FY22
BUDGET REQUEST

SECT COUNCIL
OF
GOVERNMENTS

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
5 Connecticut Avenue, Norwich, Connecticut 06360
(860) 889-2324/Fax: (860) 889-1222/Email: office@seccog.org

December 21, 2020

Mr. Rob Brule, First Selectman
Town of Waterford
15 Rope Ferry Road
Waterford, CT 06385

Dear Mr. Brule:

Subject: SCCOG Municipal Dues

At its meeting on December 16th, the Southeastern Connecticut Council of Governments adopted a schedule of municipal dues for FY 2021-2022. The municipal dues are based on a rate of $0.55 per capita, using 2010 U.S. Census population data. Based on these actions, the membership dues for the Council for FY 2021-22 from Waterford are $10,734.

I am enclosing for your information copies of the Council's schedule of municipal dues and the FY 2021-2022 budget. We have previously provided you a copy of the adopted work program for FY 2022, and the Council's annual report for 2020. Should you need additional copies of these, or have any questions, please feel free to contact me.

I look forward to working with you on important regional matters during the year ahead.

Sincerely,

James S. Butler, AICP
Executive Director

JSB/wl
Enclosures

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

SOCIAL SERVICES GRANT FUNDING REQUEST

ORGANIZATION NAME: Southeastern CT Council of Governments

REQUEST DATE (FISCAL YEAR): 2021 - 2022

REQUESTED AMOUNT: $10,734.00

BENEFIT STATEMENT (Describe how these funds will be used)

The Southeastern Connecticut Council of Governments is composed of the 22 municipalities in the region. The requested municipal dues reflects 12% of the SCCOG's total budget, and helps support the regional services, coordination, and programs that the SCCOG's staff provides the municipal members.

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 James S. Butler, Executive Director

Date 12/21/2020

TABLE 5

SCHEDULE OF MUNICIPAL CONTRIBUTIONS

1 JULY 2021 - 30 JUNE 2022

Southeastern Connecticut Council of Governments

Adopted: December 16, 2020

Municipality	Contribution Amt.	Date Received	Amt. Received
Bozrah	$1,445		
Colchester	$8,837		
East Lyme	$10,537		
Franklin	$1,057		
Griswold	$4,655		
Groton City	$5,714		
Groton Town	$16,349		
Jewett City	$1,918		
Lebanon	$4,019		
Ledyard	$8,278		
Lisbon	$2,386		
Montville	$10,764		
New London	$15,191		
North Stonington	$2,913		
Norwich	$22,271		
Preston	$2,599		
Salem	$2,283		
Sprague	$1,641		
Stonington Borough	$511		
Stonington Town	$9,689		
Waterford	$10,734		
Windham	$13,897		
TOTAL	**$157,688**		

Note: Based on a per capita contribution of $0.55, using municipal population figures from the 2010 Census. (The proposed per capita contribution was increased by 5¢ in FY 2013. The rate of $.50 had remained the same for the prior six fiscal years)

PROPOSED OPERATING BUDGET, 1 July 2021 - 30 June 2022
Southeastern Connecticut Council of Governments
Adopted: December 16, 2020

	Adopted
Budget Items:	**FY 2022**
STAFF	
Salaries	$660,426
FICA, Insurance, Retirement	$263,628
Subtotal:	**$924,054**
SUBCONTRACTORS	
Computer Services	$3,500
Professional Services (general)	$500
Planning Consultant, Lisbon	$60,000
Planning Consultant, Sprague	$11,000
Property Survey Index Consult. (online Hosting only)	$14,000
DEMHS Financial Consultant	$25,500
JLUS Consultant	$108,500
Transportation Engineering Consultant	$100,000
Hazard Mitigation Plan Consultant	$100,000
Subtotal:	**$423,000**
OTHER	
Office Maintenance/Utilities	$36,000
Supplies	$7,000
Equipment, Rental/Maintenance	$7,000
Equipment, Miscellaneous	$500
Equipment, Capital (incl. computers & software)	$7,000
Phones, Mail, Internet	$8,000
Insurance, Bond	$15,500
Printing	$200
Travel	$5,000
Conference Expenses	$3,000
Staff Expenses	$1,000
Books, Subscriptions, Dues	$5,000
Audit, Accounting, Legal	$35,000
Advertising	$500
Capital Fund	$0
Subtotal:	**$130,700**
Grand Total:	**$1,477,754**
Unallocated/Return to Reserve:	**$235,364**
SOURCES OF REVENUE	
Municipal Dues	$157,688
OPM Grant (Regional Services Grant)	$350,000
EDA CARES Act Funding	$160,000
CTDOT Planning Grant	$545,930
CTDOT FY 2016 PL Carryover	$100,000
LOTCIP	$25,000
Technical Assistance Contracts	$129,000
DEMHS (FY18) Regional Collaboration Grant	$0
DEMHS (FY19) Regional Collaboration Grant	$12,000
DEMHS (FY20) Regional Collaboration Grant	$12,000
DEMHS (FY21) Regional Collaboration Grant	$5,000
DEMHS (FY19) EMPG HazMat Grant	$0
DEMHS (FY20) EMPG HazMat Grant	$1,500
FEMA BRIC Hazard Mitigation Plan Grant	$100,000
ECCD Regional Stormwater Collaborative Grant	$0
DOD JLUS Grant	$110,000
SECHA	$14,000
Council Reserve	$0
Other	$0
Investment Income	$0
GRAND TOTAL:	**$1,722,118**

Kimberly Allen

From: James Butler <jbutler@seccog.org>
Sent: Wednesday, January 13, 2021 11:54 AM
To: Kimberly Allen
Subject: RE: FY22 Funding Request

CAUTION: This email originated from outside of the organization.
Do not click links or open attachments unless you recognize the sender's email address and know the content is safe.

Our FY 2021 expenditures through 12/31/20 are $612,760.31.

James S. Butler, AICP
Executive Director
Southeastern CT Council of Governments
860-889-2324

From: Kimberly Allen [mailto:kallen@waterfordct.org]
Sent: Wednesday, January 13, 2021 10:47 AM
To: James Butler <jbutler@seccog.org>
Subject: FY22 Funding Request

Hi Jim,

I am gathering additional information for the next round of budget hearings conducted by the Board of Selectmen.

If available, could you please me a copy of your current year's expenditures to date (7/1/20-6/30/21) to include with your packet.

Thank you.

Kimberly Allen
Finance Director
Town of Waterford
15 Rope Ferry Road
Waterford, CT 06385
kallen@waterfordct.org
860.444.5840 (direct)
860.440.0579 (fax)

Town of Waterford CONNECTICUT

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2020

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT,

REQUIRED SUPPLEMENTARY INFORMATION,

OTHER SUPPLEMENTARY INFORMATION,

FEDERAL SINGLE AUDIT REPORTS,

STATE SINGLE AUDIT REPORTS,

AND OTHER REPORT

HFM HOYT FILIPPETTI & MALAGHAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
TABLE OF CONTENTS
JUNE 30, 2020

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
TABLE OF CONTENTS
JUNE 30, 2020

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
TABLE OF CONTENTS
JUNE 30, 2020

STATE SINGLE AUDIT REPORTS ***(Continued)*** — **Page**

INDEPENDENT AUDITORS' REPORT

HOYT FILIPPETTI & MALAGHAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

Richard M. Hoyt, Jr., CPA PFS
Paul R. Filippetti, CPA
Terence J. Malaghan, CPA
K. Elise vonHousen, CPA
Susan K. Jones, CPA
Jason E. Cote, CPA
Dipti J. Shah, CPA
Fiona J. LaFountain, CPA
Stephanie F. Brown, CPA

INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments (SCCOG), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SCCOG's basic financial statements as listed in the table of contents.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

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

1041 Poquonnock Road • Groton, CT • 06340 • T: 860-536-9685 • F: 860-536-9684 • office@mysticcpa.com

OPINIONS

In our opinion, the financial statements, referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of SCCOG as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

OTHER MATTERS

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 - 10, the budgetary comparison information on page 37, and the pension schedules on pages 38 - 39 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 23, 2020, on our consideration of SCCOG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of SCCOG's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SCCOG's internal control over financial reporting and compliance.

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut
November 23, 2020

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2020

As management of the Southeastern Connecticut Council of Governments, (SCCOG), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the SCCOG for the fiscal year ended June 30, 2020. We encourage readers to consider the information presented here along with the SCCOG's basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the SCCOG *exceeded* its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $514,213 (net position). Of this amount, $271,300 (unrestricted net position) may be used to meet the SCCOG's ongoing obligations.

- The SCCOG's total net position *decreased* by $113,897. This *decrease* is mostly the result of increases in the liability for compensated absences and the additional costs incurred for the New London Joint Land Use, Regional Election Monitors, and Regional Online Property Survey Index projects which were funded by SCCOG itself without grant assistance.

