal year, Southeast Area Transit District had no long-term bonded debt outstanding. The District regularly borrows on a short-term basis in anticipation of state operating grant revenues to supplement its cash flow during the year. On June 28, 2019, the District obtained the renewal of its existing Line of Credit ($1,000,000 max) to cover any short-term borrowing requirements. The current interest rate is 5.5% which is a significant decrease from last year (7.5%). This reduction is partially due to a reduction in the Federal Reserve Rate and partially due to a negotiated reduction with People's Bank.

Economic Factors and Next Year's Budget:

The unemployment rate for the New London Labor Market, obtained from the Connecticut Department of Labor as of June 30, 2019, was 3.7%, which is down from 4.3% in June of FY 2018. This compares similarly to the statewide unemployment rate of 3.8%. The inflationary trend in the region (+1.9%) annual – BLS CPI Northeast region Table A for all items as of 12/31/2019) is slightly lower than the national inflation rate (2.1% - BLS CPI Urban areas - all items) for the last year. Note however, SEAT procurements are driven by national factors as much as regional.

For FY 2020, SEAT is optimistic operations will remain stable as the State DOT prepares a new 2-year budget for FY 2021 and FY 2022. There are some factors that may impact SEAT in FY 2021, including negotiation of a new labor contact as the current contract expires June 30, 2020. SEAT is currently enjoying a reduced diesel fuel contract but has not yet completed negotiation for FY 2021. In addition, SEAT experienced an 8% increase in FY 2020 health insurance premiums and is not yet aware of likely expense for FY 2021.

All these factors are being considered in outlining the Southeast Area Transit District's budget for the 2021 fiscal year. The details of this will be worked out during the balance of FY 2020.

Requests for Information: This financial report is designed to provide a general overview of the Southeast Area Transit District's finances for all those with an interest in the District's operations. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, Southeast Area Transit District, 21 Route 12, Preston, CT 06365.

STATEMENT A

SOUTHEAST AREA TRANSIT DISTRICT
STATEMENT OF NET POSITION
JUNE 30,

	2019
ASSETS	
Current assets:	
Cash	$ 118,750
Accounts receivable (net)	2,216
Due from other governments (net)	1,780
Unbilled - due from other governments	381,716
Inventories	273,437
Prepaid expenses	130,622
Total current assets	908,521
Noncurrent assets:	
Capital assets:	
Construction in progress	-
Other capital assets (net)	8,956,277
Total capital assets	8,956,277
Total noncurrent assets	8,956,277
TOTAL ASSETS	9,864,798
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-
LIABILITIES	
Current liabilities:	
Accounts payable	270,892
Accrued payroll	60,678
Accrued liabilities	2,495
Line of credit	110,304
Accrued compensated absences	35,574
Total current liabilities	479,943
TOTAL LIABILITIES	479,943
DEFERRED INFLOWS OF RESOURCES	
Deferred revenue	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-
NET POSITION	
Net investment in capital assets	8,956,277
Restricted	-
Unrestricted	428,578
TOTAL NET POSITION	$ 9,384,855

See accompanying independent auditors' report and management's notes to financial statements.

STATEMENT B

SOUTHEAST AREA TRANSIT DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30,

	2019
OPERATING REVENUES	
Passenger fares	$ 1,109,785
State government contracts	4,615,629
Local government contracts	534,746
Federal government contracts	140,152
Special transit revenue	80,920
Advertising revenue	25,415
In-kind revenue	749,187
Miscellaneous revenue	9,499
Total operating revenues	7,265,333
OPERATING EXPENSES	
Payroll	2,831,046
Payroll taxes	269,996
Fringe benefits	1,470,671
Services	641,650
Materials and supplies	925,381
Utilities	114,200
Insurance	48,724
Interest	19,027
Rent	749,187
Maintenance	179,457
Depreciation	827,434
Other	12,841
Total operating expenses	8,089,614
OPERATING INCOME (LOSS)	(824,281)
NON-OPERATING REVENUES (EXPENSES)	
Gain on disposal of capital asset	-
Interest	48
Total non-operating revenues (expenses)	48
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(824,233)
CAPITAL CONTRIBUTIONS	2,480,052
CHANGE IN NET POSITION	1,655,819
TOTAL NET POSITION - BEGINNING	7,729,036
TOTAL NET POSITION - ENDING	$ 9,384,855

See accompanying independent auditors' report and management's notes to financial statements.

