SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS

BASIC FINANCIAL STATEMENTS
AS OF JUNE 30, 2025

TOGETHER WITH

INDEPENDENT AUDITORS' REPORT,

REQUIRED SUPPLEMENTARY INFORMATION,

OTHER SUPPLEMENTARY INFORMATION,

FEDERAL SINGLE AUDIT REPORTS,

STATE SINGLE AUDIT REPORTS,

AND OTHER REPORT

HFM
CPAs + BUSINESS ADVISORS

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INDEPENDENT AUDITORS' REPORT

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INDEPENDENT AUDITORS' REPORT

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments ("SECOG"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise SECOG's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of SECOG as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of SECOG and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SECOG's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SECOG's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10, the budgetary comparison information on page 42 and the pension schedules on pages 43-44 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise SECOG's basic financial statements. The accompanying combining nonmajor fund financial statements, financial summary, DOT schedule, schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the schedule of expenditures of state financial assistance, as required by the Connecticut State Single Audit Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements, financial summary, DOT schedule, the schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026, on our consideration of SECOG'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 SECOG'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 SECOG's internal control over financial reporting and compliance.

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut
February 27, 2026

As management of the Southeastern Connecticut Council of Governments, ("SECOG"), we offer readers of the financial statements this narrative overview and analysis of the financial activities of the SECOG for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here along with the SECOG's basic financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the SECOG *exceeded* its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $789,026 (net position). Of this amount, $383,146 (unrestricted net position) may be used to meet the SECOG's ongoing obligations.,

- The SECOG's total net position *increased* by $76,291. This *increase* is mostly the result of an *increase* in both grant revenues and charges for services, the total of which still exceeded total expenses for the year.

- As of the close of the current fiscal year, the SECOG's governmental funds reported combined ending fund balances of $1,003,846, an *increase* of $27,585 in comparison with the prior year. The total fund balance available for spending at the SECOG's discretion (unassigned fund balance) was $984,506, while $19,340 was considered nonspendable.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the SECOG's basic financial statements. The SECOG'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 SECOG 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 SECOG has no business-type activities. Rather than presenting government-wide financial statements along with separate governmental fund financial statements, SECOG has chosen to combine the two types of financial statements as permitted by GASB Statement No. 34. Accordingly, the accompanying financial statements of the SECOG 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 SECOG'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 SECOG'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 SECOG is improving or deteriorating.

The statement of activities presents information showing how the SECOG'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 and sick leave).

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

The government-wide financial statements include only the SECOG because there are no legally separate organizations for which the SECOG 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 SECOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the SECOG are classified as governmental funds or fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the SECOG'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 SECOG'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 SECOG maintains 35 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) FYE 2020 fund, DOT Regional Transportation Planning Agreement Number 5.09-06(17) FYE 2025 fund, DOT Regional Transportation Planning Agreement Number 5.09-06(17) FYE 2024 fund, DOT Regional Transportation Planning Agreement Norwich Mobility fund, DOT Regional Transportation Planning Agreement Carryover Planning '20 fund, DOT Safe Streets for All fund, DOT Microgrants, JLUS Utilities HQ00052310022 fund, JLUS Compatible Use HQ00052410066 fund, the DEMHS Direct Service Programs fund, 2023 EMPG Regional Hazardous Materials fund, 2022 EMPG Regional Hazardous Materials fund, 2021 EMPG Regional Hazardous Materials fund, 2020 EMPG Regional Hazardous Materials fund, the OPM Regional Service Grant RSG-025-08 fund, the OPM Regional Service Grant RSG-024-08 fund, the OPM Code Enforcement Services fund, the OPM Parcel and CAMA Data Improvement fund, the Connecticut Municipal Brownfield Grants Programs fund, and the Local Transportation Capital Improvement Program 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 through 20 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support SECOG's operations. SECOG reports only one fiduciary fund in which it holds resources for the Southeastern Connecticut Housing Alliance, Inc. in a custodial capacity. Receipts and expenditures of that fund are entirely for the benefit of that entity.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 - 41 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis that can be found on pages 42 - 44 of this report. Combining fund statements and other supplementary information can be found on pages 45 - 48 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. The net position of the SECOG totaled $789,026 and is summarized as follows:

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Net Position *(Continued)*

	Governmental Activities 2025	Governmental Activities 2024	Increase (Decrease)
Current and other assets	$ 1,876,641	$ 1,656,570	$ 220,071
Capital assets, net	405,880	311,878	94,002
Deferred outflows of resources	529,213	471,117	58,096
Total assets and deferred outflows of resources	$ 2,811,734	$ 2,439,565	$ 372,169
Current liabilities	$ 737,502	$ 586,779	$ 150,723
Noncurrent liabilities	1,230,953	1,076,775	154,178
Total liabilities	1,968,455	1,663,554	304,901
Deferred inflows of resources	54,253	63,276	(9,023)
Net position			
Invested in capital assets	405,880	311,878	94,002
Unrestricted net position	383,146	400,857	(17,711)
Total net position	789,026	712,735	76,291
Total liabilities, deferred inflows of resources, and net position	$ 2,811,734	$ 2,439,565	$ 372,169

The *increase* in current and other assets is attributable to an *increase* in cash and cash equivalents at year-end. On both the government-wide and fund financial statements, this *increase* correlates to the *increase* in unearned revenues and due to funding source (both current liabilities) at year-end.

As of June 30, 2025, approximately 51% of the SECOG's net position reflects its investment in capital assets. The SECOG uses these capital assets to provide services to member towns; consequently, these assets are not available for future spending. During the fiscal year ended June 30, 2025, SECOG added $118,016 of capital assets in the form of building improvements and equipment and furnishings acquisitions.

The remainder of the SECOG's net position is considered unrestricted and may be used to meet the SECOG's ongoing obligations. Unrestricted net position actually *decreased* $17,711 as all of the overall *increase* in net position was attributable to the *increase* in capital assets.

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position

Changes in net position are as follows:

	Governmental Activities		Increase
	2025	2024	(Decrease)
Revenues			
Program revenues			
Charges for services	$ 369,579	$ 333,147	$ 36,432
Grants and contributions			
Operating	2,739,148	1,991,831	747,317
General revenues			
Municipal assessments	154,236	154,236	-
Interest and miscellaneous income	48,112	36,087	12,025
Total revenues	3,311,075	2,515,301	795,774
Program expenses			
Regional planning	3,234,784	2,295,143	939,641
Total expenses	3,234,784	2,295,143	939,641
Change in net position	$ 76,291	$ 220,158	$ (143,867)

Despite the fact that the *increase* in expenses was greater than the *increase* in revenues, total revenues still exceeded total expenses resulting in an *increase* in net position for the year ended June 30, 2025.

FINANCIAL ANALYSIS OF SECOG'S FUNDS

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

Governmental Funds

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

As of the end of the current fiscal year, the SECOG's governmental funds reported combined ending fund balances of $1,003,846, an *increase* of $27,585 in comparison with the prior year. The entire fund balance includes $984,506 of unassigned fund balance which is available for spending at the SECOG's discretion and $19,340 which is considered nonspendable as it relates to prepaid expenditures.

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

Governmental Funds *(Continued)*

General Fund

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

Other Major Funds

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

BUDGETARY HIGHLIGHTS

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

The SECOG's budget for 2024-2025, came in ahead of budget for revenue largely as a result of the Connecticut municipal brownfield grants not anticipated in the budget. Expenditures came in over-budget as the overall spending was higher than anticipated, also attributable to the brownfield grants.

CAPITAL ASSETS

The SECOG's capital assets as of June 30, 2025 totaled $655,664, which includes land, land improvements, buildings and related improvements, and equipment and furnishings. Building improvements and furniture and equipment were acquired during the year ended June 30, 2025 at a cost of $118,016.

The following table is a summary of SECOG's capital assets as of June 30, 2025:

	Governmental Activities
Land	$ 63,758
Land improvements	99,905
Buildings and related improvements	419,023
Equipment and furnishings	190,994
Total	$ 773,680

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

NONCURRENT LIABILITIES

As of June 30, 2025, the SECOG 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, 2025, SECOG's noncurrent liabilities totaled $1,230,953, of which $72,508 was for accrued compensated absences and $1,158,445 was the net pension liability.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

During the fiscal year ended June 30, 2025, SECOG adopted a 2025-2026 budget consisting of $3,156,228 of anticipated revenues, $3,135,864 of budgeted expenditures, and an increase from $.55 per capita to $.58 per capita dues for its member municipalities.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the SECOG'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, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS		
Cash and cash equivalents	$	1,308,494
Receivables, net		548,807
Prepaid expenses		19,340
Total current assets		1,876,641
NONCURRENT ASSETS		
Capital assets, non-depreciable		63,758
Capital assets, net of accumulated depreciation		342,122
Total noncurrent assets		405,880
DEFERRED OUTFLOWS OF RESOURCES		
Difference between expected and actual experience		75,464
Changes in assumptions		87,811
Changes in proportional share		201,859
Pension contributions made subsequent to the measurement date		164,079
Total deferred outflows of resources		529,213
Total assets and deferred outflows of resources	$	2,811,734

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION

CURRENT LIABILITIES		
Accounts payable and accrued expenses	$	343,742
Due to funding source		174,312
Unearned revenue		219,448
Total current liabilities		737,502
NONCURRENT LIABILITIES		
Due within one year		7,251
Due in more than one year		1,223,702
Total noncurrent liabilities		1,230,953
Total liabilities		1,968,455
DEFERRED INFLOWS OF RESOURCES		
Difference between expected and actual experience		20,923
Changes in proportional share		33,330
Total deferred inflows of resources		54,253
NET POSITION		
Invested in capital assets		405,880
Unrestricted net position		383,146
Total net position		789,026
Total liabilities, deferred inflows of resources, and net position	$	2,811,734