- As of the close of the current fiscal year, the SCCOG's governmental funds reported combined ending fund balances of $607,388, an *increase* of $96,669 in comparison with the prior year. The total fund balance available for spending at the SCCOG's discretion (unassigned fund balance) was $582,834, while $24,554 was considered nonspendable.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Basis of Presentation

The SCCOG is considered a single-program governmental organization for financial reporting purposes. Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* requires the presentation of government-wide financial statements and fund financial statements. The government-wide financial statements consist of the statement of net position and the statement of activities, while the governmental fund financial statements consist of the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances. The SCCOG has no business-type activities. Rather than presenting government-wide financial statements along with separate governmental fund financial statements, SCCOG has chosen to combine the two types of financial statements as permitted by GASB Statement No. 34. Accordingly, the accompanying financial statements of the SCCOG consist of the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures and changes in fund balances/statement of activities.

Government-wide Financial Statements

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

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

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

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Fund Financial Statements *(Continued)*

Governmental Funds (Continued)

The SCCOG maintains 23 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, DOT Regional Transportation Planning Agreement Number 5.09-06(17) fund, DOT Regional Transportation Planning Agreement Number 5.09-06(17) fund, DOT Regional Transportation Planning Agreement Number 5.09-06(17), New London Joint Land Use Study HQ00051810045 fund, the DEMHS Direct Service Programs fund, the OPM Regional Service Grant RSG-020-08 fund, the Local Transportation Capital Improvement Program fund, and the DOT Thames River Water Taxi Grant fund, all of which are considered to be major funds. Data from the other 14 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

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

Fiduciary Funds

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

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 - 36 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on pages 37 - 39 of this report.

Combining fund statements and other supplementary information can be found on pages 40 - 44 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. The net position of the SCCOG totaled $514,213 and is summarized as follows:

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position ***(Continued)***

	Governmental Activities 2020	Governmental Activities 2019	Increase (Decrease)
Current and other assets	$ 1,003,508	$ 985,718	$ 17,790
Capital assets, net	242,913	259,378	(16,465)
Deferred outflows of resources	374,519	497,291	(122,772)
Total assets and deferred outflows of resources	$ 1,620,940	$ 1,742,387	$ (121,447)
Current liabilities	$ 249,471	$ 312,895	$ (63,424)
Noncurrent liabilities	772,803	771,764	1,039
Total liabilities	1,022,274	1,084,659	(62,385)
Deferred inflows of resources	84,453	29,618	54,835
Net position			
Invested in capital assets	242,913	259,378	(16,465)
Unrestricted net position	271,300	368,732	(97,432)
Total net position	514,213	628,110	(113,897)
Total liabilities, deferred inflows of resources, and net position	$ 1,620,940	$ 1,742,387	$ (121,447)

As previously mentioned, the *decrease* in net position is due from the costs of certain projects funded entirely by SCCOG during the fiscal year. The *decrease* in net position is also the result of an *increase* in compensated absences; during the fiscal year ended June 30, 2020, management amended its accrued sick pay policy to allow employees who have been with SCCOG for 10 or more years, a payout option of limited unused sick time upon retirement or death.

As of June 30, 2020, approximately 47% of the SCCOG's net position reflects its investment in capital assets. The SCCOG uses these capital assets to provide services to member towns; consequently, these assets are not available for future spending.

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position

Changes in net position are as follows:

	Governmental Activities		Increase
	2020	2019	(Decrease)
Revenues			
Program revenues			
Charges for services	$ 212,611	$ 129,817	$ 82,794
Grants and contributions			
Operating	1,302,380	1,785,133	(482,753)
General revenues			
Municipal assessments	163,402	157,688	5,714
Interest and miscellaneous income	9,936	26,262	(16,326)
Total revenues	1,688,329	2,098,900	(410,571)
Program expenses			
Regional planning	1,802,226	2,207,714	(405,488)
Total expenses	1,802,226	2,207,714	(405,488)
Change in net position	$ (113,897)	$ (108,814)	$ (5,083)

Both grants and contributions – operating, and regional planning expenses *decreased* significantly from the prior year as certain larger temporary projects have finished. Charges for services has *increased* from the prior year as it includes approximately $84,500 in sales of COVID-19 protective masks which were sold at cost to member towns.

FINANCIAL ANALYSIS OF SCCOG'S FUNDS

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

Governmental Funds

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

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

Governmental Funds *(Continued)*

As of the end of the current fiscal year, the SCCOG's governmental funds reported combined ending fund balances of $607,388, an *increase* of $96,669 in comparison with the prior year. This is mostly the result of a significant *decrease* in projects for which the SCCOG had to pay unreimbursed costs. The entire fund balance includes $582,834 of unassigned fund balance which is available for spending at the SCCOG's discretion and $24,554 which is considered nonspendable.

General Fund

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

Other Major Funds

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

BUDGETARY HIGHLIGHTS

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

The SCCOG's budget for 2019-2020, which began at $1,423,747 was subsequently reduced to $1,318,815 to recognize a *decrease* in overall revenues and accompanying costs.

CAPITAL ASSETS

The SCCOG's capital assets as of June 30, 2020 totaled $531,639, which includes land, land improvements, buildings and related improvements, and equipment and furnishings. New computer equipment was acquired during the year ended June 30, 2020 at a cost of approximately $1,300.

The following table is a summary of SCCOG's capital assets as of June 30, 2020:

	Governmental Activities
Land	$ 63,758
Land improvements	20,350
Buildings and related improvements	297,576
Equipment and furnishings	149,955
Total	$ 531,639

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

NONCURRENT LIABILITIES

As of June 30, 2020, the SCCOG had no noncurrent liabilities other than accrued compensated absences and its proportional share of the collective net pension liability in the State of Connecticut Municipal Employees' Retirement System, a cost sharing multiple employer public employee defined benefit plan.

As of June 30, 2020, SCCOG's noncurrent liabilities totaled $772,803, of which $105,563 was for accrued compensated absences and $667,240 was the net pension liability.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the fiscal year ended June 30, 2020, SCCOG adopted a 2020-2021 budget consisting of $1,279,118 of anticipated revenues, $1,148,948 of budgeted expenditures, and no increase to the $.055 per capita dues for its member municipalities.

REQUESTS FOR INFORMATION

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

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS		
Cash and cash equivalents	$	708,012
Receivables, net		270,942
Prepaid expenses		24,554
Total current assets		1,003,508
NONCURRENT ASSETS		
Capital assets, non-depreciable		63,758
Capital assets, net of accumulated depreciation		179,155
Total noncurrent assets		242,913
DEFERRED OUTFLOWS OF RESOURCES		
Changes in projected pension investment earnings		27,163
Difference between expected and actual experience		72,661
Changes in assumptions		176,227
Changes in proportional share		14,575
Pension contributions made subsequent to the measurement date		83,893
Total deferred outflows of resources		374,519
Total assets and deferred outflows of resources	$	1,620,940

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES		
Accounts payable and accrued expenses	$	59,411
Due to funding source		64,032
Unearned revenue		126,028
Total current liabilities		249,471
NONCURRENT LIABILITIES		
Due within one year		10,556
Due in more than one year		762,247
Total noncurrent liabilities		772,803
Total liabilities		1,022,274
DEFERRED INFLOWS OF RESOURCES		
Difference between expected and actual experience		60,140
Changes in proportional share		24,313
Total deferred inflows of resources		84,453
NET POSITION		
Invested in capital assets		242,913
Unrestricted net position		271,300
Total net position		514,213
Total liabilities, deferred inflows of resources, and net position	$	1,620,940

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position
GOVERNMENTAL ACTIVITIES				
Regional planning	1,802,226	212,611	1,302,380	$ (287,235)
Total governmental activities	1,802,226	212,611	1,302,380	(287,235)
Total primary government	$ 1,802,226	$ 212,611	$ 1,302,380	(287,235)

GENERAL REVENUES	
Municipal assessments	163,402
Interest and miscellaneous income	9,936
Total general revenues	173,338
Change in net position	(113,897)
NET POSITION, beginning of year	628,110
NET POSITION, end of year	$ 514,213