STATEMENT C

SOUTHEAST AREA TRANSIT DISTRICT
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30,

	2019
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$ 1,976,462
Receipts from governments	7,306,085
Payments to suppliers	(5,045,737)
Payments to employees	(4,569,019)
Net cash provided (used) by operating activities	(332,209)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	-
Net cash provided (used) by noncapital financing activities	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital contributions	2,480,052
Purchase of capital assets	(2,480,052)
Insurance proceeds on destroyed capital assets	-
Payment of loan	-
Net cash provided (used) by capital and related financing activites	-
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest	48
Net cash provided (used) by investing activities	48
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(332,161)
BALANCES - BEGINNING OF YEAR	450,911
BALANCES - END OF YEAR	$ 118,750
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income (loss)	$ (824,281)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Cash flows reported in other categories	
Depreciation expense	827,434
Changes in assets and liabilities:	
Accounts receivable (net)	1,656
Due from other governments (net)	122,897
Unbilled receivables	1,892,661
Inventories	(15,878)
Prepaid expenses	(8,594)
Accounts payable	(2,340,798)
Accrued payroll	1,284
Accrued liabilities	1,468
Line of credit	10,000
Accrued compensated absences	(58)
Net cash provided (used) by operating activities	$ (332,209)

See accompanying independent auditors' report and management's notes to financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Southeast Area Transit District (the District) was formed in January 1976, under Chapter 103A of the Connecticut General Statutes for the purpose of providing government sponsored bus service to the people who reside within the urbanized area of Southeastern Connecticut. Any town, city or borough may, by vote of its legislative body, join the District. As of June 30, 2019 nine (9) municipalities had joined the District.

Since 1993, the District has been providing services to the disabled, as required by The Americans with Disabilities Act (ADA). The District provides and coordinates ADA services throughout Southeastern Connecticut.

In accordance with governmental generally accepted accounting principles, the District is considered a quasi-governmental entity. Southeast Area Transit District maintains its books and records in accordance with Urban Mass Transportation Administration Uniform System of Accounts and Records and Reporting System.

The value of any services provided by State personnel on behalf of operations of the District and insurance premiums provided by the State on State owned buses has not been recognized in the accompanying financial statements.

Principles Determining Scope of Reporting Entity

The financial statements of the District consist only of the funds of the District. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by, or dependent on, the District. Control or dependence is determined on the basis of budget adoption, taxing district, funding, and appointment of the respective governing board.

Fund Accounting

The District's operations are accounted for solely in one fund - the Enterprise Fund. This is the appropriate fund as the District had decided that the periodic determination of revenues earned, expenses incurred and increase (decrease) in net position is desired for the purpose of facilitating management control and accountability.

In-kind

In-kind revenues represent fair market value of facilities rent provided by the State of Connecticut at no cost. Rental value of buses and equipment provided by the State of Connecticut has not been valued and is excluded from in-kind revenues. This exclusion is not in accordance with generally accepted accounting principles.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

Proprietary fund financial statements are reported using the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recognized when they are earned and expenses are recognized when they are incurred.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The District's operations are primarily funded by passenger fares and subsidies from the State of Connecticut and the member Towns.

Capitalization of Assets

Capital assets are valued at historical cost or estimated historical cost. Donated capital assets are valued at their estimated fair value on the date of donation. Purchased capital assets over $5,000 are capitalized.

Depreciation

Capital assets are depreciated over the assets useful lives using the straight-line method. The estimated useful lives are as follows:

Buses	12 years
Service vehicles	5 years
Equipment	5-12 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with an original maturity of three months or less from the date of acquisition.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. The allowance for doubtful accounts is based upon an analysis of the credit history with its customers.

Inventories

Inventories of parts and fuel are stated at the lower of cost or market on a first-in, first-out basis (FIFO), and are accounted for under the consumption method.

Net Position

If expenses can be applied to either restricted or unrestricted balances, the government's policy is to apply them to restricted balances.

NOTE 2 - RISKS AND UNCERTAINTIES

Nature of Operations

The District is operated in a heavily regulated environment. The operations of the District are subject to the administrative directives, rules and regulations of federal and state agencies. Such administrative directives, rules, and regulations are subject to change by an act of Congress or the Legislature. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

Current Vulnerabilities Due to Certain Concentrations

A large percentage of the District's funding revenues are from the Connecticut State Government. It is always considered to be reasonably possible that the State Government revenue could be lost or adjusted significantly in the near term.

