

**WESTERN CONNECTICUT COUNCIL
OF GOVERNMENTS**

FINANCIAL STATEMENTS

SIX-MONTH PERIOD ENDED JUNE 30, 2015

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
FINANCIAL STATEMENTS
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JUNE 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

Council Members
Western Connecticut Council of Governments
Stamford, CT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and the major fund information of Western Connecticut Council of Governments of Stamford, Connecticut, as of and for the six-month period ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Western Connecticut Council of Governments, as of June 30, 2015, and the respective changes in financial position for the six-month period then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 8 and 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Western Connecticut Council of Governments' basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance by Project, Schedule of Direct and Indirect Costs, Determination of Indirect Cost Rate, and Financial Summary Report-Conn DOT are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is not a required part of the basic financial statements.

The Schedule of Revenues, Expenditures and Changes in Fund Balance by Project, Schedule of Direct and Indirect Costs, Determination of Indirect Cost Rate, Financial Summary Report-Conn DOT, and the Schedule of Expenditures of State Financial Assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in

accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures and Changes in Fund Balance by Project, Schedule of Direct and Indirect Costs, Determination of Indirect Cost Rate, Financial Summary Report-Conn DOT, 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 January 15, 2016, on our consideration of Western Connecticut Council of Governments' 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 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 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 Western Connecticut Council of Governments' internal control over financial reporting and compliance.

Henry, Raymond & Thompson, LLC

Henry, Raymond & Thompson, LLC
South Windsor, Connecticut
January 15, 2016

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015

This discussion and analysis of Western Connecticut Council of Governments' financial performance is provided by management to provide an overview of the Agency's financial activities for the six-month period ended June 30, 2015. Please read this MD&A in conjunction with the Agency's financial statements.

Western Connecticut Council of Governments began January 1, 2015 as a successor entity of South Western Regional Planning Agency and Housatonic Valley Council of Elected Officials. Comparative figures from the six-month period ended December 31, 2014, represent the combined ending balances of South Western Regional Planning Agency and Housatonic Valley Council of Governments. This discussion and analysis relate to the first six months of the Agency's operations.

FINANCIAL HIGHLIGHTS

- Western Connecticut Council of Governments began January 1, 2015 as a successor entity of South Western Regional Planning Agency and Housatonic Valley Council of Governments
- The net position of our governmental activities increased by \$26,741
- The Agency received total funding of \$1,090,946, which includes investment earnings of \$242
- The General Fund reported a fund balance this period of \$1,061,824

OVERVIEW OF THE FINANCIAL STATEMENTS

This report consists of a series of financial statements. The statement of net position and the statement of activities provide information about the activities of the Agency as a whole and present a longer-term view of the Agency's finances. Fund financial statements tell how these services were financed in the short-term as well as what remains for future spending.

Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide readers with a broad overview of the Agency's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the Agency'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 Agency is improving or deteriorating.

The Statement of Activities presents information showing how the Agency's net position changed during the period. All changes in net position are reported when 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 revenues and earned but unused compensated absences).

Both of the Government-Wide Financial Statements distinguish between functions of the Agency that are principally supported by intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Agency include the basic services of the Agency, including planning, pension and insurance and general administration. Local dues and state and federal grants finance most of these activities. The Agency does not have business-type activities.

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds - not the Agency as a whole.

All of the Agency's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at the period-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Agency's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Agency's programs. The relationship (or difference) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in reconciliation on the following page.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The Agency's combined net position increased during the six-month period to \$1,072,269 from \$1,045,528. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Agency's governmental activities.

Table 1		
<i>Net Position</i>		
	Governmental Activities	
	June 30, 2015	December 31, 2014
Current and other assets	\$ 1,900,170	\$ 1,501,208
Capital assets	10,445	16,982
Total assets	1,910,615	1,518,190
Liabilities	838,346	472,662
Net	<u>1,072,269</u>	<u>1,045,528</u>
Net position:		
Invested in capital assets	10,445	16,982
Unrestricted	<u>1,061,824</u>	<u>1,028,546</u>
Total net position	<u>\$ 1,072,269</u>	<u>\$ 1,045,528</u>

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, increased from \$1,028,546 to \$1,061,824 at the end of this period.

