

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

ANNUAL FINANCIAL REPORT

OF

MICHIANA AREA COUNCIL OF GOVERNMENTS

ST. JOSEPH COUNTY, INDIANA

July 1, 2010 to June 30, 2011



**FILED**  
02/14/2012



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Sandra M. Seanor	07-01-10 to 06-30-12
Fiscal Accounting Manager	Rosemary Barbara	07-01-10 to 06-30-12
Council Chairman	Ernest Wiggins	01-01-10 to 12-31-10
	Frank Lucchese	01-01-11 to 12-31-11
	Dick Moore	01-01-12 to 12-31-12



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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE MICHIANA AREA COUNCIL  
OF GOVERNMENTS, ST. JOSEPH COUNTY, INDIANA

We have audited the accompanying financial statements of the business-type activities of the Michiana Area Council of Governments (MACOG), as of and for the year ended June 30, 2011, which collectively comprise MACOG's basic financial statements. These financial statements are the responsibility of MACOG's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MACOG as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof and for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 30, 2012, on our consideration of MACOG's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming an opinion on MACOG's financial statements that collectively comprise MACOG's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

MACOG has not presented a Management Discussion and Analysis, that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of the basic financial statements.

STATE BOARD OF ACCOUNTS

January 30, 2012



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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 OFFICIALS OF THE MICHIANA AREA COUNCIL  
OF GOVERNMENTS, ST. JOSEPH COUNTY, INDIANA

We have audited the financial statements of the business-type activities of the Michiana Area Council of Governments (MACOG), as of and for the year ended June 30, 2011, which collectively comprise MACOG's basic financial statements and have issued our report thereon, dated January 30, 2012. 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 MACOG's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MACOG's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of MACOG's 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of MACOG'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 significant deficiencies or material weaknesses, as defined above.

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  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether MACOG's 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 MACOG's management, Policy Board, others within the entity, 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. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

January 30, 2012

MICHIANA AREA COUNCIL OF GOVERNMENTS  
STATEMENT OF NET ASSETS  
June 30, 2011

Assets

Current assets:

Cash and cash equivalents	\$ 3,551,757
Interest receivable	549
Accounts receivable	36,981
Due from federal and state grants	698,741
Prepaid items	<u>16,262</u>

Total current assets	<u>4,304,290</u>
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Capital assets:

Capital assets (net of accumulated depreciation)	<u>3,996,733</u>
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Total assets	<u>8,301,023</u>
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Liabilities

Current liabilities:

Accounts payable	218,521
Accrued payroll and withholdings payable	49,320
Compensated absences	<u>6,923</u>

Total current liabilities	<u>274,764</u>
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Noncurrent liabilities:

Pension liability	<u>3,885</u>
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Total liabilities	<u>278,649</u>
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Net Assets

Invested in capital assets, net of related debt	3,996,733
Unrestricted	<u>4,025,641</u>

Total net assets	<u>\$ 8,022,374</u>
------------------	---------------------

The notes to the financial statements are an integral part of this statement.

MICHIANA AREA COUNCIL OF GOVERNMENTS  
STATEMENT OF REVENUES, EXPENSES, AND OTHER CHANGES IN FUND NET ASSETS  
As Of And For The Year Ended June 30, 2011

Operating revenues:	
Federal and state grants	\$ 4,600,464
Other local governmental grants	647,038
Other	<u>1,055,680</u>
Total operating revenues	<u>6,303,182</u>
Operating expenses:	
Salaries and wages	730,237
Employee pensions and benefits	441,031
Contractual services	1,705,785
Legal expense	13,394
Conference training	24,507
Telephone expense	12,523
Materials and supplies	22,335
Maintenance and repairs	50,292
Memberships and subscriptions	5,735
Printing, reproduction, and publication	35,109
Mileage and travel	24,865
Postage expense	7,557
Office rent expense	56,116
Furniture and equipment	(31,324)
Advertising expense	38,872
Depreciation	986,482
Miscellaneous expenses	32,075
In-kind service	437,845
Over/under applied fringe benefits and indirect costs	<u>(23,523)</u>
Total operating expenses	<u>4,569,913</u>
Operating income	<u>1,733,269</u>
Nonoperating revenues (expenses):	
Interest and investment revenue	7,150
Loss on disposal of assets	<u>(778)</u>
Total nonoperating revenues (expenses)	<u>6,372</u>
Change in net assets	1,739,641
Total net assets - beginning	<u>6,282,733</u>
Total net assets - ending	<u><u>\$ 8,022,374</u></u>

The notes to the financial statements are an integral part of this statement.