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

		U.S. DEPARTMENT OF TRANSPORTATION			DEPARTMENT OF DEFENSE	U.S. DEPARTMENT OF HOMELAND SECURITY	STATE OF CONNECTICUT				
	GENERAL FUND	REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17)	REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17)	REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17)	NEW LONDON JOINT LAND USE STUDY HQ00051810045	DEMHS DIRECT SERVICE PROGRAMS	OPM REGIONAL SERVICE GRANT RSG 020-08	LOCAL TRANSPORTATION CAPITAL IMPROVEMENT PROGRAM	DEPARTMENT OF TRANSPORTATION THAMES RIVER WATER TAXI GRANT	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS											
Cash and cash equivalents	$ 652,786	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 19,345	$ 35,881	$ 708,012
Grants receivable:											
Federal and State grants	-	-	-	31,912	-	134,234	-	-	-	52,175	218,321
Accounts receivable	-	-	-	-	-	-	-	-	-	52,621	52,621
Prepaid expense	24,554	-	-	-	-	-	-	-	-	-	24,554
Due from other funds	270,942	-	38,511	-	-	-	6,176	90,147	-	-	405,776
Total assets	$ 948,282	$ -	$ 38,511	$ 31,912	$ -	$ 134,234	$ 6,176	$ 90,147	$ 19,345	$ 140,677	$ 1,409,284
LIABILITIES											
Accounts payable and accrued expenses	$ 59,411	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 59,411
Due to other funds	134,834	-	-	31,912	-	134,234	-	-	-	104,796	405,776
Due to funding source	-	-	38,511	-	-	-	6,176	-	19,345	-	64,032
Unearned revenue	-	-	-	-	-	-	-	90,147	-	35,881	126,028
Total liabilities	194,245	-	38,511	31,912	-	134,234	6,176	90,147	19,345	140,677	655,247
DEFERRED INFLOWS OF RESOURCES											
Revenue - unavailable	-	-	-	31,912	-	62,562	-	-	-	52,175	146,649
Total deferred inflows of resources	-	-	-	31,912	-	62,562	-	-	-	52,175	146,649
Total liabilities and deferred inflows of resources	194,245	-	38,511	63,824	-	196,796	6,176	90,147	19,345	192,852	801,896
FUND BALANCES											
Nonspendable	24,554	-	-	-	-	-	-	-	-	-	24,554
Unassigned	729,483	-	-	(31,912)	-	(62,562)	-	-	-	(52,175)	582,834
Total fund balances	754,037	-	-	(31,912)	-	(62,562)	-	-	-	(52,175)	607,388
Total liabilities, deferred inflows of resources and fund balances	$ 948,282	$ -	$ 38,511	$ 31,912	$ -	$ 134,234	$ 6,176	$ 90,147	$ 19,345	$ 140,677	$ 1,409,284

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Fund Balances - Governmental Funds	$	607,388
Amounts reported for *governmental activities* in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		242,913
Other assets or deferred outflows of resources are not available to pay for current-period expenditures and therefore are deferred or not recorded in the funds:		
Deferred outflows of resources - changes in projected pension investment earnings		27,163
Deferred outflows of resources - difference between expected and actual experience		72,661
Deferred outflows of resources - changes in assumptions		176,227
Deferred outflows of resources - changes in proportional share		14,575
Deferred outflows of resources - pension contributions made subsequent to the measurement date		83,893
Receivables outstanding beyond 60 days of the fiscal year end		146,649
Other liabilities or deferred inflows of resources are not due and payable in the current period and therefore are deferred or not recorded in the funds.		
Deferred inflows of resources - difference between expected and actual experience		(60,140)
Deferred inflows of resources - changes in proportional share		(24,313)
Compensated absences		(105,563)
Net pension liability		(667,240)
Net position of governmental activities	$	514,213

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	GENERAL FUND	U.S. DEPARTMENT OF TRANSPORTATION REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17)	U.S. DEPARTMENT OF TRANSPORTATION REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17)	U.S. DEPARTMENT OF TRANSPORTATION REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17)	DEPARTMENT OF DEFENSE NEW LONDON JOINT LAND USE STUDY HQ00051810045	U.S. DEPARTMENT OF HOMELAND SECURITY DEMHS DIRECT SERVICE PROGRAMS	STATE OF CONNECTICUT OPM REGIONAL SERVICE GRANT RSG 020-08	STATE OF CONNECTICUT LOCAL TRANSPORTATION CAPITAL IMPROVEMENT PROGRAM	STATE OF CONNECTICUT DEPARTMENT OF TRANSPORTATION THAMES RIVER WATER TAXI GRANT	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES											
Municipal assessments	$ 163,402	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 163,402
Intergovernmental:											
Federal and State grants	-	7,898	14,144	450,484	132,399	244,110	316,778	24,964	-	99,549	1,290,326
Other grants	-	-	-	-	-	-	-	-	-	-	-
Municipal and technical assessment contracts	-	-	-	-	-	-	-	-	-	128,131	128,131
Interest income	4,928	-	-	-	-	-	-	-	-	-	4,928
Other revenue	10,464	-	-	-	-	-	-	-	-	106,532	116,996
Total revenues	178,794	7,898	14,144	450,484	132,399	244,110	316,778	24,964	-	334,212	1,703,783
EXPENDITURES											
Current											
Direct salaries	-	-	-	260,915	2,371	-	154,754	12,233	-	63,380	493,653
Allocated indirect	2,515	-	-	271,433	2,467	-	160,993	12,726	-	49,918	500,052
Direct charges	329	-	-	3,647	96,850	291,742	1,031	5	-	219,805	613,409
Total expenditures	2,844	-	-	535,995	101,688	291,742	316,778	24,964	-	333,103	1,607,114
Excess (deficiency) of revenues over expenditures	175,950	7,898	14,144	(85,511)	30,711	(47,632)	-	-	-	1,109	96,669
OTHER FINANCING SOURCES (USES)											
Transfers in	-	1	-	53,599	11,477	-	-	-	-	20,362	85,439
Transfers out	(84,738)	-	-	-	-	-	-	-	-	(701)	(85,439)
Total other financing sources (uses)	(84,738)	1	-	53,599	11,477	-	-	-	-	19,661	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	91,212	7,899	14,144	(31,912)	42,188	(47,632)	-	-	-	20,770	96,669
FUND BALANCE, beginning of year	662,825	(7,899)	(14,144)	-	(42,188)	(14,930)	-	-	-	(72,945)	510,719
FUND BALANCE, end of year	$ 754,037	$ -	$ -	$ (31,912)	$ -	$ (62,562)	$ -	$ -	$ -	$ (52,175)	$ 607,388

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds	$ 96,669
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated by the amount by which depreciation ($17,823) exceeded capital additions ($1,358) in the current period.	(16,465)
Revenues and deferred outflows of resources in the government-wide statements that do not provide financial resources are not reported in the funds:	
Change in unavailable revenues	(5,457)
Deferred outflows of resources - changes in projected pension investment earnings	(16,992)
Deferred outflows of resources - difference between expected and actual experience	(31,822)
Deferred outflows of resources - changes in assumptions	(73,636)
Deferred outflows of resources - changes in proportional share	(14,350)
Deferred outflows of resources - pension contributions made subsequent to the measurement date	14,028
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, including the changes in:	
Prepaid expenses	(9,998)
Deferred outflows of resources - difference between expected and actual experience	(60,140)
Deferred inflows of resources - changes in proportional share	5,305
Net pension liability	66,159
Compensated absences	(67,198)
Change in net position of governmental activities	$ (113,897)

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2020

ASSETS

	AGENCY FUND
Cash and cash equivalents	$ 10,008
Total assets	$ 10,008

LIABILITIES

Due to other organizations	$ 10,008
Total liabilities	$ 10,008

The accompanying notes are an integral part of these financial statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The SCCOG provides comprehensive land use and transportation planning services in the Southeastern Connecticut region. SCCOG is funded primarily by assessments of area municipalities and federal and state grants.

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

REPORTING ENTITY

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

BASIS OF PRESENTATION

The SCCOG is considered a single-program governmental organization for financial reporting purposes. Governmental Accounting Standards Board (GASB) Statement Number 34, "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*" requires the presentation of government-wide financial statements and fund financial statements. The government-wide financial statements consist of a statement of net assets and a statement of activities. The governmental funds financial statements consist of a balance sheet and a statement of revenues, expenditures, and changes in fund balances. The SCCOG has no business type activities.

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

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

BASIC FINANCIAL STATEMENTS – GOVERNMENT-WIDE STATEMENTS

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

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

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

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

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

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

The following fund types are used by SCCOG:

Governmental Funds:

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

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

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

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

Governmental Funds *(Continued)*

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are restricted or committed for specific purposes, excluding capital projects and debt service. SCCOG currently maintains 23 special revenue funds, the following 8 of which are considered major funds:

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

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

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

U.S. Department of Defense New London Joint Land Use Study HQ00051810045-This fund is used to account for revenues and expenditures related to create a community-driven, cooperative, strategic planning process among SUBBASE New London and the municipalities of the Town of Groton, the Town of Waterford, the Town of Ledyard, the City of New London, and the Town of Montville, to promote community development that is compatible with the military training, testing, and operational missions, and seek ways to reduce operational impacts on adjacent lands.

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

State of Connecticut Office of Policy and Management-Regional Service Grant RSG 020-08 – These funds are used to account for the revenue and expenditures related to regional planning activities conducted in the southeastern Connecticut planning region. A separate fund is maintained for each fiscal year.

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

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

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

__Special Revenue Funds__ *(Continued)*

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

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

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

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

BASIS OF ACCOUNTING

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

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

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

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

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

CASH EQUIVALENTS

SCCOG defines cash equivalents as liquid investments with an original maturity of three months or less. SCCOG had cash equivalents totaling $325,610 between all governmental funds at June 30, 2020, which consisted of monies held in the State of Connecticut's Short-Term Investment Fund.

CAPITAL ASSETS

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

Assets	Years
Building and improvements	39
Land improvements	15
Equipment and furnishings	5-20

COMPENSATED ABSENCES

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

NET PENSION LIABILITY

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

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

FUND EQUITY AND NET POSITION

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

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

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

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

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

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

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

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

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense or expenditure) until then. The SCCOG recognized $374,519 of pension related deferred outflows for the year ended June 30, 2020.