NOTE 2 - RISKS AND UNCERTAINTIES (CONTINUED)

The total amount of the District's cash, stated at fair value, at June 30, 2019, is $118,750. The total amount of District deposits in financial institutions, per the bank statements, were $111,461 of which the total was covered by federal depository insurance. There were no remaining deposits that were uninsured or uncollateralized. The district has no policy regarding credit risk, custodial credit risk, or concentrations of credit risk. The district has not formally adopted deposit and investment policies.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could differ from those estimates.

Significant Estimates

None of the estimates contained in the financial statements are considered significant.

NOTE 3 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for certain risks of loss, including blanket umbrella policies. Settled claims have not exceeded commercial coverage in any of the past three years. There were no significant reductions in insurance coverage from amounts held in the prior year.

NOTE 4 - ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

As of June 30, 2019 the allowance for uncollectible accounts was estimated at $0.

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets:

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
Capital assets (non-depreciable)				
Construction in progress	$ 5,200,940	$ -	$(5,200,940)	$ -
Total capital assets (non-depreciable)	5,200,940	-	(5,200,940)	-
Other capital assets				
Buses	1,616,568	7,471,801	-	9,088,369
Equipment	1,346,858	99,462	-	1,446,320
Service vehicles	180,213	109,729	-	289,942
Total other capital assets at historical cost	3,143,639	7,680,992	-	10,824,631
Less accumulated depreciation for:				
Buses	(552,074)	(662,179)	-	(1,214,253)
Equipment	(421,353)	(119,682)	-	(541,035)
Service vehicles	(67,492)	(45,574)	-	(113,066)
Total accumulated depreciation	(1,040,919)	(827,435)	-	(1,868,354)
Other capital assets, net	2,102,720	6,853,557	-	8,956,277
Capital assets, net	$ 7,303,660	$ 6,853,557	$(5,200,940)	$ 8,956,277

NOTE 6 – SHORT-TERM LIABILITIES

The following is a summary of outstanding short-term liabilities at June 30, 2019:

	2019
$1,000,000 Line of Credit - Issued for general cash flow demands during the year. Interest rate of People's United Bank prime rate plus 2.000%. Interest rate shall not be less than 3.200% nor more than 25.000%. All revenues, income, and profits, and any bank accounts, certificates of deposit, and other investments of the District have been pledged as collateral on the line of credit. In the event of a default, the lender may access the collateral, the lender may declare the entire unpaid principal balance and accrued interest under the note immediately due, and the interest rate on the note shall be increased by 5.000%. Per the note, an event of default is: "The failure of Borrower to provide financial statements as required hereunder or under the Loan Agreement, the Commitment Letter, or any other document related to the Note".	$ 110,304

The following is a summary of changes in short-term liabilities:

	Balance 7/1/2018	Additions	Deletions	Balance 6/30/2019
Line of Credit	$ 100,304	$2,792,041	$(2,782,041)	$ 110,304
	$ 100,304	$2,792,041	$(2,782,041)	$ 110,304

NOTE 7 - DEFERRED COMPENSATION PLAN

There is a deferred compensation 457(b) plan administered in the District's name, but as it is administered by nongovernmental third parties and the plan administrators invest plan assets at the direction of the plan's participants, the plan is not reported in the financial statements of the District. The District does match an Employee's weekly contribution up to a maximum of $35 depending on the date of hire and position. The total amount of pension expense incurred by the District was $83,578 for year ending June 30, 2019.

NOTE 8 - CONTINGENCIES

There are various unrecorded suits and claims pending against the District, none of which individually or in the aggregate is believed by legal counsel to be likely to result in a judgment or judgments which would materially affect the District's financial position.

The District has received Federal and State grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for any expenditure disallowed under terms of the grant. Based upon prior experience, the District management believes such disallowance, if any, will not be material.

NOTE 9 – SUBSEQUENT EVENTS

Adoption of New Accounting Pronouncements –

The GASB has issued the following statements, which will require adoption subsequent to June 30, 2019 and may be applicable to the District. The District has not yet adopted these statements, and the implication on the District's fiscal practices and financial reports is being evaluated.