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, 2025

		Program Revenues		Net (Expense)
	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position
GOVERNMENTAL ACTIVITIES				
Regional planning	$ 3,234,784	$ 369,579	$ 2,739,148	$ (126,057)
Total governmental activities	3,234,784	369,579	2,739,148	(126,057)
Total primary government	$ 3,234,784	$ 369,579	$ 2,739,148	(126,057)
GENERAL REVENUES				
Municipal assessments				154,236
Interest and miscellaneous income				48,112
Total general revenues				202,348
Change in net position				76,291
NET POSITION, beginning of year				712,735
NET POSITION, end of year				$ 789,026

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

		U.S. DEPARTMENT OF TRANSPORTATION				
	GENERAL FUND	REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17) FYE 2020	REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17) FYE 2025	REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17) FYE 2024	REGIONAL TRANSPORTATION PLANNING AGREEMENT Norwich Mobility	REGIONAL TRANSPORTATION PLANNING AGREEMENT Carryover Planning '20
ASSETS						
Cash and cash equivalents	$ 1,308,494	$ -	$ -	$ -	$ -	$ -
Grants receivable:						
Federal and State grants	-	-	84,428	-	-	6,857
Accounts receivable	-	2,528	-	-	-	-
Prepaid expense	19,340	-	-	-	-	-
Due from other funds	548,807	-	-	50,114	-	-
Total assets	$ 1,876,641	$ 2,528	$ 84,428	$ 50,114	$ -	$ 6,857
LIABILITIES						
Accounts payable and accrued expenses	$ 343,742	$ -	$ -	$ -	$ -	$ -
Due to other funds	393,760	2,528	84,428	-	-	6,857
Due to funding source	-	-	-	50,114	-	-
Unearned revenue	-	-	-	-	-	-
Total liabilities	737,502	2,528	84,428	50,114	-	6,857
DEFERRED INFLOWS OF RESOURCES						
Revenue - unavailable	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
Total liabilities and deferred inflows of resources	737,502	2,528	84,428	50,114	-	6,857
FUND BALANCES						
Nonspendable	19,340	-	-	-	-	-
Unassigned	1,119,799	-	-	-	-	-
Total fund balances	1,139,139	-	-	-	-	-
Total liabilities, deferred inflows of resources and fund balances	$ 1,876,641	$ 2,528	$ 84,428	$ 50,114	$ -	$ 6,857

Continued

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	U.S DEPARTMENT OF TRANSPORTATION (Continued)		DEPARTMENT OF DEFENSE		U.S. DEPARTMENT HOMELAND SECURITY				
	SAFE STREETS AND ROADS FOR ALL	DOT MICROGRANTS	JLUS UTILITIES HQ00052310022	JLUS COMPATIBLE USE HQ00052410066	DEMHS DIRECT SERVICE PROGRAMS	2023 EMPG REGIONAL HAZARDOUS MATERIALS	2022 EMPG REGIONAL HAZARDOUS MATERIALS	2021 EMPG REGIONAL HAZARDOUS MATERIALS	2020 EMPG REGIONAL HAZARDOUS MATERIALS
ASSETS									
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Grants receivable:									
Federal and State grants	43,400	-	49,862	45,613	96,997	27,834	2,724	-	440
Accounts receivable	-	-	12,746	-	-	-	-	-	-
Prepaid expense	-	-	-	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	1,922	-
Total assets	$ 43,400	$ -	$ 62,608	$ 45,613	$ 96,997	$ 27,834	$ 2,724	$ 1,922	$ 440
LIABILITIES									
Accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Due to other funds	43,400	-	62,608	45,613	96,997	27,834	2,724	-	440
Due to funding source	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	1,922	-
Total liabilities	43,400	-	62,608	45,613	96,997	27,834	2,724	1,922	440
DEFERRED INFLOWS OF RESOURCES									
Revenue - unavailable	-	-	-	-	25,391	27,834	2,724	-	440
Total deferred inflows of resources	-	-	-	-	25,391	27,834	2,724	-	440
Total liabilities and deferred inflows of resources	43,400	-	62,608	45,613	122,388	55,668	5,448	1,922	880
FUND BALANCES									
Nonspendable	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	(25,391)	(27,834)	(2,724)	-	(440)
Total fund balances	-	-	-	-	(25,391)	(27,834)	(2,724)	-	(440)
Total liabilities, deferred inflows of resources and fund balances	$ 43,400	$ -	$ 62,608	$ 45,613	$ 96,997	$ 27,834	$ 2,724	$ 1,922	$ 440

Continued

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	STATE OF CONNECTICUT							
	OPM REGIONAL SERVICE GRANT RSG 025-08	OPM REGIONAL SERVICE GRANT RSG 024-08	OPM CODE ENFORCEMENT SERVICES	OPM PARCEL AND CAMA DATA IMPROVEMENT	CONNECTICUT MUNICIPAL BROWNFIELD GRANT PROGRAMS	LOCAL TRANSPORTATION CAPITAL IMPROVEMENT PROGRAM	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS								
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,308,494
Grants receivable:								
Federal and State grants	-	-	-	10,375	41,763	-	36,141	446,434
Accounts receivable	-	-	-	-	-	-	87,099	102,373
Prepaid expense	-	-	-	-	-	-	-	19,340
Due from other funds	69,025	55,173	7,231	-	-	127,929	82,366	942,567
Total assets	$ 69,025	$ 55,173	$ 7,231	$ 10,375	$ 41,763	$ 127,929	$ 205,606	$ 2,819,208
LIABILITIES								
Accounts payable and accrued expenses	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 343,742
Due to other funds	-	-	-	10,375	41,763	-	123,240	942,567
Due to funding source	69,025	55,173	-	-	-	-	-	174,312
Unearned revenue	-	-	7,231	-	-	127,929	82,366	219,448
Total liabilities	69,025	55,173	7,231	10,375	41,763	127,929	205,606	1,680,069
DEFERRED INFLOWS OF RESOURCES								
Revenue - unavailable	-	-	-	-	41,763	-	37,141	135,293
Total deferred inflows of resources	-	-	-	-	41,763	-	37,141	135,293
Total liabilities and deferred inflows of resources	69,025	55,173	7,231	10,375	83,526	127,929	242,747	1,815,362
FUND BALANCES								
Nonspendable	-	-	-	-	-	-	-	19,340
Unassigned	-	-	-	-	(41,763)	-	(37,141)	984,506
Total fund balances	-	-	-	-	(41,763)	-	(37,141)	1,003,846
Total liabilities, deferred inflows of resources and fund balances	$ 69,025	$ 55,173	$ 7,231	$ 10,375	$ 41,763	$ 127,929	$ 205,606	$ 2,819,208

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, 2025

Fund Balances - Governmental Funds	$	1,003,846
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.		405,880
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		-
Deferred outflows of resources - difference between expected and actual experience		75,464
Deferred outflows of resources - changes in assumptions		87,811
Deferred outflows of resources - changes in proportional share		201,859
Deferred outflows of resources - pension contributions made subsequent to the measurement date		164,079
Receivables outstanding beyond 60 days of the fiscal year end		135,293
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		(20,923)
Deferred inflows of resources - changes in proportional share		(33,330)
Compensated absences		(72,508)
Net pension liability		(1,158,445)
Net position of governmental activities	$	789,026

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, 2025

		U.S. DEPARTMENT OF TRANSPORTATION				
	GENERAL FUND	REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17) FYE 2020	REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17) FYE 2025	REGIONAL TRANSPORTATION PLANNING AGREEMENT 5.09-06(17) FYE 2024	REGIONAL TRANSPORTATION PLANNING AGREEMENT Norwich Mobility	REGIONAL TRANSPORTATION PLANNING AGREEMENT Carryover Planning '20
REVENUES						
Municipal assessments	$ 154,236	$ -	$ -	$ -	$ -	$ -
Intergovernmental:						
Federal and State grants	-	-	592,058	-	19,731	23,940
Other grants	-	-	-	-	3,481	-
Municipal and technical assessment contracts	-	-	-	-	-	-
Interest income	32,994	-	-	-	-	-
Other revenue	158	-	-	-	-	-
Total revenues	187,388	-	592,058	-	23,212	23,940
EXPENDITURES						
Current						
Direct salaries	-	-	324,051	-	-	-
Allocated indirect	1,407	-	314,824	-	-	-
Direct charges	-	-	18,967	-	23,212	23,946
Capital outlay	38,273	-	-	-	-	-
Total expenditures	39,680	-	657,842	-	23,212	23,946
Excess (deficiency) of revenues over expenditures	147,708	-	(65,784)	-	-	(6)
OTHER FINANCING SOURCES (USES)						
Transfers in	25,218	-	65,784	-	-	2,395
Transfers out	(103,578)	-	-	-	-	-
Total other financing sources (uses)	(78,360)	-	65,784	-	-	2,395
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	69,348	-	-	-	-	2,389
FUND BALANCE, beginning of year	1,069,791	-	-	-	-	(2,389)
FUND BALANCE, end of year	$ 1,139,139	$ -	$ -	$ -	$ -	$ -