MICHIANA AREA COUNCIL OF GOVERNMENTS  
STATEMENT OF CASH FLOWS  
As Of And For The Year Ended June 30, 2011

Cash flows from operating activities:	
Receipts from customers and users	\$ 6,313,499
Payments to suppliers and contractors	(2,419,855)
Payments to employees	(1,167,217)
Other operating expenses	<u>23,523</u>
Net cash provided by operating activities	<u>2,749,950</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	<u>(2,116,109)</u>
Cash flows from investing activities:	
Interest received	<u>7,334</u>
Net increase in cash and cash equivalents	641,175
Cash and cash equivalents, July 1	<u>2,910,582</u>
Cash and cash equivalents, June 30	<u>\$ 3,551,757</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	<u>\$ 1,733,269</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	986,482
(Increase) decrease in assets:	
Accounts receivable	12,763
Due from federal and state grants	(2,446)
Prepaid items	(1,117)
Increase (decrease) in liabilities:	
Accounts payable	23,551
Accrued payroll and withholdings payable	3,375
Compensated absence payable	676
Pension liability	<u>(6,603)</u>
Total adjustments	<u>1,016,681</u>
Net cash provided by operating activities	<u>\$ 2,749,950</u>
Noncash investing, capital and financing activities:	
Disposal of assets	\$ (778)

The notes to the financial statements are an integral part of this statement.

MICHIANA AREA COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS

**I. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Michiana Area Council of Governments (MACOG) was established April 6, 1970, under the authority of the Interlocal Cooperation Act of the State of Indiana. MACOG is governed by a board consisting of members from each participating political subdivision as described in the by-laws. MACOG fosters a cooperative effort in resolving common interlocal problems such as air pollution, land use, transportation and water resources.

The accompanying financial statements present the activities of MACOG. There are no significant component units which require inclusion.

**B. Fund Financial Statements**

Business-type activity financial statements consist of the Statement of Net Assets; Statement of Revenues, Expenses, and Other Changes in Fund Net Assets; and the Statement of Cash Flows. These business-type activities rely to a significant extent on grants for support.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The accounts of the business-type activity are maintained and the financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Proprietary funds distinguish operating revenues from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are grants. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Assets, Liabilities and Net Assets or Equity**

**1. Deposits and Investments**

MACOG's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes MACOG to invest in securities, including but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Nonparticipating certificates of deposit, demand deposits and similar nonparticipating negotiable instruments that are not reported as cash and cash equivalents are reported as investments at cost.

Investment income, including changes in the fair value of investments, is reported as revenue in the operating statement.

MICHIANA AREA COUNCIL OF GOVERNMENTS  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

2. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in basic financial statements.

3. Capital Assets

Capital assets, which include machinery and equipment and transportation equipment, are reported in the financial statements.

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Machinery, equipment and other	\$ 500	Straight-line	5-20 years
Transportation equipment	500	Straight-line	3-10 years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

4. Compensated Absences

- a. Sick Leave – MACOG employees earn sick leave at the rate of 8 days per fiscal year. Unused sick leave may be accumulated to a maximum of 90 days. Accumulated sick leave is not paid to employees upon termination.
- b. Vacation Leave – MACOG employees earn vacation leave at rates from 5 days to 20 days per fiscal year based upon the number of years of service. Up to 5 unused vacation leave days may be carried over from the previous year to be used within the first 90 days of the new fiscal year. Unused vacation leave is paid to employees upon termination.

Vacation leave is accrued when incurred.

No liability is reported for sick leave.

**II. Detailed Notes on All Funds**

*A. Deposits and Investments*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to

MICHIANA AREA COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At June 30, 2011, the bank balances held in financial institutions were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund.

**B. Capital Assets**

Capital asset activity for the year ended June 30, 2011, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Machinery and equipment	\$ 1,006,209	\$ 457,615	\$ 79,941	\$ 1,383,883
Transportation equipment	3,874,021	1,658,494	-	5,532,515
Totals	<u>4,880,230</u>	<u>2,116,109</u>	<u>79,941</u>	<u>6,916,398</u>
Less accumulated depreciation for:				
Machinery and equipment	1,168,846	142,305	79,163	1,231,988
Transportation equipment	843,500	844,177	-	1,687,677
Totals	<u>2,012,346</u>	<u>986,482</u>	<u>79,163</u>	<u>2,919,665</u>
Total capital assets, net	<u>\$ 2,867,884</u>	<u>\$ 1,129,627</u>	<u>\$ 778</u>	<u>\$ 3,996,733</u>

**III. Other Information**

**A. Risk Management**

MACOG is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

**B. Subsequent Events**

MACOG is planning on purchasing equipment totaling \$470,000. Funding for these purchases will be provided by an America Recovery Reinvestment Act grant and a Congestion Mitigation and Air Quality grant.