Statement No.	Title	Effective Date (FY begins after)
84	Fiduciary Activities	12/15/18
87	Leases	12/15/19
89	Accounting for Interest Cost Incurred before the End of a Construction Period	12/15/19
90	Majority Equity Interests	12/15/18
91	Conduit Debt Obligations	12/15/20

NOTE 10 - MANAGEMENT REVIEW

Management has reviewed subsequent events as of December 20, 2019, the date the financial statements were available to be issued. At that time there were no material subsequent events.

Ron L. Beaulieu & Company

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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors of
Southeast Area Transit District
Preston, Connecticut

We have audited the financial statements of Southeast Area Transit District as of and for the year ended June 30, 2019, and have issued our report thereon dated December 20, 2019, which contained a qualified opinion on those financial statements because in-kind revenues and expenses associated with donated bus and equipment leases from the State of Connecticut were not recorded. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

Schedules A through B are presented for the purposes of additional analysis and are not a required part of the financial statements. Schedules A through B are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effects on the supplementary information of the qualified opinion on the financial statements for the in-kind revenues and expenses not recorded, Schedules A through B are fairly stated, in all material respects, in relation to the financial statements as a whole.

Ron L. Beaulieu & Co.

Portland, Maine
December 20, 2019

SCHEDULE A

SOUTHEAST AREA TRANSIT DISTRICT
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019

	General	ADA	Total
OPERATING REVENUES			
Passenger fares	$ 1,086,206	$ 23,579	$ 1,109,785
State government contracts	4,448,423	167,206	4,615,629
Local government contracts	534,746	-	534,746
Federal government contracts	140,152	-	140,152
Special transit revenue	80,920	-	80,920
Advertising revenue	25,415	-	25,415
In-kind revenue	749,187	-	749,187
Miscellaneous revenue	9,499	-	9,499
Total operating revenues	7,074,548	190,785	7,265,333
OPERATING EXPENSES			
Payroll	2,822,018	9,028	2,831,046
Payroll taxes	269,140	856	269,996
Fringe benefits	1,466,720	3,951	1,470,671
Services	401,815	239,835	641,650
Materials and supplies	894,101	31,280	925,381
Utilities	114,200	-	114,200
Insurance	48,724	-	48,724
Interest	19,027	-	19,027
Rent	749,187	-	749,187
Maintenance	179,457	-	179,457
Depreciation	827,434	-	827,434
Other	12,841	-	12,841
Total operating expenses	7,804,664	284,950	8,089,614
OPERATING INCOME (LOSS)	(730,116)	(94,165)	(824,281)
NON-OPERATING REVENUES (EXPENSES)			
Gain on disposal of capital asset	-	-	-
Interest	48	-	48
Total non-operating revenues (expenses)	48	-	48
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	(730,068)	(94,165)	(824,233)
CAPITAL CONTRIBUTIONS	2,480,052	-	2,480,052
CHANGE IN NET POSITION	1,749,984	(94,165)	1,655,819
TOTAL NET POSITION - BEGINNING	8,126,641	(397,605)	7,729,036
TOTAL NET POSITION - ENDING	$ 9,876,625	$ (491,770)	$ 9,384,855

See accompanying independent auditors' report on supplementary information.

SCHEDULE B

SOUTHEAST AREA TRANSIT DISTRICT
SCHEDULE OF REVENUES, FUNCTIONAL EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019

REVENUES	
Intergovernmental revenue	
State government contracts	$ 4,448,423
Federal government contracts	140,152
Local government contracts	534,746
Total intergovernmental revenue	5,123,321
Transportation revenue	
Passenger fares	1,086,206
Special transit revenue	80,920
Total transportation revenue	1,167,126
Other revenue	
In-kind revenue	749,187
Advertising	25,415
Gain on disposal of capital asset	-
Miscellaneous	9,499
Total other revenue	784,101
Capital contributions	2,480,052
Total	2,480,052
Interest income	48
Total	48
Total revenues	9,554,648
EXPENSES	
Vehicle operations	
Payroll	2,135,742
Payroll taxes	206,871
Fringe benefits	1,189,324
Purchased services	22,490
Materials and supplies consumed	644,127
Depreciation	827,434
Miscellaneous	492
Total vehicle operations	5,026,480
Vehicle maintenance	
Payroll	541,627
Payroll taxes	49,639
Fringe benefits	203,859
Purchased services	66,758
Materials and supplies consumed	206,000
Maintenance	179,457
Miscellaneous	530
Total vehicle maintenance	$ 1,247,870

See accompanying independent auditors' report on supplementary information.