Continued

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	U.S. DEPARTMENT OF TRANSPORTATION		DEPARTMENT OF DEFENSE		U.S. DEPARTMENT OF HOMELAND SECURITY				
	SAFE STREETS AND ROADS FOR ALL	DOT MICROGRANTS	JLUS UTILITIES HQ00052310022	JLUS COMPATIBLE USE HQ00052410066	DEMHS DIRECT SERVICE PROGRAMS	2023 EMPG REGIONAL HAZARDOUS MATERIALS	2022 EMPG REGIONAL HAZARDOUS MATERIALS	2021 EMPG REGIONAL HAZARDOUS MATERIALS	2020 EMPG REGIONAL HAZARDOUS MATERIALS
REVENUES									
Municipal assessments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Intergovernmental:									
Federal and State grants	58,800	68,624	341,963	51,466	393,985	-	-	-	-
Other grants	-	-	-	-	-	-	-	-	-
Municipal and technical assessment contracts	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	-
Total revenues	58,800	68,624	341,963	51,466	393,985	-	-	-	-
EXPENDITURES									
Current									
Direct salaries	-	-	6,358	5,309	-	-	-	-	-
Allocated indirect	-	-	6,891	5,521	-	-	-	-	-
Direct charges	73,500	68,670	328,714	40,403	408,366	7,600	-	-	-
Capital outlay	-	-	-	-	-	-	-	-	-
Total expenditures	73,500	68,670	341,963	51,233	408,366	7,600	-	-	-
Excess (deficiency) of revenues over expenditures	(14,700)	(46)	-	233	(14,381)	(7,600)	-	-	-
OTHER FINANCING SOURCES (USES)									
Transfers in	14,700	46	-	-	-	-	-	-	-
Transfers out	-	-	-	(233)	-	-	-	-	-
Total other financing sources (uses)	14,700	46	-	(233)	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	-	-	-	-	(14,381)	(7,600)	-	-	-
FUND BALANCE, beginning of year	-	-	-	-	(11,010)	(20,234)	(2,724)	-	(440)
FUND BALANCE, end of year	$ -	$ -	$ -	$ -	$ (25,391)	$ (27,834)	$ (2,724)	$ -	$ (440)

Continued

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	STATE OF CONNECTICUT							
	OPM REGIONAL SERVICE GRANT RSG 025-08	OPM REGIONAL SERVICE GRANT RSG 024-08	OPM CODE ENFORCEMENT SERVICES	OPM PARCEL AND CAMA DATA IMPROVEMENT	CONNECTICUT MUNICIPAL BROWNFIELD GRANT PROGRAMS	LOCAL TRANSPORTATION CAPITAL IMPROVEMENT PROGRAM	NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES								
Municipal assessments	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 154,236
Intergovernmental:								
Federal and State grants	587,887	63,473	74,777	10,375	248,260	62,275	56,533	2,654,147
Other grants	-	-	-	-	-	-	8,910	12,391
Municipal and technical assessment contracts	-	-	-	-	-	-	400,427	400,427
Interest income	-	-	-	-	-	-	-	32,994
Other revenue	-	-	-	-	-	-	14,960	15,118
Total revenues	587,887	63,473	74,777	10,375	248,260	62,275	480,830	3,269,313
EXPENDITURES								
Current								
Direct salaries	270,616	-	42,167	-	12,655	-	142,848	804,004
Allocated indirect	262,911	-	40,968	-	12,295	-	136,295	781,112
Direct charges	41,248	8,394	-	10,375	277,368	62,275	157,110	1,550,148
Capital outlay	13,112	55,079	-	-	-	-	-	106,464
Total expenditures	587,887	63,473	83,135	10,375	302,318	62,275	436,253	3,241,728
Excess (deficiency) of revenues over expenditures	-	-	(8,358)	-	(54,058)	-	44,577	27,585
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	8,358	-	12,295	-	-	128,796
Transfers out	-	-	-	-	-	-	(24,985)	(128,796)
Total other financing sources (uses)	-	-	8,358	-	12,295	-	(24,985)	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	-	-	-	-	(41,763)	-	19,592	27,585
FUND BALANCE, beginning of year	-	-	-	-	-	-	(56,733)	976,261
FUND BALANCE, end of year	$ -	$ -	$ -	$ -	$ (41,763)	$ -	$ (37,141)	$ 1,003,846

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, 2025

Net change in fund balances - total governmental funds	$ 27,585
Government funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated by the amount by which capital additions ($118,016) exceeded depreciation ($24,014) in the current period.	94,002
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	41,763
Deferred outflows of resources - changes in projected pension investment earnings	(85,390)
Deferred outflows of resources - difference between expected and actual experience	10,211
Deferred outflows of resources - changes in assumptions	(4,950)
Deferred outflows of resources - changes in proportional share	92,025
Deferred outflows of resources - pension contributions made subsequent to the measurement date	46,200
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, including the changes in:	
Deferred inflows of resources - difference between expected and actual experience	(9,702)
Deferred inflows of resources - changes in proportional share	18,725
Net pension liability	(139,384)
Compensated absences	(14,794)
Change in net position of governmental activities	$ 76,291

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2025

ASSETS

	CUSTODIAL FUND
CURRENT ASSETS	
Cash and cash equivalents	$ 8,620
Total current assets	$ 8,620

LIABILITIES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable	$ 3,621
Total current liabilities	3,621
NET POSITION	
Restricted for others	4,999
Total net position	4,999
Total liabilities and net deficit	$ 8,620

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	CUSTODIAL FUND
ADDITIONS	
Grants and donations	$ 8,000
Total additions	8,000
DEDUCTIONS	
Activities	6,793
Total deductions	6,793
Change in net position	1,207
Net Position, beginning of year	3,792
Net Position, end of year	$ 4,999

The accompanying notes are an integral part of these financial statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

The SECOG’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 SECOG 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 SECOG 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 SECOG has no business type activities.

The SECOG’s basic financial statements include both government-wide (reporting SECOG as a whole) and fund financial statements (reporting SECOG’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 SECOG's basic financial statements include both government-wide (reporting SECOG as a whole) and fund financial statements (reporting SECOG's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. All of SECOG's activities are for regional planning which is considered governmental. The SECOG'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 SECOG'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 SECOG'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). SECOG 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 SECOG as an entity and the change in SECOG's net position resulting from the current year's activities.

BASIC FINANCIAL STATEMENTS – FUND FINANCIAL STATEMENTS

The financial transactions of SECOG 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 SECOG:

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 SECOG:

General Fund – This fund is SECOG's primary operating fund. It accounts for all financial resources of SECOG, 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. SECOG currently maintains 34 special revenue funds, the following 20 of which are considered major funds:

U.S. Department of Transportation-Agreement Number 5.09-06(17) FYE 2020 – Regional Transportation Planning – This fund is used to account for revenues and expenditures relating to transportation planning in the southeastern Connecticut planning region.

U.S. Department of Transportation-Agreement Number 5.09-06(17) FYE 2025 – Regional Transportation Planning – This fund is used to account for revenues and expenditures relating to transportation planning in the southeastern Connecticut planning region.

U.S. Department of Transportation-Agreement Number 5.09-06(17) FYE 2024 – Regional Transportation Planning – This fund is used to account for revenues and expenditures relating to transportation planning in the southeastern Connecticut planning region.

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

U.S. Department of Transportation-Agreement-Carryover Planning '20 – This fund is used to account for revenues and expenditures relating to transportation planning in the southeastern Connecticut planning region.

U.S. Department of Transportation-Safe Streets and Roads For All– This fund is used to account for revenues and expenditures relating to updating the Regional Transportation Safety Plan.

U.S. Department of Transportation – DOT Microgrants – This fund is used to account for revenues received for the purpose of making subgrants to fund transportation projects.

U.S. Department of Defense JLUS Utilities HQ00052310022-This fund is used to account for revenues and expenditures related to responding to threats to the resilience of a military installation.

U.S. Department of Defense JLUS Compatible Use HQ00052410066-This fund is used to account for revenues and expenditures related to responding to threats to the resilience of a military installation.

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 SECOG to establish, enhance, and equip emergency preparedness programs in the Southeastern Connecticut planning region.

2023 EMPG Regional Hazardous Materials – This fund is used to account for the revenue and expenditures under an Emergency Management Performance Grant ("EMPG") from the Department of Emergency Services and Public Protection Division of Emergency Management and Homeland Security.

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

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

Governmental Funds *(Continued)*

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

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

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

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

State of Connecticut Office of Policy and Management-Regional Service Grant RSG 025-08 – These funds are used to account for the revenue and expenditures related to regional planning activities conducted in the southeastern Connecticut planning region. A separate fund is maintained for each fiscal year.

State of Connecticut Office of Policy and Management-Regional Service Grant RSG 024-08 – These funds are used to account for the revenue and expenditures related to regional planning activities conducted in the southeastern Connecticut planning region. A separate fund is maintained for each fiscal year.

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

State of Connecticut Office of Policy and Management – Parcel and CAMA Data Improvement – This fund is used to account for American Rescue Plan Act grant proceeds passed through the Connecticut Office of Policy and Management for statewide GIS capacity for Broadband/Data and other critical services.

State of Connecticut Municipal Brownfield Grant Programs – This fund is used to account for Connecticut Department of Economic Development grants made for the purpose of conducting brownfield assessments at selected sites.

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)*

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

Custodial Fund – This fund is used to account for resources held by SECOG in a purely custodial capacity. The SECOG 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 SECOG'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.