MICHIANA AREA COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. *Pension Plan*

*Public Employees' Retirement Fund*

*Plan Description*

MACOG contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give MACOG authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at three percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. MACOG's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

Annual required contribution	\$	36,899
Interest on net pension obligation		760
Adjustment to annual required contribution		<u>(867)</u>
Annual pension cost		36,792
Contributions made		<u>43,395</u>
Decrease in net pension obligation		(6,603)
Net pension obligation, beginning of year		<u>10,488</u>
Net pension obligation, end of year	\$	<u><u>3,885</u></u>

MICHIANA AREA COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Contribution rates:	
MACOG	6%
Plan members	3%
Actuarial valuation date	07-01-10
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-10
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
06-30-08	\$ 29,270	136%	\$ 14,662
06-30-09	35,903	112%	10,488
06-30-10	36,792	118%	3,885

MICHIANA AREA COUNCIL OF GOVERNMENTS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	(Unfunded) Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	(Unfunded) Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-08	\$ 1,040,508	\$ 905,808	\$ 134,700	115%	\$ 600,845	22%
07-01-09	1,056,911	963,193	93,718	110%	731,508	13%
07-01-10	871,681	1,007,732	(136,051)	86%	765,596	(18%)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE MICHIANA AREA COUNCIL  
OF GOVERNMENTS, ST. JOSEPH COUNTY, INDIANA

Compliance

We have audited the compliance of the Michiana Area Council of Governments (MACOG) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2011. MACOG's major federal programs are identified in the Summary of Auditor's 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 MACOG's management. Our responsibility is to express an opinion on MACOG's 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, Audits of States, Local Governments, and Non-Profit Organizations. 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 MACOG's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of MACOG's compliance with those requirements.

In our opinion, MACOG complied in all material respects with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

Management of MACOG is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered MACOG's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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 School Corporation's internal control over compliance.

REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A deficiency in internal control over compliance 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 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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not design 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.

This report is intended solely for the information and use of MACOG's management, Policy Board, others within the entity, 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. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office audited.

STATE BOARD OF ACCOUNTS

January 30, 2012

MICHIANA AREA COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 30, 2011

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended
<u>U.S. DEPARTMENT OF COMMERCE</u>			
Direct Grant			
Economic Development - Support for Planning Organizations	11.302	06-86-05381	\$ <u>3,222</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Direct Grant			
Federal Transit Cluster			
Federal Transit - Formula Grants	20.507	IN-90-x483	5,898
		IN-90-x528	127,100
		IN-90-x529	15,838
		IN-90-x557	59,848
		IN-90-x577	742,291
		IN-90-x610	<u>189,265</u>
Total for program			<u>1,140,240</u>
ARRA - Federal Transit - Formula Grants		IN-90-x003	<u>955,302</u>
Total for cluster			<u>2,095,542</u>
Pass-Through Indiana Department of Transportation			
Highway Planning and Construction Cluster			
Highway Planning and Construction	20.205	PL-10801386	307,882
		PL-11802325	459,128
		CMAQ-08810470	44,606
		CMAQ-10801415	675,202
		CMAQ-09801629	44,271
		SPR-10805202	42,725
		STP-06020981	<u>146,931</u>
Total for cluster			<u>1,720,745</u>
Total for federal grantor agency			<u>3,816,287</u>
<u>ENVIRONMENTAL PROTECTION AGENCY</u>			
Pass-Through Indiana Department of Environmental Management			
ARRA - Water Quality Management Planning	66.454	ARN # A305-10-20	<u>17,463</u>
Total federal awards expended			<u>\$ 3,836,972</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

MICHIANA AREA COUNCIL OF GOVERNMENTS  
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

***Basis of Presentation***

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Michiana Area Council of Governments (primary government) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



MICHIANA AREA COUNCIL OF GOVERNMENTS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

MICHIANA AREA COUNCIL OF GOVERNMENTS  
EXIT CONFERENCE

The contents of this report were discussed on January 30, 2012, with Sandra M. Seanor, Executive Director; Rosemary Barbara, Fiscal Accounting Manager; and Debbie Gardner, Fiscal Accounting Manager. Our audit disclosed no material items that warrant comment at this time.