SOUTHEAST AREA TRANSIT DISTRICT
SCHEDULE OF REVENUES, FUNCTIONAL EXPENSES, AND CHANGES IN NET POSITION
YEAR ENDED JUNE 30, 2019

Non-vehicle Maintenance	
Purchased services	$ 59,720
Insurance	39,826
Materials and supplies consumed	16,333
Total non-vehicle maintenance	115,879
General administration	
Payroll	144,649
Payroll taxes	12,630
Fringe benefits	73,537
Purchased services	252,847
Materials and supplies consumed	27,641
Utilities	114,200
Casualty and liability insurance	8,898
Interest	19,027
Rent	749,187
Miscellaneous	11,819
Total general administration	1,414,435
Total expenditures	7,804,664
Revenues over expenditures	1,749,984
TOTAL NET POSITION - BEGINNING	8,126,641
TOTAL NET POSITION - ENDING	$ 9,876,625

See accompanying independent auditors' report on supplementary information.

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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
Southeast Area Transit District
Preston, Connecticut

We have audited, 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 the financial statements of Southeast Area Transit District, which comprise the statement of net position as of June 30, 2019, and the related statements of revenues, expenses, and changes in net position, and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated December 20, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southeast Area Transit District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Southeast Area Transit District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Southeast Area Transit District'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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Southeast Area Transit District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Ron L. Beaulieu & Co.

Portland, Maine
December 20, 2019

Southeast Area Transit District

Federal Single Audit Reports

June 30, 2019

Ron L. Beaulieu & Company

CERTIFIED PUBLIC ACCOUNTANTS

SOUTHEAST AREA TRANSIT DISTRICT

JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Southeast Area Transit District
Preston, Connecticut

We have audited the financial statements of Southeast Area Transit District, as of and for the year ended June 30, 2019, and the related notes to the financial statements. We issued our report thereon dated December 20, 2019 which contained a qualified opinion on those financial statements because management has not recorded in-kind revenues and expenses associated with donated bus and equipment leases from the State of Connecticut. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, except for the effect on the supplementary information of the in-kind revenues and expenses associated with donated bus and equipment leases not recorded, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Ron L. Beaulieu & Co.

Portland, Maine
March 24, 2020

SOUTHEAST AREA TRANSIT DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

Federal Grantor Pass-through Grantor Program or Cluster Title	Federal CFDA Number	Pass - through Entity Identifying Number		Total Federal Expenditures
U.S Department of Transportation				
Federal Transit Cluster:				
Federal Transit - Formula Grants	20.507	N/A	$	66,556
Grant Number: CT - 90 - X469 - 00				
Federal Transit - Formula Grants	20.507	N/A		1,981,786
Grant Number: CT - 2017 - 014-00				
Federal Transit - Formula Grants	20.507	N/A		75,851
Grant Number: CT - 2018 - 016-00				
Total Expenditures of Federal Awards			$	2,124,193

See accompanying independent auditors' report and management's notes to schedule of expenditures of federal awards.

SOUTHEAST AREA TRANSIT DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2019

NOTE 1- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Southeast Area Transit District under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Southeast Area Transit District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Southeast Area Transit District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

Southeast Area Transit District has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

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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
Southeast Area Transit District
Preston, Connecticut

Report on Compliance for Each Major Federal Program

We have audited Southeast Area Transit District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southeast Area Transit District's major federal programs for the year ended June 30, 2019. Southeast Area Transit District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Southeast Area Transit District, 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, 2019.

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Ron L. Beaulieu & Co.

Portland, Maine
March 24, 2020

SOUTHEAST AREA TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	qualified
Internal control over financial reporting:	
Significant deficiency disclosed	___ yes _x_ no
Material weakness disclosed	___ yes _x_ no
Material noncompliance disclosed	___ yes _x_ no

Federal Awards

Internal control over major programs:	
Significant deficiency disclosed	___ yes _x_ no
Material weakness disclosed	___ yes _x_ no
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ yes _x_ no

Identification of Major Programs

Name of Federal Program or Cluster	CFDA Number
Federal Transit - Formula Grants	20.507

Dollar threshold to distinguish between Type A and Type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	___ yes _x_ no

SOUTHEAST AREA TRANSIT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2019

SECTION II FINDINGS – FINANCIAL STATEMENT AUDIT

No Findings

SECTION III FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS

No Findings