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

CASH EQUIVALENTS

SECOG defines cash equivalents as liquid investments with an original maturity of three months or less. SECOG had cash equivalents totaling $708,545 between all governmental funds at June 30, 2025, which consisted of monies held in the State of Connecticut's Short-Term Investment Fund.

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

CAPITAL ASSETS

Capital assets purchased or acquired with an original cost of $5,000 or more and an estimated useful life in excess of one year are reported at historical cost or estimated historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the asset's useful life. Useful lives for the assets of SECOG range as follows:

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

COMPENSATED ABSENCES

Under the terms of SECOG's personnel policies, SECOG 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 and vacation time for employees are recognized as a liability of SECOG 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 SECOG's defined benefit pension plan, net of the pension plan's fiduciary net position. The pension plan's fiduciary net position is determined using the same valuation methods that are used by the related pension plan for purposes of preparing its statement of fiduciary net position.

FUND EQUITY AND NET POSITION

In the government-wide financial statements, net position is classified in the following categories:

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 SECOG, which is not restricted for any project or other purpose.

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

FUND EQUITY AND NET POSITION *(Continued)*

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 SECOG recognized $529,213 of pension related deferred outflows for the year ended June 30, 2025.

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 SECOG 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 $135,293, and 2) pension related deferred inflows with respect to SECOG's participation in the State of Connecticut Municipal Employees' Retirement System (MERS) totaling $54,253 at June 30, 2025.

BUDGETS

The SECOG 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 SECOG acts as a flow through.

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

BUDGETS *(Continued)*

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 SECOG.

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 February 27, 2026, 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, 2025, the following accounting pronouncement became effective and SECOG implemented such pronouncement, where applicable:

GASB Statement 101 - Compensated Absences. This statement updates the recognition and measurement guidance for compensated absences.

GASB Statement 102, Certain Risk Disclosures. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Deposits - SECOG does not have a policy for deposits. SECOG also does not have a custodial credit risk policy. However, as a practice, SECOG 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 - SECOG does not have a custodial credit risk policy with regard to cash equivalents, investments, or related credit risk for debt securities, however, it is SECOG'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).

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

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

At June 30, 2025, SECOG's cash and cash equivalents, exclusive of its custodial fund were as follows:

Cash:	
Deposits - demand accounts	$ 599,949
Cash equivalents:	
State Short-Term Investment Fund (STIF)	708,545
Total cash and cash equivalents	$ 1,308,494

The bank balance of SECOG's deposits, exclusive of its custodial fund, was $658,989 at June 30, 2025, of which $250,000 was covered by Federal Depository Insurance, $40,898 was collateralized, and $368,091 was uninsured and uncollateralized. The carrying amount and bank balance of SECOG's custodial fund were both $8,620 at June 30, 2025. All of the custodial fund's bank balance was covered by Federal Depository Insurance at June 30, 2025.

NOTE 3 – RECEIVABLES

At June 30, 2025, receivables consisted of the following:

	Fund Financials		Government-Wide
	Major Funds	Non-Major Funds	Governmental Activities
Federal and State	$ 410,293	$ 36,141	$ 446,434
Accounts receivable	15,274	87,099	102,373
Receivables, gross	425,567	123,240	548,807
Allowance for doubtful accounts	-	-	-
Receivables, net	$ 425,567	$ 123,240	$ 548,807

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*.

NOTE 3 – RECEIVABLES *(Continued)*

	Fund Financials Major Funds	Fund Financials Non-Major Funds	Government-Wide Governmental Activities
Current liabilities			
Unearned revenue	$ 137,082	$ 82,366	$ 219,448
Deferred inflows of resources			
Revenue - unavailable	$ 98,152	$ 37,141	$ -

NOTE 4 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 is as follows:

	Balance June 30, 2024	Increases	Decreases	Balance June 30, 2025
Governmental activities				
Capital assets, not being depreciated				
Land	$ 63,758	$ -	$ -	$ 63,758
Capital assets, being depreciated				
Land improvements	99,905	-	-	99,905
Buildings and related improvements	339,002	80,021	-	419,023
Equipment and furnishings	152,999	37,995	-	190,994
Total assets, being depreciated	591,906	118,016	-	709,922
Total governmental activities capital assets	655,664	118,016	-	773,680
Less: accumulated depreciation for				
Land improvements	27,639	5,304	-	32,943
Buildings and related improvements	173,509	10,832	-	184,341
Equipment and furnishings	142,638	7,878	-	150,516
Total accumulated depreciation	343,786	24,014	-	367,800
Total governmental activities capital assets being depreciated, net	248,120	94,002	-	342,122
Total government-wide capital assets, net	$ 311,878	$ 94,002	$ -	$ 405,880

Depreciation expense was charged to the following program:

Governmental activities	
Regional planning	$ 24,014
Total depreciation expense-governmental activities	$ 24,014

NOTE 5 – INTER-FUND BALANCES AND TRANSFERS

As of June 30, 2025, SECOG's inter-fund balances were as follows:

	Due From Other Funds	Due To Other Funds
General Fund	$ 548,807	$ 393,760
Other Major Funds:		
U.S. Department of Transportation-Regional Transportation Planning Agreement 5.09-06(17) FYE 2020	-	2,528
U.S. Department of Transportation-Regional Transportation Planning Agreement 5.09-06(17) FYE 2025	-	84,428
U.S. Department of Transportation-Regional Transportation Planning Agreement 5.09-06(17) FYE 2024	50,114	-
U.S. Department of Transportation-Regional Transportation Planning Agreement - Carryover Planning 20	-	6,857
U.S. Department of Transportation Safe Streets and Roads For All	-	43,400
U.S. Department of Defense-JLUS Utilities HQ00052310022	-	62,608
U.S. Department of Defense-JLUS Compatible Use HQ00052410066	-	45,613
U.S. Department of Homeland Security-DEMHS Direct Service Programs	-	96,997
U.S. Department of Homeland Security-2023 EMPG Regional Hazardous Materials	-	27,834
U.S. Department of Homeland Security-2022 EMPG Regional Hazardous Materials	-	2,724
U.S. Department of Homeland Security-2021 EMPG Regional Hazardous Materials	1,922	-
U.S. Department of Homeland Security-2020 EMPG Regional Hazardous Materials	-	440
OPM Regional Service Grant RSG 025-08	69,025	-
OPM Regional Service Grant RSG 024-08	55,173	-
OPM Code Enforcement Services	7,231	-
OPM Parce and CAMA Data Improvement	-	10,375
Connecticut Municipal Brownfield Grant Programs	-	41,763
Local Transportation Capital Improvement Program	127,929	-
Total Nonmajor Governmental Funds:	82,366	123,240
	$ 942,567	$ 942,567

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

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. Transfers represent nonreciprocal transactions between funds. Transfers between governmental funds are netted as part of the reconciliation to the government-wide financial statements. The SECOG made the following transfers during the year ended June 30, 2025:

	Transfers In	Transfers Out
General Fund	$ 25,218	$ 103,578
Other Major Funds:		
U.S. Department of Transportation-Regional Transportation Planning Agreement 5.09-06(17) FYE 2025	65,784	-
U.S. Department of Transportation-Regional Transportation Planning Agreement 5.09-06(17) Carryover Planning '20	2,395	-
U.S. Department of Transportation Safe Streets and Roads For All	14,700	-
U.S. Department of Transportation DOT Microgrants	46	-
U.S. Department of Defense-JLUS Utilities HQ00052410066	-	233
OPM Code Enforcement	8,358	
Connecticut Municipal Brownfield Grant Programs	12,295	
Total Nonmajor Governmental Funds:	-	24,985
	$ 128,796	$ 128,796

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 SECOG consists of accumulated unpaid vacation benefits (compensated absences) and SECOG's proportional share of the Connecticut Municipal Employees Retirement System net pension liability. Noncurrent liabilities of SECOG for the year ended June 30, 2025 consist of:

	Balance June 30, 2024	Additions	Reductions/ Maturities	Balance June 30, 2025	Due Within One Year
Governmental Activities:					
Compensated absences	$ 57,714	$ 19,454	$ 4,660	$ 72,508	$ 7,251
Net pension liability	1,019,061	139,384	-	1,158,445	-
Total Governmental Activities noncurrent liabilities	$ 1,076,775	$ 158,838	$ 4,660	$ 1,230,953	$ 7,251

NOTE 7 – FUND BALANCE

At June 30, 2025, fund balances (deficits) reported on the fund financial statements consisted of the following:

	Nonspendable	Unassigned
General Fund		
Prepaid items	$ 19,340	$ -
Unassigned	-	1,119,799
Other Major Funds:		
U.S. Department of Homeland Security--DEMHS Direct Service Programs	-	(25,391)
U.S. Department of Homeland Security-2023 EMPG Regional Hazardous Materials	-	(27,834)
U.S. Department of Homeland Security-2022 EMPG Regional Hazardous Materials	-	(2,724)
U.S. Department of Homeland Security-2020 EMPG Regional Hazardous Materials	-	(440)
Connecticut Municipal Brownfield Grant Programs	-	(41,763)
Total Nonmajor Governmental Funds:	-	(37,141)
	$ 19,340	$ 984,506

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

SECOG 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 District Fire and EMS 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 four sub plans: general employees with social security; general employees without social security; policemen and firemen with social security; and policemen and firemen without social security.

Plan provisions are set by statute of the State of Connecticut and may be amended by legislative action.

Benefit provisions - The plan provides retirement, disability and death benefits as defined in the Statutes.