Table 2
Changes in Net Position

	Governmental Activities	
	June 30,	December 31,
	2015	2014
Revenues:		
Program revenues:		
Operating grants	\$ 954,862	\$ 780,530
General revenues:		
Unrestricted investment earnings	242	863
Housatonic Resource Recovery Authority	1,050	-
Miscellaneous income	-	3,094
Local government assessments	134,792	134,994
Total revenues	<u>1,090,946</u>	<u>919,481</u>
Program expenses:		
Consolidated Planning Grant US DOT	488,291	550,293
Local Transportation Capital Improvement	11,134	18,851
DEMHS Regional Planning Hazard Material	6,126	4,329
Regional Planning/Administration	188,263	142,387
Ridgefield TOD	18,735	5,488
RPI GIS	322,565	201,938
DEMHS Citizen Corps	2,366	6,425
Hazard Mitigation Plan	2,460	23,795
Public Health Emergency Planning	8,110	7,246
Stamford Bus & Shuttle	16,155	1,161
Westport Greens	-	9,921
Westport Bus Ops	-	4,705
Stamford TOD	-	1,666
Harbor Point	-	2,000
Darien Route 1	-	7,916
Connecticut Association of Directors of Health	-	4,386
Total program expenses	<u>1,064,205</u>	<u>992,507</u>
Special items:		
Pension overfunding refund	<u>-</u>	<u>95,590</u>
Increase in net position	<u>\$ 26,741</u>	<u>\$ 22,564</u>

For the six-month period ended June 30, 2015, the Agency's total revenues were \$1,090,946 compared to \$919,481 for the six-month period ended December 31, 2014, an increase of \$171,465 or 18.65%. The total cost of all programs and services for the six-month period ended June 30, 2015 was \$1,064,205 compared to \$992,507 for the six-month period ended December 31, 2014, an increase of \$71,698 or 7.22%.

AGENCY FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Agency completed the six-month period, its governmental funds (as presented in the Balance Sheet-Governmental Funds) reported a combined fund balance of \$1,061,824, which increased during the six-month period from \$1,028,546.

General Fund Budgetary Highlights

The Agency's general fund revenues were \$1,463,013 under budget, however the Agency's general fund expenditures were also under budget by an amount of \$1,040,255.

The Agency normally receives grant revenues based on actual expenditures submitted and approved by the granting agency.

CAPITAL ASSETS

At June 30, 2015, the Agency had \$109,598 invested in office equipment, which comprise capital assets, offset by accumulated depreciation of \$99,153, for net capital assets of \$10,445. This amount represents a net decrease of \$6,537 during the six-month period, which includes additions of \$0, disposals of \$3,524, and depreciation of \$3,013.

Table 3
Capital Assets at Year-End (Net of Depreciation)

	Governmental Activities	
	June 30, 2015	December 31, 2014
Office equipment	\$ 10,445	\$ 16,982
Totals	\$ 10,445	\$ 16,982

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the Agency's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Francis Pickering, Executive Director
Western Connecticut Council of Governments
888 Washington Blvd, 3rd Floor
Stamford, CT 06901

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2015

	<u>Government Activities</u>
Assets:	
Cash and cash equivalents	\$ 1,555,179
Accounts receivable	308,461
Due from government merger	11,719
Prepaid expenses and other current assets	24,811
Office equipment	109,598
Accumulated depreciation	<u>(99,153)</u>
Total assets	<u><u>\$ 1,910,615</u></u>
Liabilities:	
Accounts payable	\$ 109,072
Deferred revenue	635,635
Accrued expenses	<u>93,639</u>
Total liabilities	<u>838,346</u>
Net Position:	
Net investment in capital assets	10,445
Restricted net position	-
Unrestricted net position	<u>1,061,824</u>
Total net position	<u>1,072,269</u>
Total liabilities and net position	<u><u>\$ 1,910,615</u></u>

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

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015**

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position
		Operating Grants	Government Activities
Governmental Activities:			
Planning Projects:			
Consolidated Planning	\$ 488,291	\$ 439,462	\$ (48,829)
Local Transportation Capital Improvement	11,134	11,505	371
DEMHS Region 5	6,126	18,650	12,524
DEMHS Citizen Corps	2,366	2,437	71
Ridgefield TOD	18,735	21,057	2,322
Stamford Bus & Shuttle	16,155	16,425	270
RPI GIS	322,565	322,565	-
Hazard Mitigation Plan Update	2,460	5,557	3,097
Public Health Emergency Planning	8,110	8,110	-
Regional Planning/Administration	188,263	109,094	(79,169)
	<u>\$ 1,064,205</u>	<u>\$ 954,862</u>	(109,343)
General Revenues:			
Local cash contributions			134,792
Housatonic Resource Recovery Authority			1,050
Interest income			242
Total general revenues			<u>136,084</u>
Change in net position			26,741
Net position, beginning			<u>1,045,528</u>
Net position, ending			<u>\$ 1,072,269</u>