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

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES *(Continued)*

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The SCCOG has two items that met this criteria: 1) unavailable revenue from receivables that were not received within 60 days of year end and are therefore not considered "available" totaling $146,649, and 2) pension related deferred inflows with respect to SCCOG's participation in the State of Connecticut Municipal Employees' Retirement System (MERS)

BUDGETS

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

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

Formal budgetary integration is employed as a management control device during the year for SCCOG.

USE OF ESTIMATES

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

SUBSEQUENT EVENTS

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through November 23, 2020, the date that the financial statements were available to be issued. There were no subsequent events identified that require disclosure.

APPLICATION OF ACCOUNTING STANDARDS

For the year ended June 30, 2020, the following accounting pronouncements became effective and the District implemented such pronouncements, where applicable:

<u>GASB Statement 90, Majority Equity Interests – and amendment of GASB Statements No. 14 and 61.</u> This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

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

APPLICATION OF ACCOUNTING STANDARDS *(Continued)*

GASB Statement 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This statement delays the effective date of specifically referenced pronouncements.

NOTE 2 - CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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

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

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

At June 30, 2020, SCCOG's cash and cash equivalents, exclusive of its fiduciary fund were as follows:

Cash:		
Deposits - demand accounts	$	382,402
Cash equivalents:		
State Short-Term Investment Fund (STIF)		325,610
Total cash and equivalents	$	708,012

NOTE 3 - RECEIVABLES

At June 30, 2020, receivables consisted of the following:

	Fund Financials		Government-Wide
	Major Funds	Non-Major Funds	Governmental Activities
Federal and State	$ 166,146	$ 52,175	$ 218,321
Accounts receivable	-	52,621	52,621
Receivables, gross	166,146	104,796	270,942
Allowance for doubtful accounts	$ -	$ -	$ -
Receivables, net	$ 166,146	$ 104,796	$ 270,942

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

	Fund Financials		Government-Wide
	Major Funds	Non-Major Funds	Governmental Activities
Current liabilities			
Unearned revenue	$ 90,147	$ 35,881	$ 126,028
Deferred inflows of resources			
Revenue - unavailable	$ 94,474	$ 52,175	$ -

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2020 is as follows:

	Balance June 30, 2019	Increases	Decreases	Balance June 30, 2020
Governmental activities				
Capital assets, not being depreciated				
Land	$ 63,758	$ -	$ -	$ 63,758
Capital assets, being depreciated				
Land improvements	20,350	-	-	20,350
Buildings and related improvements	297,576	-	-	297,576
Equipment and furnishings	148,597	1,358	-	149,955
Total assets, being depreciated	466,523	1,358	-	467,881
Total governmental activities capital assets	530,281	1,358	-	531,639
Less: accumulated depreciation for				
Land improvements	16,475	930	-	17,405
Buildings and related improvements	136,354	7,183	-	143,537
Equipment and furnishings	118,074	9,710	-	127,784
Total accumulated depreciation	270,903	17,823	-	288,726
Total governmental activities capital assets being depreciated, net	195,620	(16,465)	-	179,155
Total government-wide capital assets, net	$ 259,378	$ (16,465)	$ -	$ 242,913

Depreciation expense was charged to the following program:

Governmental activities	
Regional planning	$ 17,823
Total depreciation expense-governmental activities	$ 17,823

NOTE 5 - INTER-FUND BALANCES AND TRANSFERS

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

As of June 30, 2020, SCCOG's inter-fund balances were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ 270,942	$ 134,834
Other Major Funds:		
U.S. Department of Transportation-Regional Transportation Planning Agreement 5.09-06(17)	38,511	-
U.S. Department of Transportation-Regional Transportation Planning Agreement 5.09-06(17)	-	31,912
U.S. Department of Homeland Security-DEMHS Direct Service Programs	-	134,234
OPM Regional Service Grant - RSG 020-08	6,176	-
Local Transportation Capital Improvement Program	90,147	-
Other Governmental Funds:		
U.S. Department of Homeland Security-		
DEMHS Homeland Security Regional Collaboration '17	-	13,000
DEMHS Homeland Security EMPG '18	-	1,500
Coronavirus Relief Fund	-	37,675
COVID 19 Protective Masks	-	24,480
Municipal and Technical Assistance	-	24,867
Southeastern Connecticut Housing Alliance	-	3,274
	$ 405,776	$ 405,776

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

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

The SCCOG made the following transfers during the year ended June 30, 2020:

	Transfers In	Transfers Out
General Fund	$ -	$ 84,738
Other Major Funds:		
U.S. Department of Transportation-Regional Transportation Planning Agreement 5.09-06(17)	1	-
U.S. Department of Transportation-Regional Transportation Planning Agreement 5.09-06(17)	53,599	-
U.S. Department of Defense - New London Joint Land Use Study HQ00051810045	11,477	-
Other Governmental Funds:		
U.S. Department of Homeland Security-		
DEMHS Homeland Security Regional Collaboration '17	701	-
DEMHS Homeland Security Regional Collaboration '18	-	701
OPM - Regional Election Monitors	4,497	-
OPM - Community Rating System Development	1,164	-
OPM - Online Property Survey Index	14,000	-
	$ 85,439	$ 85,439

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

NOTE 6 – NONCURRENT LIABILITIES

Noncurrent liabilities of SCCOG consists of accumulated unpaid vacation benefits (compensated absences) and SCCOG's proportional share of the Connecticut Municipal Employees Retirement System net pension liability. Noncurrent liabilities of SCCOG for the year ended June 30, 2020 consist of:

	Balance June 30, 2019	Additions	Reductions/ Maturities	Balance June 30, 2020	Due Within One Year
Governmental Activities:					
Compensated absences	$ 38,365	$ 67,198	$ -	$ 105,563	$ 10,556
Net pension liability	733,399	-	66,159	667,240	-
Total Governmental Activities noncurrent liabilities	$ 771,764	$ 67,198	$ 66,159	$ 772,803	$ 10,556

NOTE 7 - FUND BALANCE

At June 30, 2020, fund balances reported on the fund financial statements consisted of the following:

	Nonspendable	Unassigned
General Fund		
Prepaid items	$ 24,554	$ -
Unassigned	-	729,483
Other Major Funds:		
U.S. Department of Transportation-Regional Transportation Planning Agreement 5.09-06(17)	-	(31,912)
U.S. Department of Homeland Security- -DEMHS Direct Service Programs	-	(62,562)
Other Governmental Funds:		
U.S. Department of Homeland Security-		
DEMHS Homeland Security Regional Collaboration '17	-	(13,000)
DEMHS Homeland Security EMPG '18	-	(1,500)
Coronavirus Relief Fund	-	(37,675)
	$ 24,554	$ 582,834

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

NOTE 8 - PENSION PLAN

STATE OF CONNECTICUT MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM

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

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

NOTE 8 - PENSION PLAN *(Continued)*

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

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

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

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

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

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

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

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

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

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

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

NOTE 8 - PENSION PLAN *(Continued)*

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

The components associated with pension expense and deferred outflows and inflows of resources have been determined based on fiduciary net position as audited by the State of Connecticut Auditors of Public Accounts as part of the State of Connecticut Comprehensive Annual Financial Report as of and for the year ended June 30, 2019.

At June 30, 2020, SCCOG reported a liability of $667,240 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2019. SCCOG's proportion of the net pension liability was based upon an allocation percentage calculated to six decimal places derived from SCCOG's payroll as compared to the total. SCCOG's allocation percentage for the reporting period ended June 30, 2020 was 0.180784%.

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

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

Mortality rates were based on the RP-2014 Combined Mortality Table for annuitants and non-annuitants. The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2017. Future Cost-of-Living Adjustments (COLA) for members who retire on or after January 1, 2002 are 60% of the annual increase in the CPI up to 6%. The minimum annual COLA is 2.5% and the maximum is 6%.

NOTE 8 - PENSION PLAN *(Continued)*

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

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

Asset Class	Target Allocation	Long-term Expected Real Rate Of Return
Domestic equity	20.0%	5.3%
Developed market international	11.0%	5.1%
Emerging market international	9.0%	7.4%
Core fixed income	16.0%	1.6%
Inflation linked bond	5.0%	1.3%
Emerging market debt	5.0%	2.9%
High yield bond	6.0%	3.4%
Real estate	10.0%	4.7%
Private equity	10.0%	7.3%
Alternative investments	7.0%	3.2%
Liquidity fund	1.0%	0.9%

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. For the year ended June 30, 2020, SCCOG recognized pension expense of $195,341. At June 30, 2020, SCCOG reported deferred outflows of resources and deferred inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	$ 27,163	$ -
Difference between expected and actual experience	72,661	60,140
Changes in assumptions	176,227	-
Changes in proportional share	14,575	24,313
SCCOG contributions after the measurement date	83,893	-
Total	$ 374,519	$ 84,453

NOTE 8 - PENSION PLAN *(Continued)*

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

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

June 30,		
2021	$	91,415
2022		56,997
2023		67,332
2024		(9,571)
2025		-
Thereafter		-
Total	$	206,173

The following schedule presents the net pension liability, calculated using the discount rate of 7.00%, as well as what SCCOG's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1 % Decrease (6.00%)	Current Discount Rate (7.00%)	1 % Increase (8.00%)
SCCOG's proportionate share of net pension liability	$ 950,818	$ 667,240	$ 428,395

NOTE 9 - RISK MANAGEMENT AND LITIGATION

SCCOG is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. SCCOG has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs. There have been no significant reductions in insurance coverage and settlements have not exceeded insurance coverage for each of the past three fiscal years. All risk management activities are accounted for in the general fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. There were no claims outstanding at June 30, 2020.

