

CAPITOL REGION COUNCIL OF GOVERNMENTS

FEDERAL SINGLE AUDIT REPORT

JUNE 30, 2010

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Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program, on Internal Control over Compliance in Accordance with OMB Circular A-133 and on the Schedule of Expenditures of Federal Awards

To the Policy Board and Executive Committee of the
Capitol Region Council of Governments
Hartford, Connecticut

Compliance

We have audited the compliance of Capitol Region Council of Governments with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Capitol Region Council of Governments' major federal programs for the year ended June 30, 2010. The Capitol Region Council of Governments' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Capitol Region Council of Governments' management. Our responsibility is to express an opinion on the Capitol Region Council of Governments' compliance based on our audit.

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 OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Capitol Region Council of Governments' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Capitol Region Council of Governments' compliance with those requirements.

In our opinion, the Capitol Region Council of Governments 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 federal programs for the year ended June 30, 2010.

Internal Control over Compliance

Management of the Capitol Region Council of Governments is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Capitol Region Council of Governments' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Capitol Region Council of Governments' internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Capitol Region Council of Governments as of and for the year ended June 30, 2010 and have issued our report thereon dated December 13, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Capitol Region Council of Governments' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Policy Board and Executive Committee, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

December 13, 2010

**CAPITOL REGION COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number/ Project Number</u>	<u>Expenditures</u>
United States Department of Health and Human Services			
<i>Passed Through the State of Connecticut Department of Public Health:</i>			
Bioterrorism Hospital Preparedness	93.889		\$ <u>30,569</u>
United States Department of Homeland Security			
<i>Passed Through the State of Connecticut Department of Emergency Management and Homeland Security:</i>			
Homeland Security Cluster:			
6106	97.004		\$ 184,435
006ACRGA	97.004		355,380
006ACRGB	97.004		36,769
006ACRGC	97.004		133,224
006ACRGD	97.004		38,127
007ACRGA	97.004		159,052
007ACRGB	97.004		350,709
007ACRGC	97.004		147
007MCRGA	97.004		169,863
2005-22L	97.004		12,209
008ACRGC	97.004		5,554
008ICRGA	97.004		14,612
008ACRGA	97.004		<u>38,087</u>
			1,498,168
Urban Areas Security Initiative	97.008		807,644
<i>Passed Through the State Department of Environmental Protection:</i>			
Citizens Corp/CERT Program	97.053	12060-EHS99530-21880	<u>118,496</u>
Total United States Department of Homeland Security			<u>2,424,308</u>

(Continued on next page)

**CAPITOL REGION COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Federal Grantor/Pass-Through Program Title or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number/ Project Number</u>	<u>Expenditures</u>
United States Department of Transportation			
<i>Passed Through the State of Connecticut Department of Transportation:</i>			
Highway Planning and Construction Cluster:			
FHWA/FTA	20.205	12062-DOT57533-22106	\$ 1,228,725
Highway Safety Cluster:			
State and Community Highway Safety	20.600	12062-DOT57343-22094	35,745
NW Corridor	20.507	12062-DOT57931-22100	99,635
Travel Model Improvement	20.507	12062-DOT57513-22108	117,436
Route 195 Study	20.507	12062-DOT57533-22108	48,546
Route 305 Study	20.507	12062-DOT57533-22108	30,168
New Britain Busway	20.507	12062-DOT57931-22108	<u>19,199</u>
Total United States Department of Transportation			<u>1,579,454</u>
Total Federal Awards Expended			\$ <u>4,034,331</u>

**CAPITOL REGION COUNCIL OF GOVERNMENTS
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010**

Various agencies of the Federal Government have made financial assistance available to the Capitol Region Council of Governments. These grants fund several programs including homeland security, transportation and environmental protection activities.

NOTE - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Capitol Region Council of Governments conform to accounting principles generally accepted in the United States of America as applicable to government entities. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting - The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Capitol Region Council of Governments and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.



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**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

To the Policy Board and Executive Committee of the
Capitol Region Council of Governments
Hartford, Connecticut

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Capitol Region Council of Governments as of and for the year ended June 30, 2010, which collectively comprise the Capitol Region Council of Governments' basic financial statements, and have issued our report thereon dated December 13, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Capitol Region Council of Governments' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Capitol Region Council of Governments' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Capitol Region Council of Governments' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, the Policy Board and Executive Committee, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Blum, Shapiro & Company, P.C.

December 13, 2010

**CAPITOL REGION COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2010**

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported
- Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ yes X no

Identification of major programs:

CFDA #	Name of Federal Program or Cluster
97.004	Homeland Security Cluster
97.008	Urban Areas Security Initiative

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X yes _____ No

II. FINANCIAL STATEMENT FINDINGS

No matters were reported.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.