NOTE 8 – PENSION PLAN

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

General Employees - Employees are eligible to retire at age 55 with 5 years of continuous active service, or 15 years of active noncontinuous service. Employees under the age of 55 are eligible to retire with 25 years of service.

Police Officers and Firefighters - Compulsory retirement age for police and fire members is age 65.

Normal Retirement: 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 1.5% of the average final compensation not in excess of the year's breakpoint plus 2% of average final compensation in excess of the year's breakpoint, times years of service.

The maximum benefit is 100% of average final compensation and the minimum benefit is $1,000 annually. Both the minimum and the 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 a social security disability award is received, is computed as if the member is not under social security.

Early Retirement: Employees are eligible for early retirement after 5 years of active continuous or 15 years of active noncontinuous 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.

Disability Retirement: Employees are eligible for service-related disability benefits from being permanently or totally disabled from engaging in the service of the municipality in the position in which such member has been employed 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 police officers and firefighters, who began employment prior to July 1, 1996, 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 of 50% of compensation at the time of disability.

Employees are eligible for nonservice-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 in the position in which such member has been employed. Disability benefits are calculated based on compensation and service to the date of the disability.

Pre-Retirement Death Benefit: The plan also offers a lump-sum return of contributions with interest or if vested and married, the surviving spouse will receive a lifetime benefit.

NOTE 8 – PENSION PLAN

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

Future Changes in Benefit Provisions: On June 7, 2023, House Bill 6930, an Act Concerning the Development of Best Practices for Governance Structures of Municipal Retirement Plans, was passed by the Connecticut Legislature. The following is a summarization of future changes in benefit provisions:

- A five-year phase-out of the Cost-Of-Living-Adjustment ("COLA") floor from the existing 2.5% to 0%, which reduces the floor by 0.5% each year for future retirees, beginning July 1, 2025, reducing to 0% on July 1, 2029. Subject to the COLA floors outlined above, for years in which inflation (as measured by the CPI-W) increases by 2% or less, the MERS COLA will track inflation directly. For those years in which inflation increases by 2% or more, the COLA will be 60% of the inflation rate up to 6.0%, and 75% of the inflation rate in excess of 6.0% with a maximum COLA of 7.5%.

- Beginning July 1, 2025, the benefit formula multiplier will increase to 2.2% (1.7% for Social Security covered eligible participants) based on the following eligibility:
  - General Employees: Beginning for service at age 60 with at least 30 years of service.
  - Police and Fire: Beginning for service at age 55 with at least 27 years of service.

- Beginning July 1, 2025, a Deferred Retirement Option Plan ("DROP"), capped at five years of participation in the program, will be offered based on the following eligibility:
  - General Employees: at age 60 with 30 years of service OR at age 62 with five (5) years of service.
  - Police and Fire: at age 55 with 25 years of service; at age 57 with five (5) years of service; or at any age with 30 years of service.
  - Upon entering DROP, the member contribution rate is reduced to half. After 24 months of DROP participation, the member contribution rate is reduced to 0%.
  - Beginning annually at the 2nd anniversary of the member's DROP entry, the DROP account is credited with interest at a not to exceed 4%. Interest is also credited at the 3rd, 4th, and 5th anniversary date of DROP entry.
  - Pension amount will not increase with annual COLAs while participating in DROP. Once member exits DROP, future COLAs will be determined based on the provisions in effect at the time the member entered the DROP.

Contributions: Contributions are established by the Statutes as follows:

<u>Employer</u> - 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. There is also an annual administrative fee per active and retired member.

<u>Employees</u> - Employees not covered by social security are required to contribute 6.0% of compensation. Employees covered by social security are required to contribute 3.25% of compensation up to the social security taxable wage base plus 6.0% of compensation, if any, in excess of such base.

NOTE 8 – PENSION PLAN

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

Measurement Focus and Basis of Accounting: 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, 2025.

Net Pension Liability: At June 30, 2025, SECOG reported a liability of $1,158,445 for its proportionate share of the net pension liability. The net pension liability was measured at June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation of that date. The District's proportion of the net pension liability was based upon an allocation percentage calculated to six decimal places derived from SECOG's payroll as compared to the total. The District's allocation percentage for the reporting period ended June 30, 2025 was 0.276293%.

Actuarial Assumptions: The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2017 - June 30, 2022. 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	3.00-9.50%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates are calculated using the Pub-2010 Mortality Tables set-forward one year (except Active Employees) and are projected generationally with scale MP-2021.

Future Cost-of-Living - Annually compounded increases are applied to disabled and nondisabled retirement benefits and vary based upon member age and date of retirement. For members that retired prior to January 1, 2002, increases of 3.25% are assumed for those who have reached age 65 and (effective January 1, 2002) increases of 2.50% are assumed for those who have not yet reached age 65. For members that retire after December 31, 2001, increases of 2.55% are assumed, regardless of age. For members retiring between July 1, 2025 and June 30, 2026, the COLA assumption is 2.5%. The COLA assumption is reduced to 2.3% for members retiring between July 1, 2026 and June 30, 2027; 2.1% for members retiring between July 1, 2027 and June 30, 2028; and 2.0% for members retiring after July 1, 2028

NOTE 8 – PENSION PLAN

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

Long-Term Rate of Return: The long-term expected rate of return on pension plan investments was determined using a statistical analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the plan's target asset allocation as of June 30, 2024 are summarized in the following table:

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

Asset Class	Target Allocation	Long-term Expected Real Rate Of Return
Global equity	37.0%	6.80%
Public credit	2.0%	2.90%
Core fixed income	13.0%	0.40%
Liquidity fund	1.0%	-0.40%
Risk mitigation	5.0%	0.10%
Private equity	15.0%	11.20%
Private credit	10.0%	6.10%
Real estate	10.0%	6.30%
Infrastructure and natural resources	7.0%	7.70%

Discount Rate: 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.

NOTE 8 – PENSION PLAN

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

Deferred Inflows and Outflows: For the year ended June 30, 2025, SECOG recognized pension expense of $236,344. At June 30, 2025, SECOG reported deferred outflows and inflows of resources related to the pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions	$ 87,811	$ -
Difference between expected and actual experience	75,464	20,923
Changes in proportional share	201,859	33,330
SCCOG contributions after the measurement date	164,079	-
Total	$ 529,213	$ 54,253

Amounts reported as deferred outflows of resources – SECOG 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,	
2026	$ 81,793
2027	150,063
2028	46,256
2029	24,521
2030	8,248
Total	$ 310,881

The following schedule presents the net pension liability, calculated using the discount rate of 7.00%, as well as what SECOG'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	$ 1,661,729	$ 1,158,445	$ 734,388

NOTE 9 – RISK MANAGEMENT AND LITIGATION

SECOG 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. SECOG 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, 2025.

NOTE 10 –ECONOMIC DEPENDENCE

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

NOTE 11- EXPENDITURES IN EXCESS OF APPROPRIATIONS

For the year ended June 30, 2025, total expenditures were in excess of total budgeted appropriations in the amount of $312,114. There were no line item transfers or additional appropriations made to the 2024-2025 fiscal year budget.

NOTE 12 - PRONOUNCEMENTS ISSUED, NOT YET EFFECTIVE

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to June 30, 2025 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 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement is effective for fiscal years beginning after June 15, 2025 (SECOG's fiscal year ending June 30, 2026).

GASB Statement 104, Disclosure of Certain Capital Assets. This statement requires separate note disclosures for specific types of capital assets, including lease assets, subscription assets, and certain intangible assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025 (SECOG's fiscal year ending June 30, 2026).