NOTE 10- EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2020, the following expenditures were in excess of their budgeted appropriations by the following amounts:

Staff		
Salaries	$	(7,494)
FICA, insurance, retirement		(10,943)
Subcontractors/Contributions		
Computer services		(170)
Planning consultant, Lisbon		(5,904)
Professional Services - Sprague P&Z		(20)
OPM Regional Pedestrian and Bike Plan		(12,555)
Other		
Office maintenance/utilities		(729)
Phones, mail, internet		(1,863)
Insurance, bond		(259)
Conference expenses		(1,003)
Staff expenses		(51)
Audit, accounting, legal		(1,100)
Advertising		(659)

During the year ended June 30, 2020, SCCOG made net reductions to budgeted revenues and expenditures totaling $104,932.

NOTE 11 - PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2020 that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement 84, Fiduciary Activities. The purpose of the statement is to improve guidance regarding identification of fiduciary activities for accounting and financial reporting purposes. The provisions of this statement have been extended by GASB Statement 95 and are now effective for reporting periods beginning after December 15, 2019 (the District's year ending June 30, 2021).

GASB Statement 87, Leases. The statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The provisions of this statement are effective for reporting periods beginning after June 15, 2021 (the District's year ending June 30, 2022).

NOTE 11 - PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE *(Continued)*

GASB Statement 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest costs incurred before the end of a construction period. The requirements of this statement are effective for periods beginning after December 15, 2020 (the District's year ending June 30, 2022).

GASB Statement 91, Conduit Debt Obligations. This statement provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with: (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2021 (the District's year ending June 30, 2023).

GASB Statement 92, Omnibus. This statement enhances comparability in accounting and financial reporting and improves consistency of authoritative literature by addressing various practice issues identified in the implementation of certain pronouncements. Certain requirements of this statement are effective upon issuance while other requirements are effective for reporting periods beginning after June 15, 2021 (the District's year ending June 30, 2022).

GASB Statement 93, Replacement of Interbank Offered Rates. This statement addresses accounting and financial reporting implications that result from the replacement of an IBOR (Interbank Offered Rate), the most prevalent being the LIBOR (London Interbank Offered Rate). Provisions of the statement are effective for reporting periods beginning after June 15, 2021 and reporting periods ending after December 31, 2021 (the District's years ending June 30, 2022 and 2023).

GASB Statement 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). The requirements of this statement are effective for fiscal years beginning after June 15, 2022 (the District's year ending June 30, 2023).

GASB Statement 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users. The requirements of this statement are effective for fiscal years beginning after June 15, 2022 (the District's year ending June 30, 2023).

NOTE 12 –ECONOMIC DEPENDENCE

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

SUPPLEMENTARY INFORMATION

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND SELECTED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES					
Municipal assessments	$ 157,688	$ -	$ 157,688	$ 163,402	$ 5,714
OPM Grant (Regional Services Grant)	300,000	22,954	322,954	316,778	(6,176)
ConnDOT Planning Grant	506,059	(25,559)	480,500	472,526	(7,974)
ConnDOT LOTCIP	40,000	(34,000)	6,000	24,964	18,964
Technical assistance contracts	170,000	(50,000)	120,000	128,131	8,131
DEMHS (FY16) Regional Collaboration Grant	-	-	-	4,000	4,000
DEMHS (FY17) Regional Collaboration Grant	12,000	(2,000)	10,000	10,344	344
DEMHS (FY18) Regional Collaboration Grant	12,000	(2,000)	10,000	5,369	(4,631)
DEMHS (FY19) Regional Collaboration Grant	12,000	(2,000)	10,000	-	(10,000)
DEMHS (FY17) EMPG HazMat Grant	1,500	-	1,500	-	(1,500)
OPM Regional Pedestrian and Bike Plan	-	-	-	79,836	79,836
SECHA	12,000	2,000	14,000	15,552	1,552
DOD - JLUS Grant	200,000	(18,661)	181,339	132,399	(48,940)
Other income	-	-	-	10,464	10,464
Investment income	500	4,334	4,834	4,928	94
Total revenues	1,423,747	(104,932)	1,318,815	1,368,693	49,878
EXPENDITURES					
Staff					
Salaries	621,089	-	621,089	628,583	(7,494)
FICA, insurance, retirement	239,567	-	239,567	250,510	(10,943)
Subcontractors/Contributions					
Computer services	2,000	1,103	3,103	3,273	(170)
Professional services (general)	500	(340)	160	-	160
Planning consultant, Lisbon	55,000	(2,000)	53,000	58,904	(5,904)
Professional Services - Sprague P&Z	15,000	(4,000)	11,000	11,020	(20)
Property survey index consultant	13,000	1,000	14,000	14,000	-
DEMHS financial consultant	24,500	-	24,500	23,850	650
Regional election monitor	7,000	(2,503)	4,497	4,497	-
JLUS consultant	200,000	(103,000)	97,000	96,850	150
OPM Regional Pedestrian and Bike Plan	-	-	-	12,555	(12,555)
Other					
Office maintenance/utilities	27,000	6,500	33,500	34,229	(729)
Supplies	7,000	-	7,000	6,616	384
Equipment, rental/maintenance	8,000	(1,000)	7,000	6,833	167
Equipment, miscellaneous	500	-	500	-	500
Equipment, capital (incl. computers)	7,000	-	7,000	5,319	1,681
Phones, mail, internet	6,000	(400)	5,600	7,463	(1,863)
Insurance, bond	14,500	-	14,500	14,759	(259)
Printing	1,000	(1,000)	-	-	-
Travel	7,500	(2,700)	4,800	4,035	765
Conference expenses	3,000	(1,375)	1,625	2,628	(1,003)
Staff expenses	1,500	(1,000)	500	551	(51)
Books, subscriptions, dues	5,000	266	5,266	4,048	1,218
Audit, accounting, legal	34,500	(2,000)	32,500	33,600	(1,100)
Advertising	500	(390)	110	769	(659)
Return to reserve	123,091	7,907	130,998	-	130,998
Total expenditures	1,423,747	(104,932)	1,318,815	1,224,892	93,923
Excess (deficiency) of revenues over expenditures - Budgetary Basis	$ -	$ -	$ -	143,801	$ 143,801

RECONCILIATION TO GAAP BASIS:

DEMHS direct services programs are not budgeted as revenues	244,110
CRCOG purchasing council fees are not budgeted as revenues	6,500
COVID-19 protective mask income is not budgeted as revenues	84,480
DEMHS direct service programs are not budgeted as expenditures	(291,742)
CRCOG purchasing council costs are not budgeted as expenditures	(6,000)
COVID-19 protective mask costs are not budgeted as expenditures	(84,480)
Excess of expenditures and other financing uses over revenues and other financing sources - GAAP basis	$ 96,669

See independent auditors' report

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

	2015	2016	2017	2018	2019	2020
SCCOG's proportion of the net pension liability	0.175363%	0.175363%	0.224384%	0.224384%	0.191759%	0.180784%
SCCOG's proportionate share of the net pension liability	$ 170,207	$ 240,091	$ 440,415	$ 370,909	$ 733,399	$ 667,240
SCCOG's covered-employee payroll	$ 389,141	$ 389,141	$ 464,746	$ 464,746	$ 539,766	$ 464,746
SCCOG's proportionate share of the net pension liability as a percentage of its covered payroll	43.74%	61.70%	94.76%	79.81%	135.87%	143.57%
Plan fiduciary net position as a percentage of the total pension liability	90.48%	92.72%	88.29%	91.68%	73.60%	72.69%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	Rates of Inflation, Real Investment Return Mortality Withdrawal, Disability, Retirement, and Salary Increases
Actuarial cost method	Entry age
Amortization method	Level dollar, closed
Amortization period	21 years
Asset valuation method	5-year smoothed market (20% write up)

See independent auditors' report

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

	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	$ 59,747	$ 58,744	$ 51,675	$ 67,979	$ 69,865	$ 83,893
Contributions in relation to the actuarially determined contribution	59,747	58,744	51,675	67,979	69,865	83,893
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 389,141	$ 389,141	$ 464,746	$ 464,746	$ 539,766	$ 464,746
Contributions as a percentage of covered-employee payroll	15.35%	15.10%	11.12%	14.63%	12.94%	18.05%

Notes to Schedule

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

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

Actuarial cost method	Entry age, normal cost method
Amortization method	Level dollar, closed
Amortization period	21 years
Asset valuation method	5-year smoothed market (20% write up)
Inflation	2.50%
Salary increases	3.5%-10%, average, including inflation
Investment rate of return	7.0% net of investment expense, including inflation
Changes in assumptions	Rates of Inflation, Real Investment Return Mortality Withdrawal, Disability, Retirement, and Salary Increases

