

CAPITOL REGION COUNCIL OF GOVERNMENTS

SCHEDULE OF INDIRECT COSTS

JUNE 30, 2016

CAPITOL REGION COUNCIL OF GOVERNMENTS

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Independent Auditors' Report

To the Audit Committee of the
Capitol Region Council of Governments
Hartford, Connecticut

We have audited the schedule of indirect costs of Capitol Region Council of Governments (CRCOG) for the year ended June 30, 2016. This schedule is the responsibility of CRCOG's management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying schedule was prepared on a basis of accounting practices 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), as discussed in Note 2, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the schedule referred to above presents fairly, in all material respects, the direct labor, fringe benefits and general overhead of CRCOG for the year ended June 30, 2016 on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 16, 2016 on our consideration of CRCOG's internal control over financial reporting and its compliance with laws and regulations.

This report is intended for the information and use of the Audit Committee and management of CRCOG and the State of Connecticut Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 16, 2016

**CAPITOL REGION COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Indirect costs:		
Management support salaries	\$	374,978
Fringe benefits and payroll taxes		658,750
Compensated absences		254,287
Rent, maintenance and utilities		135,004
Accounting, audit and pension services		34,000
Insurance		36,429
Office supplies and expense		13,814
Postage		3,042
Reproduction and printing		10,690
Payroll processing		5,330
Equipment maintenance		5,926
Computer software and data communications		4,302
Computer services		4,569
Telephone		10,018
Publication and dues		6,688
Legal services		1,128
Section 125 Admin		1,193
Pension administration		5,250
Total indirect costs		<u>1,565,398</u>
Depreciation and amortization expenses allocation		<u>6,112</u>
Total	\$	<u><u>1,571,510</u></u>
Total payroll	\$	1,749,767
Less indirect payroll		374,978
Less compensated absences		<u>254,287</u>
Payroll Base	\$	<u><u>1,120,502</u></u>
Indirect Cost Rate		<u><u>140.3%</u></u>

The accompanying notes are an integral part of this schedule

**CAPITOL REGION OF COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF INDIRECT COSTS**

1. DESCRIPTION OF ENTITY

Capitol Region Council of Governments (CRCOG) was established on January 28, 1976 and organized under the laws of the State of Connecticut in accordance with General Statutes Sections 4-124i through 4-124p and Special Act No. 73-79 of the Connecticut General Assembly.

CRCOG is considered to be a legally separate organization under a joint venture agreement with the member municipalities. CRCOG has the right to enter into legal contracts and incur its own debt. CRCOG's mission, as a regional planning agency, is to provide a centralized agency responsible for coordinating regional planning activities that benefit its members. CRCOG has the authority to apply for federal and state funds to further the activities and purpose of the agency.

Each member community appoints representatives to sit on CRCOG's Policy Board. The Policy Board is responsible for establishing and approving CRCOG policies, resolutions and annual budget. Member assessments are charged on a per capita basis and approved by the Policy Board.

2. BASIS OF ACCOUNTING AND DESCRIPTION OF ACCOUNTING SYSTEMS

CRCOG's policy is to prepare its schedule of indirect costs (the Schedule) on the basis of accounting practices prescribed by Subpart E of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Accordingly, the Schedule is not intended to present the costs of CRCOG in conformity with accounting principles generally accepted in the United States of America.

3. BASIS OF PRESENTATION

The Schedule presents indirect expenses and rate recalculation for CRCOG for the year ended June 30, 2016.

Criteria used for determining allowable costs and the method of rate calculation are Subpart E - Cost Principles of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).