SUPPLEMENTARY INFORMATION

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND AND SELECTED SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	ORIGINAL BUDGET	ADDITIONAL APPROPRIATIONS AND TRANSFERS	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES					
Municipal assessments	$ 154,236	$ -	$ 154,236	$ 154,236	$ -
Municipal ARPA	-	-	-	32,416	32,416
OPM Grant (Regional Services Grant)	656,912	-	656,912	651,360	(5,552)
CTDOT Planning Grant	737,413	-	737,413	592,058	(145,355)
CTDOT Microgranst	-	-	-	68,624	68,624
CTDOT - Norwich Mobility	-	-	-	23,212	23,212
CTDOT FY 2020 PL Carryover	195,286	-	195,286	23,940	(171,346)
DOT Save Streets and Roads For All	-	-	-	58,800	58,800
LOTCIP	50,000	-	50,000	62,275	12,275
Technical assistance contracts	333,820	-	333,820	400,427	66,607
DEMHS (FY20) Regional Collaboration Grant	-	-	-	6,146	6,146
DEMHS (FY21) Regional Collaboration Grant	11,000	-	11,000	2,221	(8,779)
DEMHS (FY22) Regional Collaboration Grant	22,000	-	22,000	15,750	(6,250)
DEMHS (FY23) Regional Collaboration Grant	20,000	-	20,000	-	(20,000)
DEMHS (FY24) Regional Collaboration Grant	8,000	-	8,000	-	(8,000)
DEMHS EMPG HazMat Grant	1,500	-	1,500	-	(1,500)
Connecticut municipal brownfields grant	-	-	-	248,260	248,260
RPIP- regional code enforcement services	131,697	-	131,697	74,777	(56,920)
OPM Parel and CAMA Date Improvement	-	-	-	10,375	10,375
SECHA	11,200	-	11,200	7,460	(3,740)
OSHA Trainings	-	-	-	8,910	
DOD - JLUS Grant	264,649	-	264,649	393,429	128,780
Investment income and miscellaneous	30,000	-	30,000	33,152	3,152
Total revenues	2,627,713	0	2,627,713	2,867,828	240,115
EXPENDITURES					
Staff					
Salaries	992,775	-	992,775	1,035,731	(42,956) *
FICA, insurance, retirement	371,343	-	371,343	336,384	34,959
Subcontractors/Contributions					
Computer services	16,800	-	16,800	42,426	(25,626) *
Professional services (general)	1,000	-	1,000	-	1,000
Contractor - zoning enforcement services	-	-	-	-	-
Planning consultant, Bozrah	25,980	-	25,980	16,031	9,949
Planning consultant, Lisbon	43,200	-	43,200	63,553	(20,353) *
Planning consultant, Salem	-	-	-	1,827	(1,827) *
Planning consultant, Sprague	5,700	-	5,700	11,000	(5,300) *
Planning consultant, Franklin	-	-	-	4,900	(4,900) *
Planning consultant, Montville	-	-	-	291	(291) *
Planning consultant, Preston	-	-	-	853	(853) *
FY 23 EMPG Pooling	-	-	-	7,600	(7,600) *
Contractor - building official services	-	-	-	5,337	(5,337) *
Property survey index consultant	14,500	-	14,500	10,375	4,125
GIS consultant	15,000	-	15,000	-	15,000
Website/communications materials revision (RSG)	18,000	-	18,000	-	18,000
OPM RSG Consultant	19,000	-	19,000	37,727	(18,727) *
DEMHS financial consultant	62,500	-	62,500	29,950	32,550
SECHA Support	11,000	-	11,000	-	11,000
Consultant - DECD brownfields	-	-	-	277,368	(277,368) *
JLUS consultant	250,000	-	250,000	363,204	(113,204) *
Transportation engineering consultant	404,000	-	404,000	73,500	330,500
Norwich downtown mobility study	-	-	-	27,505	(27,505) *
CTDOT Micrograms	-	-	-	68,670	(68,670) *
LOTCIP Consulting	50,000	-	50,000	62,275	(12,275) *
Planning FY20 carryover consulting	-	-	-	23,946	(23,946) *
Other					
Office maintenance/utilities	30,000	-	30,000	32,941	(2,941) *
Renovations re: addional staff (RSG)	25,000	-	25,000	68,191	(43,191) *
Supplies	8,000	-	8,000	13,847	(5,847) *
Equipment, rental/maintenance	7,000	-	7,000	7,186	(186) *
Equipment, capital (incl. computers)	10,000	-	10,000	4,235	5,765
Phones, mail, internet	6,000	-	6,000	6,968	(968) *
Insurance, bond	18,000	-	18,000	13,498	4,502
Printing	200	-	200	489	(289) *
Travel	7,250	-	7,250	15,529	(8,279) *
Training	-	-	-	12,216	(12,216) *
Conference expenses	2,500	-	2,500	13,389	(10,889) *
Event expenses	-	-	-	2,235	(2,235) *
Staff expenses	500	-	500	1,065	(565) *
Books, subscriptions, dues	8,000	-	8,000	27,858	(19,858) *
Audit, accounting, legal	40,000	-	40,000	47,722	(7,722) *
Advertising	500	-	500	2,949	(2,449) *
Capital fund	50,000	-	50,000	55,091	(5,091) *
Total expenditures	2,513,748	-	2,513,748	2,825,862	(312,114)
Excess (deficiency) of revenues over expenditures - Budgetary Basis	$ 113,965	$ -	$ 113,965	41,966	$ (71,999)
RECONCILIATION TO GAAP BASIS:					
DEMHS direct services programs are not budgeted as revenues				393,985	
CRCOG purchasing council fees are not budgeted as revenues				7,500	
DEMHS direct service programs are not budgeted as expenditures				(408,366)	
CRCOG purchasing council costs are not budgeted as expenditures				(7,500)	
Excess of expenditures and other financing uses over revenues and other financing sources - GAAP basis				$ 27,585	

*denotes over-expended line item

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
SCCOG's proportion of the net pension liability	0.175363%	0.224384%	0.224384%	0.191759%	0.180784%	0.186302%	0.235821%	0.201232%	0.223355%	0.276293%
SCCOG's proportionate share of the net pension liability	$ 240,091	$ 440,415	$ 370,909	$ 733,399	$ 667,240	$ 731,612	$ 558,133	$ 904,747	$ 1,019,061	$ 1,158,445
SCCOG's covered-employee payroll	$ 389,141	$ 477,123	$ 477,123	$ 539,766	$ 464,746	$ 477,123	$ 638,560	$ 566,853	$ 674,123	$ 864,173
SCCOG's proportionate share of the net pension liability as a percentage of its covered payroll	61.70%	92.31%	77.74%	135.87%	143.57%	153.34%	87.40%	159.61%	151.17%	134.05%
Plan fiduciary net position as a percentage of the total pension liability	92.72%	88.29%	91.68%	73.60%	72.69%	71.18%	82.59%	68.71%	69.54%	72.85%

Notes to Schedule

Changes in benefit terms	None
Changes of assumptions	Salary increases were 3.50 - 10% previously
Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	25 years, layered
Asset valuation method	5-year smoothed market (20% write up)

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Actuarially determined contribution	$ 58,744	$ 51,675	$ 67,979	$ 69,865	$ 83,893	$ 95,461	$ 116,006	$ 104,942	$ 117,879	$ 164,079
Contributions in relation to the actuarially determined contribution	58,744	51,675	67,979	69,865	83,893	95,461	116,006	104,942	117,879	164,079
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 389,141	$ 477,123	$ 477,123	$ 539,766	$ 464,746	$ 477,123	$ 638,560	$ 566,853	$ 674,123	$ 864,173
Contributions as a percentage of covered-employee payroll	15.10%	10.83%	14.25%	12.94%	18.05%	20.01%	18.17%	18.51%	17.49%	18.99%

Notes to Schedule

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Valuation date:	June 30, 2014	June 30, 2016	June 30, 2016	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024
Measurement Date:	June 30, 2015	June 30, 2016	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024

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
Remaining amortization period	25 years, layered
Asset valuation method	5-year smoothed market (20% write up)
Inflation	2.50%
Salary increases	3.0%-9.50%, average, including inflation
Investment rate of return	7.0% net of investment expense, including inflation
Changes in assumptions	Salary increases were 3.50 - 10.00% previously

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2025

	U.S. DEPARTMENT OF HOMELAND SECUITY						
	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '19	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '20	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '21	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '22	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '23	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '24	DEMHS HOMELAND SECURITY EMPG '22
ASSETS							
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Grants receivable:							
Federal and State grants	-	-	-	19,585	-	-	1,500
Accounts receivable	-	-	-	-	-	-	-
Due from other funds	16,281	1,730	8,811	-	13,000	15,000	-
Total assets	$ 16,281	$ 1,730	$ 8,811	$ 19,585	$ 13,000	$ 15,000	$ 1,500
LIABILITIES							
Due to other funds	$ -	$ -	$ -	$ 19,585	$ -	$ -	$ 1,500
Due to funding source	-	-	-	-	-	-	-
Unearned revenue	16,281	1,730	8,811	-	13,000	15,000	-
Total liabilities	16,281	1,730	8,811	19,585	13,000	15,000	1,500
DEFERRED INFLOWS OF RESOURCES							
Revenue - unavailable	-	-	-	19,585	-	-	1,500
Total deferred inflows of resources	-	-	-	19,585	-	-	1,500
Total liabilities and deferred inflows of resources	16,281	1,730	8,811	39,170	13,000	15,000	3,000
FUND BALANCES							
Unassigned	-	-	-	(19,585)	-	-	(1,500)
Total fund balances	-	-	-	(19,585)	-	-	(1,500)
Total liabilities, deferred inflows of resources and fund balances	$ 16,281	$ 1,730	$ 8,811	$ 19,585	$ 13,000	$ 15,000	$ 1,500

Continued

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET
NONMAJOR FUNDS
JUNE 30, 2025

	U.S. DEPARTMENT OF HOMELAND SECURITY	U.S. TREASURY						
	DEMHS MULTI-JURISDICTION HAZARD MITIGATION PLAN UPDATE	MUNICIPAL ARPA	OSHA TRAINING	BUILDING OFFICIAL AND AFFORDABLE HOUSING CONSULTING	MUNICIPAL AND TECHNICAL ASSISTANCE	SOUTHEASTERN CONNECTICUT HOUSING ALLIANCE	CRCOG REGIONAL PURCHASING COUNCIL	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS								
Cash and cash equivalents	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Grants receivable:								
Federal and State grants	15,056	-	-	-	-	-	-	36,141
Accounts receivable	-	-	-	60,005	22,473	3,621	1,000	87,099
Due from other funds	-	27,544	-	-	-	-	-	82,366
Total assets	$ 15,056	$ 27,544	$ -	$ 60,005	$ 22,473	$ 3,621	$ 1,000	$ 205,606
LIABILITIES								
Due to other funds	$ 15,056	$ -	$ -	$ 60,005	$ 22,473	$ 3,621	$ 1,000	$ 123,240
Due to funding source	-	-	-	-	-	-	-	-
Unearned revenue	-	27,544	-	-	-	-	-	82,366
Total liabilities	15,056	27,544	-	60,005	22,473	3,621	1,000	205,606
DEFERRED INFLOWS OF RESOURCES								
Revenue - unavailable	15,056	-	-	-	-	-	1,000	37,141
Total deferred inflows of resources	15,056	-	-	-	-	-	1,000	37,141
Total liabilities and deferred inflows of resources	30,112	27,544	-	60,005	22,473	3,621	2,000	242,747
FUND BALANCES								
Unassigned	(15,056)	-	-	-	-	-	(1,000)	(37,141)
Total fund balances	(15,056)	-	-	-	-	-	(1,000)	(37,141)
Total liabilities, deferred inflows of resources and fund balances	$ 15,056	$ 27,544	$ -	$ 60,005	$ 22,473	$ 3,621	$ 1,000	$ 205,606