See independent auditors' report

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2020

	FEDERAL PROGRAMS						STATE PROGRAMS								
	U.S. DEPARTMENT OF HOMELAND SECUITY					US TREASURY		OFFICE OF POLICY AND MANAGEMENT							
	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '16	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '17	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '18	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '19	DEMHS HOMELAND SECURITY EMPG '18	CORONAVIRUS RELIEF FUND	REGIONAL ELECTION MONITORS	COMMUNITY RATING SYSTEM DEVELOPMENT	REGIONAL BIKE AND PEDESTRIAN PLAN	REGIONAL ONLINE PROPERTY SURVEY INDEX	COVID 19 PROTECTIVE MASKS	MUNICIPAL AND TECHNICAL ASSISTANCE	SOUTHEASTERN CONNECTICUT HOUSING ALLIANCE	CRCOG REGIONAL PURCHASING COUNCIL	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS															
Cash and cash equivalents	$ -	$ -	$ 20,381	$ 15,500	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 35,881
Grants receivable:															
Federal and State grants	-	13,000	-	-	1,500	37,675	-	-	-	-	-	-	-	-	52,175
Accounts receivable	-	-	-	-	-	-	-	-	-	-	24,480	24,867	3,274	-	52,621
Due from other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total assets	$ -	$ 13,000	$ 20,381	$ 15,500	$ 1,500	$ 37,675	$ -	$ -	$ -	$ -	$ 24,480	$ 24,867	$ 3,274	$ -	$ 140,677
LIABILITIES															
Due to other funds	$ -	$ 13,000	$ -	$ -	$ 1,500	$ 37,675	$ -	$ -	$ -	$ -	$ 24,480	$ 24,867	$ 3,274	$ -	$ 104,796
Due to funding source	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	20,381	15,500	-	-	-	-	-	-	-	-	-	-	35,881
Total liabilities	-	13,000	20,381	15,500	1,500	37,675	-	-	-	-	24,480	24,867	3,274	-	140,677
DEFERRED INFLOWS OF RESOURCES															
Revenue - unavailable	-	13,000	-	-	1,500	37,675	-	-	-	-	-	-	-	-	52,175
Total deferred inflows of resources	-	13,000	-	-	1,500	37,675	-	-	-	-	-	-	-	-	52,175
Total liabilities and deferred inflows of resources	-	26,000	20,381	15,500	3,000	75,350	-	-	-	-	24,480	24,867	3,274	-	192,852
FUND BALANCES															
Unassigned	-	(13,000)	-	-	(1,500)	(37,675)	-	-	-	-	-	-	-	-	(52,175)
Total fund balances	-	(13,000)	-	-	(1,500)	(37,675)	-	-	-	-	-	-	-	-	(52,175)
Total liabilities, deferred inflows of resources and fund balances	$ -	$ 13,000	$ 20,381	$ 15,500	$ 1,500	$ 37,675	$ -	$ -	$ -	$ -	$ 24,480	$ 24,867	$ 3,274	$ -	$ 140,677

See independent auditors' report

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	FEDERAL PROGRAMS						STATE PROGRAMS								
	U.S. DEPARTMENT OF HOMELAND SECURITY					US TREASURY	OFFICE OF POLICY AND MANAGEMENT								
	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '16	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '17	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '18	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '19	DEMHS HOMELAND SECURITY EMPG '18	CORONAVIRUS RELIEF FUND	REGIONAL ELECTION MONITORS	COMMUNITY RATING SYSTEM DEVELOPMENT	REGIONAL BIKE AND PEDESTRIAN PLAN	REGIONAL ONLINE PROPERTY SURVEY INDEX	COVID 19 PROTECTIVE MASKS	MUNICIPAL AND TECHNICAL ASSISTANCE	SOUTHEASTERN CONNECTICUT HOUSING ALLIANCE	CRCOG REGIONAL PURCHASING COUNCIL	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES															
Intergovernmental:															
Federal and State grants	$ 4,000	$ 10,344	$ 5,369	$ -	$ -	$ -	$ -	$ -	$ 79,836	$ -	$ -	$ -	$ -	$ -	$ 99,549
Other grants	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Municipal and technical assessment contracts	-	-	-	-	-	-	-	-	-	-	-	128,131	-	-	128,131
Other revenue	-	-	-	-	-	-	-	-	-	-	84,480	-	15,552	6,500	106,532
Total revenues	4,000	10,344	5,369	-	-	-	-	-	79,836	-	84,480	128,131	15,552	6,500	334,212
EXPENDITURES															
Direct salaries	-	2,563	535	-	-	16,618	-	-	-	-	-	28,267	15,397	-	63,380
Allocated indirect	-	2,666	557	-	-	17,288	-	-	-	-	-	29,407	-	-	49,918
Direct charges	-	18,816	3,576	-	1,500	3,769	4,497	-	12,555	14,000	84,480	70,457	155	6,000	219,805
Total expenditures	-	24,045	4,668	-	1,500	37,675	4,497	-	12,555	14,000	84,480	128,131	15,552	6,000	333,103
Excess (deficiency) of revenues over expenditures	4,000	(13,701)	701	-	(1,500)	(37,675)	(4,497)	-	67,281	(14,000)	-	-	-	500	1,109
OTHER FINANCING SOURCES (USES)															
Transfers in	-	701	-	-	-	-	4,497	1,164	-	14,000	-	-	-	-	20,362
Transfers out	-	-	(701)	-	-	-	-	-	-	-	-	-	-	-	(701)
Total other financing sources (uses)	-	701	(701)	-	-	-	4,497	1,164	-	14,000	-	-	-	-	19,661
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	4,000	(13,000)	-	-	(1,500)	(37,675)	-	1,164	67,281	-	-	-	-	500	20,770
FUND BALANCE, beginning of year	(4,000)	-	-	-	-	-	-	(1,164)	(67,281)	-	-	-	-	(500)	(72,945)
FUND BALANCE, end of year	$ -	$ (13,000)	$ -	$ -	$ (1,500)	$ (37,675)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (52,175)

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
JUNE 30, 2020

	BALANCE JUNE 30, 2019	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2020
Cash and cash equivalents	$ 15,454	$ 9,380	$ (14,826)	$ 10,008
Total assets	$ 15,454	$ 9,380	$ (14,826)	$ 10,008
Due to other organizations	$ 15,454	$ 9,380	$ (14,826)	$ 10,008
Total liabilities	$ 15,454	$ 9,380	$ (14,826)	$ 10,008

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
FINANCIAL SUMMARY FOR THE
SOUTHEASTERN CONNECTICUT HOUSING ALLIANCE
AGENCY FUND
FOR THE YEAR ENDED JUNE 30, 2020

CASH, beginning of year	$	15,454
CASH RECEIPTS:		
Liberty Bank housing tour		5,000
Cheslea Groton Foundation		2,500
Dime Bank Foundation		1,500
Dime Bank employee fundraiser - Jeans Day 2019		380
Total cash receipts		9,380
CASH DISBURSEMENTS		
Wages and travel		14,826
Total cash disbursements		14,826
Excess (deficiency) of cash receipts over cash disbursements		(5,446)
CASH, end of year	$	10,008

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
FINANCIAL SUMMARY FOR THE STATE OF CONNECTICUT
DEPARTMENT OF TRANSPORTATION
FOR THE YEAR ENDED JUNE 30, 2020

	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.09-06(17) STATE PROJECT NUMBER DOT07189996PL REGIONAL TRANSPORATION PLANNING	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.09-06(17) STATE PROJECT NUMBER DOT07189996PL REGIONAL TRANSPORATION PLANNING	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.09-06(17) STATE PROJECT NUMBER DOT07209996PL REGIONAL TRANSPORATION PLANNING
MAXIMUM FUNDS AUTHORIZED			
U.S. Department of Transportation	$ 462,154	$ 462,154	$ 485,271
State of Connecticut	43,905	43,905	60,659
Local required match	71,634	71,634	60,659
Total maximum funds authorized	577,693	577,693	606,589
AUDITED EXPENDITURES			
Direct salaries	230,576	228,109	260,915
Indirect	238,533	246,087	271,433
Direct charges	2,504	2,722	3,647
Total audited expenditures	471,613	476,918	535,995
DISTRIBUTION OF AUDITED EXPENDITURES			
U.S. Department of Transportation	377,290	381,534	428,796
State of Connecticut	35,843	36,246	53,600
Local	58,480	59,138	53,599
Total distribution of audited expenditures	471,613	476,918	535,995
CONNDOT RESPONSIBILITY			
U.S. Department of Transportation	377,290	381,534	428,796
State of Connecticut	35,843	36,246	53,600
Total ConnDOT responsibility	413,133	417,780	482,396
LESS: payments received through June 30, 2020	413,133	456,291	450,484
Balance due from (to) ConnDOT at June 30, 2020	$ -	$ (38,511)	$ 31,912

*** Note: All amounts are cumulative through June 30, 2020 and reflect actual different indirect cost rates in effect during the year the funds were expended.**

The accompanying notes are an integral part of these financial statements

FEDERAL SINGLE AUDIT REPORTS

FEDERAL INTERNAL CONTROL AND COMPLIANCE REPORTS

HOYT FILIPPETTI & MALAGHAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

Richard M. Hoyt, Jr., CPA PFS
Paul R. Filippetti, CPA
Terence J. Malaghan, CPA
K. Elise vonHousen, CPA
Susan K. Jones, CPA

Jason E. Cote, CPA
Dipti J. Shah, CPA
Fiona J. LaFountain, CPA
Stephanie F. Brown, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments (SCCOG), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SCCOG's basic financial statements, and have issued our report thereon dated November 23, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

1041 Poquonnock Road • Groton, CT • 06340 • T: 860-536-9685 • F: 860-536-9684 • office@mysticcpa.com

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut
November 23, 2020

HOYT FILIPPETTI & MALAGHAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

Richard M. Hoyt, Jr., CPA PFS
Paul R. Filippetti, CPA
Terence J. Malaghan, CPA
K. Elise vonHousen, CPA
Susan K. Jones, CPA
Jason E. Cote, CPA
Dipti J. Shah, CPA
Fiona J. LaFountain, CPA
Stephanie F. Brown, CPA

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

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Southeastern Connecticut Council of Governments' (SCCOG) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SCCOG's major federal programs for the year ended June 30, 2020. SCCOG's major federal program is identified in the summary of auditors' results section of the accompanying schedule of federal findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

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

AUDITORS' RESPONSIBILITY

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

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

1041 Poquonnock Road • Groton, CT • 06340 • T: 860-536-9685 • F: 860-536-9684 • office@mysticcpa.com

OPINION ON THE MAJOR FEDERAL PROGRAM

In our opinion, SCCOG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments (SCCOG) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SCCOG's basic financial statements. We issued our report thereon dated November 23, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut
November 23, 2020

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor; Pass-through Grantor; Program Title; Description	Pass-Through Entity Identifying Number	Federal CFDA Number	Grant Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Indirect:			
Passed through the State of Connecticut Department of Transportation:			
Regional Transportation Planning			
Federal Highway Administration (FHWA) and Federal Transit Administration (FTA)	05.09-06(17)	20.205	$ 428,796
U.S. DEPARTMENT OF HOMELAND SECURITY			
Indirect:			
Passed through the State of Connecticut Department of Emergency Services and Public Protection			
Homeland Security Grant Program			
Regional Collaboration FFY17 - Admin	017ASECA	97.067	24,045
Regional Collaboration FFY18 - Admin	018ASECA	97.067	5,369
Direct Service Regional 4 Collaboration FFY 2019	019ASECA	97.067	291,742
			321,156
Emergency Management Performance Grants			
EMPG Haz Mat Region 4 FFY 18 - Admin	018ASECA	97.042	1,500
U.S. DEPARTMENT OF DEFENSE			
Direct:			
Community Economic Adjustments Assistances for Compatible Use and Joint Land Use Studies	HQ00051810045	12.610	90,211
US DEPARTMENT OF TREASURY			
Indirect:			
Passed through the State of Connecticut Office of Policy and Management			
Coronavirus Relief Funding		21.019	37,675
Total Expenditures of Federal Awards			$ 879,338

The accompanying notes are an integral part of this schedule.

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

NOTE A - ACCOUNTING BASIS

BASIC FINANCIAL STATEMENTS

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

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

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

SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ______ Yes ✓ No
- Significant deficiency(ies) identified? ______ Yes ✓ None reported

Noncompliance material to financial statements noted? ______ Yes ✓ No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness(es) identified? ______ Yes ✓ No
- Significant deficiency(ies) identified? ______ Yes ✓ None reported

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

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

Identification of major programs:

CFDA Number	Name of Federal Program	Expenditures	Federal Assistance
20.205	U.S. Department of Transportation – Regional Transportation Planning Federal Highway Administration (FHWA) and Federal Transit Administration (FTA)	$428,796	$428,796

Auditee qualified as low-risk auditee? ✓ Yes ______ No

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

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

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

- We issued a report dated November 23, 2020 on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards.*

- Our report on compliance indicated no reportable instances of noncompliance.

- Our report on internal control over financial reporting disclosed no material weaknesses.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

- There were no findings or questioned costs reported.

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF THE STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

PRIOR YEAR AUDIT FINDINGS RESOLVED

None

STATE SINGLE AUDIT REPORTS

STATE INTERNAL CONTROL AND COMPLIANCE REPORTS

HOYT FILIPPETTI & MALAGHAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

Richard M. Hoyt, Jr., CPA PFS
Paul R. Filippetti, CPA
Terence J. Malaghan, CPA
K. Elise vonHousen, CPA
Susan K. Jones, CPA
Jason E. Cote, CPA
Dipti J. Shah, CPA
Fiona J. LaFountain, CPA
Stephanie F. Brown, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments (SCCOG), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SCCOG's basic financial statements, and have issued our report thereon dated November 23, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

1041 Poquonnock Road • Groton, CT • 06340 • T: 860-536-9685 • F: 860-536-9684 • office@mysticcpa.com

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Hoyt, Filippetti & Malaghan, LLC
Groton, Connecticut
November 23, 2020

HOYT FILIPPETTI & MALAGHAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

Richard M. Hoyt, Jr., CPA PFS
Paul R. Filippetti, CPA
Terence J. Malaghan, CPA
K. Elise vonHousen, CPA
Susan K. Jones, CPA
Jason E. Cote, CPA
Dipti J. Shah, CPA
Fiona J. LaFountain, CPA
Stephanie F. Brown, CPA

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

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

REPORT COMPLIANCE FOR EACH MAJOR STATE PROGRAM

We have audited Southeastern Connecticut Council of Governments' (SCCOG) compliance with the types of compliance requirements described in the *Office of Policy and Management's Compliance Supplement* that could have a direct and material effect on each of SCCOG's major state programs for the year ended June 30, 2020. SCCOG's major state programs are identified in the summary of auditors' results section of the accompanying schedule of state findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

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

AUDITORS' RESPONSIBILTIY

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

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

OPINION ON EACH MAJOR STATE PROGRAM

In our opinion, SCCOG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

1041 Poquonnock Road • Groton, CT • 06340 • T: 860-536-9685 • F: 860-536-9684 • office@mysticcpa.com

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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 the governmental activities, each major fund, and the aggregate remaining fund information of SCCOG as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the SCCOG's basic financial statements. We have issued our report thereon dated November 23, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SCCOG's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of

America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut
November 23, 2020

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020

State Grantor/Program Title	State Grant Program Core-CT Number		Grant Expenditures
DEPARTMENT OF TRANSPORTATION			
Direct:			
Regional Transportation Planning	12062-DOT57551-22108 17DOT0176AA	$	53,600
Local Transportation Capital Improvement Program	14DOT0279AA		24,964
Total Department of Transportation			78,564
OFFICE OF POLICY AND MANAGEMENT			
Direct:			
Regional Services Grants	12060-OPM20600-35457-13046		316,778
S.E. CT Regional Bike and Pedestrian Plan	12052-OPM20600-43130-13046		12,555
Total Office of Policy and Management			329,333
Total State Financial Assistance		$	407,897

The accompanying note is an integral part of this schedule.

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTE TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A - ACCOUNTING BASIS

BASIC FINANCIAL STATEMENTS

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

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

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

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

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

SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS

SOUTHEASTERN CONNECTICUT COUNCIL
OF GOVERNMENTS
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
❍ Material weakness(es) identified?	____	Yes	✓	No
❍ Significant deficiency(ies) identified?	____	Yes	✓	None reported
Noncompliance material to financial statements noted?	____	Yes	✓	No

STATE FINANCIAL ASSISTANCE

Internal control over major programs:				
❍ Material weakness(es) identified?	____	Yes	✓	No
❍ Significant deficiency(ies) identified?	____	Yes	✓	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?	____	Yes	✓	No

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

State Grantor/Program	State Grant Program Identification Number	Expenditures
Office of Policy and Management:		
Regional Service Grant	12060-OPM20600-35457-13046	$ 316,778
Department of Transportation		
Regional Transportation Planning	12062-DOT57551-22108 / 17DOT0176AA	$ 53,600

Dollar threshold used to distinguish between Type A and Type B program: $100,000

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

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

- We issued a report dated November 23, 2020 on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards.*

- Our report on compliance indicated no reportable instances of noncompliance.

- Our report on internal control over financial reporting disclosed no material weaknesses.

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

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

None

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF THE STATUS OF PRIOR STATE AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

PRIOR YEAR AUDIT FINDINGS RESOLVED

None

HOYT FILIPPETTI & MALAGHAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

Richard M. Hoyt, Jr., CPA PFS
Paul R. Filippetti, CPA
Terence J. Malaghan, CPA
K. Elise vonHousen, CPA
Susan K. Jones, CPA
Jason E. Cote, CPA
Dipti J. Shah, CPA
Fiona J. LaFountain, CPA
Stephanie F. Brown, CPA

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

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

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying schedule of indirect costs and overhead rate calculation of the Southeastern Connecticut Council of Governments (SCCOG) as of and for the year ended June 30, 2020, and the related notes to the schedule.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITORS' RESPONSIBILITY

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

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

1041 Poquonnock Road • Groton, CT • 06340 • T: 860-536-9685 • F: 860-536-9684 • office@mysticcpa.com

OPINION

In our opinion, the schedule referred to above presents fairly, in all material respects, the indirect costs and overhead rate calculation of the Southeastern Connecticut Council of Governments as of and for the year ended June 30, 2020 in accordance with the provisions prescribed by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), described in Note A.