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, 2025

	U.S. DEPARTMENT OF HOMELAND SECURITY						
	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '19	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '20	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '21	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '22	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '23	DEMHS HOMELAND SECURITY REGIONAL COLLABORATION '24	DEMHS HOMELAND SECURITY EMPG '22
REVENUES							
Intergovernmental:							
Federal and State grants	$ -	$ 6,146	$ 2,221	$ 15,750	$ -	$ -	$ -
Other grants	-	-	-	-	-	-	-
Municipal and technical assessment contracts	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-
Total revenues	-	6,146	2,221	15,750	-	-	-
EXPENDITURES							
Direct salaries	-	-	-	2,731	-	-	-
Allocated indirect	-	-	-	2,653	-	-	-
Direct charges	-	-	38	29,951	-	-	-
Total expenditures	-	-	38	35,335	-	-	-
Excess (deficiency) of revenues over expenditures	-	6,146	2,183	(19,585)	-	-	-
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	-	6,146	2,183	(19,585)	-	-	-
FUND BALANCE, beginning of year	-	(6,146)	(2,183)	-	-	-	(1,500)
FUND BALANCE, end of year	$ -	$ -	$ -	$ (19,585)	$ -	$ -	$ (1,500)

Continued

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	U.S. DEPARTMENT OF HOMELAND SECURITY	U.S. TREASURY						
	DEMHS MULTI-JURISDICTION HAZARD MITIGATION PLAN UPDATE	MUNICIPAL ARPA	OSHA TRAINING	BUILDING OFFICIAL AND AFFORDABLE HOUSING CONSULTING	MUNICIPAL AND TECHNICAL ASSISTANCE	SOUTHEASTERN CONNECTICUT HOUSING ALLIANCE	CRCOG REGIONAL PURCHASING COUNCIL	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES								
Intergovernmental:								
Federal and State grants	$ -	$ 32,416	$ -	$ -	$ -	$ -	$ -	$ 56,533
Other grants	-	-	8,910	-	-	-	-	8,910
Municipal and technical							-	
assessment contracts	-	-	-	253,163	147,264	-	-	400,427
Other revenue	-	-	-		-	7,460	7,500	14,960
Total revenues	-	32,416	8,910	253,163	147,264	7,460	7,500	480,830
EXPENDITURES								
Direct salaries	-	16,442	-	95,882	22,857	4,936	-	142,848
Allocated indirect	-	15,974	-	93,152	22,206	2,310	-	136,295
Direct charges	-	-	8,910	11,938	98,559	214	7,500	157,110
Total expenditures	-	32,416	8,910	200,972	143,622	7,460	7,500	436,253
Excess (deficiency) of revenues over expenditures	-	-	-	52,191	3,642	-	-	44,577
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(21,343)	(3,642)	-	-	(24,985)
Total other financing sources (uses)	-	-	-	(21,343)	(3,642)	-	-	(24,985)
Excess (deficiency) of revenues and other financing sources over expenditures and other financing (uses)	-	-	-	30,848	-	-	-	19,592
FUND BALANCE, beginning of year	(15,056)	-	-	(30,848)	-	-	(1,000)	(56,733)
FUND BALANCE, end of year	$ (15,056)	$ -	$ -	$ -	$ -	$ -	$ (1,000)	$ (37,141)

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
FINANCIAL SUMMARY FOR THE
SOUTHEASTERN CONNECTICUT HOUSING ALLIANCE
CUSTODIAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

CASH, beginning of year	$	7,664
CASH RECEIPTS:		
Grants and donations		8,000
Total cash receipts		8,000
CASH DISBURSEMENTS		
Wages and travel		7,044
Total cash disbursements		7,044
Excess (deficiency) of cash receipts over cash disbursements		956
CASH, end of year	$	8,620

The accompanying notes are an integral part of these financial statements

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
FINANCIAL SUMMARY FOR THE STATE OF CONNECTICUT
DEPARTMENT OF TRANSPORTATION
PROJECT INCEPTION THROUGH JUNE 30, 2025

	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.09-06(17) STATE PROJECT NUMBER DOT07249996PL REGIONAL TRANSPORTATION PLANNING FYE 2025	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.09-06(17) STATE PROJECT NUMBER DOT07249996PL REGIONAL TRANSPORTATION PLANNING FYE 2024	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.09-06(17) STATE PROJECT NUMBER DOT07249996PL REGIONAL TRANSPORTATION FY 2020 CARRYOVER	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.09-06(17) STATE PROJECT NUMBER DOT0170730GR ACTIVE TRANSPORTATION MICROGRANTS ROUND 2	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.09-06(17) STATE PROJECT NUMBER DOT0170730GR ACTIVE TRANSPORTATION MICROGRANTS ROUND 3	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.09-06(17) STATE PROJECT NUMBER DOT0170730GR ACTIVE TRANSPORTATION MICROGRANTS ROUND 4	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.09-06(17) STATE PROJECT NUMBER DOT0170730GR ACTIVE TRANSPORTATION MICROGRANTS ROUND 5	U.S. DEPARTMENT OF TRANSPORTATION AGREEMENT NUMBER 5.09-06(17) STATE PROJECT NUMBER DOT01030281PL NORWICH MOBILITY CORRIDOR STUDY
MAXIMUM FUNDS AUTHORIZED								
U.S. Department of Transportation	$ 655,478	$ 655,478	$ 347,175	$ -	$ -	$ -	$ -	$ 235,294
State of Connecticut	81,935	81,935	43,397	25,000	14,933	4,954	23,737	14,706
Local required match	81,935	81,935	43,397	-	-	46	-	44,118
Total maximum funds authorized	819,348	819,348	433,969	25,000	14,933	5,000	23,737	294,118
AUDITED EXPENDITURES								
Direct salaries	324,051	251,571	-	-	-	-	-	-
Indirect	314,824	247,325	-	-	-	-	-	-
Direct charges	18,967	2,151	26,601	25,000	14,933	5,000	23,737	250,000
Total audited expenditures	657,842	501,047	26,601	25,000	14,933	5,000	23,737	250,000
DISTRIBUTION OF AUDITED EXPENDITURES								
U.S. Department of Transportation	526,274	400,839	21,281	-	-	-	-	200,000
State of Connecticut	65,784	50,104	2,660	25,000	14,933	4,954	23,737	12,500
Local	65,784	50,104	2,660	-	-	46	-	37,500
Total distribution of audited expenditures	657,842	501,047	26,601	25,000	14,933	5,000	23,737	250,000
CONNDOT RESPONSIBILITY								
U.S. Department of Transportation	526,274	400,839	21,281	-	-	-	-	200,000
State of Connecticut	65,784	50,104	2,660	25,000	14,933	4,954	23,737	12,500
Total ConnDOT responsibility	592,058	450,943	23,941	25,000	14,933	4,954	23,737	212,500
LESS: payments received through June 30, 2025	507,630	501,057	17,084	25,000	14,933	4,954	23,737	212,500
Balance due from (to) ConnDOT at June 30, 2025	$ 84,428	$ (50,114)	$ 6,857	$ -	$ -	$ -	$ -	$ -

*** Note: All amounts are cumulative through June 30, 2025 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

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 (SECOG), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise SECOG's basic financial statements, and have issued our report thereon dated February 27, 2026.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered SECOG'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 SECOG's internal control. Accordingly, we do not express an opinion on the effectiveness of SECOG's internal control.

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

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

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REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether SECOG'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 SECOG's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SECOG's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut
February 27, 2026

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited Southeastern Connecticut Council of Governments (SECOG's) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of SECOG's major federal programs for the year ended June 30, 2025. SECOG's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of federal findings and questioned costs.

In our opinion, SECOG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SECOG's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of SECOG's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of SECOG's internal control over compliance. Accordingly, no such opinion is expressed.

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut
February 27, 2026

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Grantor; Pass-through Grantor; Program Title; Description	Pass-Through Entity Identifying Number	Assistance Listing 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)	05.09-06(17)	20.205	$ 526,274
Norwich Mobility Corridor Study DOT01030281PL	05.09-06(17)	20.205	18,570
PL Carryforward Funds-FY20 - DOT07229996PL	05.09-06(17)	20.205	19,157
Total Indirect			564,001
Direct:			
Safe Streets and Roads for All	693JJ32440705	20.939	58,800
Total Direct			58,800
Total U.S. Department of Transportation			622,801
U.S. DEPARTMENT OF HOMELAND SECURITY			
Indirect:			
Passed through the State of Connecticut Department of Emergency Services and Public Protection			
Regional Collaboration FFY21 - Admin		97.067	38
Regional Collaboration FFY22 - Admin		97.067	35,335
Direct Service Regional 4 Collaboration FFY 2024		97.067	48,600
Direct Service Regional 4 Collaboration FFY 2023		97.067	52,038
Direct Service Regional 4 Collaboration FFY 2022		97.067	138,735
Direct Service Regional 4 Collaboration FFY 2021		97.067	168,993
			443,739
Emergency Management Performance Grants			
EMPG Haz Mat Teams 2023		97.042	7,600
			7,600
Total U.S. Department of Homeland Security			451,339
U.S. DEPARTMENT OF DEFENSE			
Direct:			
Community Economic Adjustments Assistances for Responding to Threats to the Resilience of a Military Installation	HQ00052310022	12.003	341,963
Community Economic Adjustments Assistances for Responding to Threats to the Resilience of a Military Installation	HQ00052410066	12.003	51,234
Total U.S. Department of Defense			393,197
US DEPARTMENT OF TREASURY			
Indirect:			
Passed through the State of Connecticut Office of Policy and Management			
Parcel and CAMA Data Improvement Grant	ARPA-24-COG GIS-08	21.027	10,375
Passed through the Town of East Lyme, CT			
American Rescue Plan of 2021		21.027	3,890
Passed through the Town of Franklin, CT			
American Rescue Plan of 2021		21.027	325
Passed through the City of Groton, CT			
American Rescue Plan of 2021		21.027	2,269
Passed through the Town of Lisbon, CT			
American Rescue Plan of 2021		21.027	972
Passed through the Town of Montville, CT			
American Rescue Plan of 2021		21.027	3,890
Passed through the City of New London, CT			
American Rescue Plan of 2021		21.027	5,835
Passed through the Town of North Stonington, CT			
American Rescue Plan of 2021		21.027	972
Passed through the City of Norwich, CT			
American Rescue Plan of 2021		21.027	8,428
Passed through the Town of Salem, CT			
American Rescue Plan of 2021		21.027	972
Passed through the Town of Sprague, CT			
American Rescue Plan of 2021		21.027	648
Passed through the Borough of Stonington, CT			
American Rescue Plan of 2021		21.027	324
Passed through the Town of Stonington, CT			
American Rescue Plan of 2021		21.027	3,890
Total U.S. Department of Treasury			42,790
Total Expenditures of Federal Awards			$ 1,510,127

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, 2025

NOTE A – ACCOUNTING BASIS

BASIC FINANCIAL STATEMENTS

The accounting policies of SECOG 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, 2025

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)	$564,001	$564,001

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, 2025

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

- We issued a report dated February 27, 2026 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.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR FEDERAL AUDIT FINDINGS

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF THE STATUS OF PRIOR FEDERAL AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

PRIOR YEAR AUDIT FINDINGS RESOLVED

None

STATE SINGLE AUDIT REPORTS

STATE INTERNAL CONTROL AND COMPLIANCE REPORTS

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments (SECOG), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise SECOG's basic financial statements, and have issued our report thereon dated February 27, 2026.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered SECOG'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 SECOG's internal control. Accordingly, we do not express an opinion on the effectiveness of SECOG's internal contro1.

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

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

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REPORT ON COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether SECOG'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 SECOG's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering SECOG's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut
February 27, 2026

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE STATE SINGLE AUDIT ACT

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

REPORT COMPLIANCE FOR EACH MAJOR STATE PROGRAM

Opinion on Each Major State Program

We have audited Southeastern Connecticut Council of Government (SECOG)'s compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of SECOG's major state programs for the year ended June 30, 2025. SECOG's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, SECOG complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on SECOG's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about SECOG's compliance with the requirements of each major state program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding SECOG's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of SECOG's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of SECOG's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures discussed instances of noncompliance, which are required to be reported in accordance with the State Single Audit Act and which is described in the accompanying schedule of findings and questioned costs as item 2024-001. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on SECOG's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of state findings and questioned costs. SECOG's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of state findings and questioned costs as item 2024-001, to be significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Town's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of state findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Hoyt, Filippetti & Malaghan, LLC
Groton, Connecticut
February 27, 2026

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, 2025

State Grantor/Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Grant Expenditures
DEPARTMENT OF TRANSPORTATION			
Direct:			
Regional Transportation Planning	12062-DOT57551-22108	$ -	$ 65,784
Local Transportation Capital Improvement Program	13033-DOT57197-43584	-	62,275
Fiscal Year 2020 Carryover	12062-DOT57551-22108	-	2,394
Norwich Mobility Corridor Study	DOT01030281PL	-	1,161
Comm Connect & Alter Mobility	13033-DOT57551-43778	68,624	68,624
Total Department of Transportation		68,624	200,238
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT			
Direct:			
Municipal Brownfield Grant	12060-ECD46260-35533	-	290,023
Total Department of Economic and Community Development		-	290,023
OFFICE OF POLICY AND MANAGEMENT			
Direct:			
Regional Services Grants - RSG-25-08	12060-OPM20600-35457	-	587,887
Regional Services Grants - RSG-24-08	12060-OPM20600-35457	-	63,473
Regional Peformance Incentive Program	12060-OPM20600-35457-13046	-	74,777
Total Office of Policy and Management		-	726,137
Total State Financial Assistance		$ 68,624	$ 1,216,398

The accompanying notes are an integral part of this schedule.

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2025

NOTE A – ACCOUNTING BASIS

BASIC FINANCIAL STATEMENTS

The accounting policies of Southeastern Connecticut Council of Governments (SECOG) 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.

NOTE B – SUBRECIPIENTS

The following were subrecipients of SECOG's Active Transportation Micrograents Program (CORE CT # 13033-DOT57551-43778) for the year ended June 30, 2025:

City of New London	$	5,000
City of Norwich		5,000
Uncas Health District		5,000
Willimantic Whitewater Partnership Inc.		5,000
The Lefty Cycles Project, Inc.		5,000
Project Imo, Inc.		5,000
Waterford Recreation and Parks		5,000
Windham Area Interfaith Ministry		4,933
Bike Stonington		4,954
New London Public Schools		5,000
Uncas Health District		5,000
Town of Groton		5,000
Connecticut College		3,737
City of Norwich		5,000
	$	68,624

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, 2025

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 Services Grant 25-08	12060-OPM20600-35457	$ 587,887
Regional Services Grant 24-08	12060-OPM20600-35457	$ 63,473

Dollar threshold used to distinguish between Type A and Type B program: $300,000

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

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

- We issued a report dated February 27, 2026 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.

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

FINDING 2024-001 – SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE AND OTHER MATTERS (REPEAT FINDING)

Grantor: Office of Policy and Management
State Program Name: Regional Services Grant
State Grant Program CORE-CT Number: 12060-OPM20600-35457

Criteria: SECOG should have internal controls over compliance in place to ensure that grant programs are administered in accordance with all grant requirements.

Condition: During our testing it was noted that:

1. Total expenditures reported for the Regional Services Grant did not reconcile to SECOG's accounting records and the schedule of expenditures of state financial assistance.

Effect: Noncompliance with the reporting requirements of the Regional Services Grant.

Recommendation: We recommend that SECOG follows the requirements of the grant agreement and evaluates internal controls over grant compliance to ensure all of the grant's requirements are complied with in future periods.

Management's Response: Management agrees with the finding and has outlined its steps to correct the deficiency in a separate Corrective Action Plan.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR STATE AUDIT FINDINGS

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF THE STATUS OF PRIOR STATE AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

PRIOR YEAR AUDIT FINDINGS RESOLVED

None

PRIOR YEAR AUDIT FINDINGS REPEATED

FINDING 2024-001 – SIGNIFICANT DEFICIENCY IN INTERNAL CONTROL OVER COMPLIANCE AND OTHER MATTERS

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

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

Opinion

We have audited the accompanying Schedule of Indirect Costs and Overhead Rate Calculation of the Southeastern Connecticut Council of Governments (SECOG) for the year ended June 30, 2025, and the related notes to the schedule.

In our opinion, the Schedule of Indirect Costs and Overhead Rate Calculation presents fairly, in all material respects, the indirect costs and overhead rate of SECOG for the year ended June 30, 2025, in accordance with provisions prescribed by *Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Information section of our report. We are required to be independent of SECOG and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

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

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Responsibilities of Management for the Financial Information

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

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

Auditors' Responsibilities for the Audit of the Financial Information

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of SECOG's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the schedule.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about SECOG's ability to continue as a going concern for a reasonable period of time.

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

Report on the Audit of the Financial Statements

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Connecticut Council of Governments (SECOG), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise SECOG's basic financial statements and our report thereon dated February 27, 2026, expressed an unmodified opinion on those financial statements.

Restriction on Use

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

Hoyt, Filippetti & Malaghan, LLC

Groton, Connecticut
February 27, 2026

SOUTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS AND OVERHEAD RATE CALCULATION
FOR THE YEAR ENDED JUNE 30, 2025

INDIRECT COSTS		
Indirect salaries	$	231,727
Fringe benefits		336,384
Office maintenance		32,941
Supplies		13,565
Equipment rental and maintenance		7,186
Small equipment purchases		2,495
Computer services		42,426
Telephone and postage		6,968
Bond and insurance		13,498
Travel		320
Conferences		10,546
Printing		376
Office expenses		1,180
Training		1,390
Dues, books and subscriptions		11,108
Audit/Accounting/Legal		47,722
Advertising		2,249
Depreciation		19,031
Total indirect costs	$	781,112
OVERHEAD RATE CALCULATION		
Total payroll	$	1,035,731
Less: indirect and unassigned payroll		231,727
Payroll base	$	804,004
Total allowable indirect costs	$	781,112
Indirect cost rate		97.153%

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, 2025

NOTE A – BASIS OF PRESENTATION

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

NOTE B – COST ALLOCATION

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

NOTE C – SUBSEQUENT EVENTS

Subsequent events were evaluated by management through February 27, 2026.