BASIS OF ACCOUNTING

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

RESTRICTION ON USE

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

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut
November 23, 2020

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS AND OVERHEAD RATE CALCULATION
FOR THE YEAR ENDED JUNE 30, 2020

INDIRECT COSTS		
Indirect salaries	$	134,929
Fringe benefits		250,510
Office maintenance		34,229
Supplies		2,847
Equipment rental and maintenance		6,833
Equipment purchases		5,319
Computer services		3,273
Telephone and postage		7,463
Bond and insurance		14,759
Travel		65
Conferences		1,625
Staff expenses		551
Dues, books and subscriptions		4,048
Audit/Accounting/Legal		33,600
Depreciation		13,502
Total indirect costs	$	513,553
OVERHEAD RATE CALCULATION		
Total payroll	$	628,583
Less: indirect and unassigned payroll		134,929
Payroll base	$	493,654
Total allowable indirect costs	$	513,553
Indirect cost rate		104.031%

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE SCHEDULE OF INDIRECT COSTS AND OVERHEAD RATE CALCULATION
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of "Indirect Costs and Overhead Rate Calculation" includes the allowable fringe, burden and overhead expenses of the Southeastern Connecticut Council of Governments. The information in the schedule is prepared on the basis for establishing indirect cost rates and reimbursing indirect costs and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). In accordance with these regulations, unallowable costs have been excluded from the indirect cost rate calculation. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements of the Southeastern Connecticut Council of Governments.

NOTE B - COST ALLOCATION

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

NOTE C - SUBSEQUENT EVENTS

Subsequent events were evaluated by management through November 23, 2020.

FEDERAL SINGLE AUDIT REPORTS

FEDERAL INTERNAL CONTROL AND COMPLIANCE REPORTS

HOYT FILIPPETTI & MALAGHAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

Richard M. Hoyt, Jr., CPA PFS
Paul R. Filippetti, CPA
Terence J. Malaghan, CPA
K. Elise vonHousen, CPA
Susan K. Jones, CPA
Jason E. Cote, CPA
Dipti J. Shah, CPA
Fiona J. LaFountain, CPA
Stephanie F. Brown, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments (SCCOG), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SCCOG's basic financial statements, and have issued our report thereon dated November 23, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

1041 Poquonnock Road • Groton, CT • 06340 • T: 860-536-9685 • F: 860-536-9684 • office@mysticcpa.com

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut
November 23, 2020

HOYT FILIPPETTI & MALAGHAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

Richard M. Hoyt, Jr., CPA PFS
Paul R. Filippetti, CPA
Terence J. Malaghan, CPA
K. Elise vonHousen, CPA
Susan K. Jones, CPA

Jason E. Cote, CPA
Dipti J. Shah, CPA
Fiona J. LaFountain, CPA
Stephanie F. Brown, CPA

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

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

We have audited Southeastern Connecticut Council of Governments' (SCCOG) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SCCOG's major federal programs for the year ended June 30, 2020. SCCOG's major federal program is identified in the summary of auditors' results section of the accompanying schedule of federal findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

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

AUDITORS' RESPONSIBILITY

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

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

1041 Poquonnock Road • Groton, CT • 06340 • T: 860-536-9685 • F: 860-536-9684 • office@mysticcpa.com

OPINION ON THE MAJOR FEDERAL PROGRAM

In our opinion, SCCOG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments (SCCOG) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SCCOG's basic financial statements. We issued our report thereon dated November 23, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut
November 23, 2020

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Grantor; Pass-through Grantor; Program Title; Description	Pass-Through Entity Identifying Number	Federal CFDA Number	Grant Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Indirect:			
Passed through the State of Connecticut Department of Transportation:			
Regional Transportation Planning			
Federal Highway Administration (FHWA) and Federal Transit Administration (FTA)	05.09-06(17)	20.205	$ 428,796
U.S. DEPARTMENT OF HOMELAND SECURITY			
Indirect:			
Passed through the State of Connecticut Department of Emergency Services and Public Protection			
Homeland Security Grant Program			
Regional Collaboration FFY17 - Admin	017ASECA	97.067	24,045
Regional Collaboration FFY18 - Admin	018ASECA	97.067	5,369
Direct Service Regional 4 Collaboration FFY 2019	019ASECA	97.067	291,742
			321,156
Emergency Management Performance Grants			
EMPG Haz Mat Region 4 FFY 18 - Admin	018ASECA	97.042	1,500
U.S. DEPARTMENT OF DEFENSE			
Direct:			
Community Economic Adjustments Assistances for Compatible Use and Joint Land Use Studies	HQ00051810045	12.610	90,211
US DEPARTMENT OF TREASURY			
Indirect:			
Passed through the State of Connecticut Office of Policy and Management			
Coronavirus Relief Funding		21.019	37,675
Total Expenditures of Federal Awards			$ 879,338

The accompanying notes are an integral part of this schedule.

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2020

NOTE A - ACCOUNTING BASIS

BASIC FINANCIAL STATEMENTS

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

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

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

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

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

SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:	Unmodified			
Internal control over financial reporting:				
○ Material weakness(es) identified?	______	Yes	✓	No
○ Significant deficiency(ies) identified?	______	Yes	✓	None reported
Noncompliance material to financial statements noted?	______	Yes	✓	No

FEDERAL AWARDS

Internal control over major programs:				
○ Material weakness(es) identified?	______	Yes	✓	No
○ Significant deficiency(ies) identified?	______	Yes	✓	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance	______	Yes	✓	No

Identification of major programs:

CFDA Number	Name of Federal Program	Expenditures	Federal Assistance
20.205	U.S. Department of Transportation – Regional Transportation Planning Federal Highway Administration (FHWA) and Federal Transit Administration (FTA)	$428,796	$428,796

Auditee qualified as low-risk auditee? ✓ Yes ______ No

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

SOUTHEASTERN CONNECTICUT COUNCIL
OF GOVERNMENTS
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

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

- We issued a report dated November 23, 2020 on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards.*

- Our report on compliance indicated no reportable instances of noncompliance.

- Our report on internal control over financial reporting disclosed no material weaknesses.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

- There were no findings or questioned costs reported.

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF THE STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

PRIOR YEAR AUDIT FINDINGS RESOLVED

None

STATE SINGLE AUDIT REPORTS

STATE INTERNAL CONTROL AND COMPLIANCE REPORTS

HOYT FILIPPETTI & MALAGHAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

Richard M. Hoyt, Jr., CPA PFS
Paul R. Filippetti, CPA
Terence J. Malaghan, CPA
K. Elise vonHousen, CPA
Susan K. Jones, CPA
Jason E. Cote, CPA
Dipti J. Shah, CPA
Fiona J. LaFountain, CPA
Stephanie F. Brown, CPA

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments (SCCOG), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise SCCOG's basic financial statements, and have issued our report thereon dated November 23, 2020.

INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

1041 Poquonnock Road • Groton, CT • 06340 • T: 860-536-9685 • F: 860-536-9684 • office@mysticcpa.com

COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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

Hoyt, Filippetti & Malaghan, LLC
Groton, Connecticut
November 23, 2020

HOYT FILIPPETTI & MALAGHAN LLC
CERTIFIED PUBLIC ACCOUNTANTS

Richard M. Hoyt, Jr., CPA PFS
Paul R. Filippetti, CPA
Terence J. Malaghan, CPA
K. Elise vonHousen, CPA
Susan K. Jones, CPA
Jason E. Cote, CPA
Dipti J. Shah, CPA
Fiona J. LaFountain, CPA
Stephanie F. Brown, CPA

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

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

REPORT COMPLIANCE FOR EACH MAJOR STATE PROGRAM

We have audited Southeastern Connecticut Council of Governments' (SCCOG) compliance with the types of compliance requirements described in the *Office of Policy and Management's Compliance Supplement* that could have a direct and material effect on each of SCCOG's major state programs for the year ended June 30, 2020. SCCOG's major state programs are identified in the summary of auditors' results section of the accompanying schedule of state findings and questioned costs.

MANAGEMENT'S RESPONSIBILITY

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

AUDITORS' RESPONSIBILTIY

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

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

OPINION ON EACH MAJOR STATE PROGRAM

In our opinion, SCCOG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2020.

1041 Poquonnock Road • Groton, CT • 06340 • T: 860-536-9685 • F: 860-536-9684 • office@mysticcpa.com

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

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 the governmental activities, each major fund, and the aggregate remaining fund information of SCCOG as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the SCCOG's basic financial statements. We have issued our report thereon dated November 23, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the SCCOG's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of