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

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
BALANCE SHEET-GOVERNMENTAL FUNDS
JUNE 30, 2015**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 1,555,179
Accounts receivable	308,461
Due from government merger	11,719
Prepaid expenses and other current assets	<u>24,811</u>
Total assets	<u><u>\$ 1,900,170</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 109,072
Deferred revenue	635,635
Accrued expenses	<u>93,639</u>
Total liabilities	<u>838,346</u>
FUND BALANCE	
Unassigned	<u>1,061,824</u>
Total fund balance	<u>1,061,824</u>
Total liabilities and fund balance	<u><u>\$ 1,900,170</u></u>

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

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO
THE STATEMENT OF NET POSITION
JUNE 30, 2015**

Total fund balance-governmental funds	\$ 1,061,824
Capital assets used in governmental activities are not financial resources and therefore are not reported in the government fund financial statements	109,598
Accumulated depreciation has not been included in the governmental fund financial statements	<u>(99,153)</u>
Net position of governmental activities	<u><u>\$ 1,072,269</u></u>

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

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015

	<u>General Fund</u>
Revenues:	
US DOT	\$ 422,490
US DHS	7,994
US EPA	18,650
Conn DOT	63,619
Conn OPM	431,659
Local Other	10,450
Housatonic Resource Recovery Authority	1,050
Local Dues	134,792
Interest Income	242
Total revenues	<u>1,090,946</u>
Expenditures:	
Salaries	409,230
Payroll taxes	33,671
Group insurance	56,261
Pension	31,500
Consultants	406,820
Accounting & legal	4,989
Other professional services	8,161
Rent	29,872
Supplies	4,350
Telephone	10,113
Reproductions	1,376
Office repair & maintenance	2,232
Software	1,090
Travel	7,796
Dues & subscriptions	64
Postage	628
Bond & insurance	7,273
Equipment rental	8,862
Meetings/seminars	203
Advertising	1,194
Recruitment/relocation	265
Service agreements	19,695
Utilities	4,240
Miscellaneous	7,783
Capital outlay:	
Equipment acquisitions	-
Total expenditures	<u>1,057,668</u>
Excess of revenues under expenditures	<u>33,278</u>
Net change in fund balance	33,278
Fund balance, Beginning	<u>1,028,546</u>
Fund balance, Ending	<u>\$ 1,061,824</u>

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

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015**

Total net change in fund balance-governmental funds	\$ 33,278
Loss on disposal of assets	(3,524)
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The effect of the current period's depreciation is to decrease net position.	<u>(3,013)</u>
Change in net position of governmental activities	<u><u>\$ 26,741</u></u>

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

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SIX-MONTH PERIOD ENDED JUNE 30, 2015

Note 1 - Summary of Significant Accounting Policies

Western Connecticut Council of Governments is operating under the applicable laws and regulations of the State of Connecticut. The Agency prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in AU Section 411 of the American Institute of Certified Public Accountants and it complies with the requirements of contracts and grants of agencies from which it receives funds.

Reporting Entity

Western Connecticut Council of Governments, in accordance with section 8-31b of the Connecticut General Statutes, which states that each regional planning agency and each council of elected officials shall be restructured to form a regional council of governments, was officially established on January 1, 2015. Western Connecticut Council of Governments is the result of the combination of South Western Regional Planning Agency and Housatonic Valley Council of Elected Officials.

The Agency is a non-taxable association of area municipalities. The Agency's primary responsibility is to provide planning services for the region's land use management, and transportation planning under Connecticut State Statute Chapter 127 section 8-31 through 8-37B and Federal ISTEA/TEA-21 Transportation Legislation. There are no component units included within the reporting entity. In addition, the income of the Agency is exempt from federal taxation under Section 115 of the Internal Revenue Code because it is a political subdivision of the State of Connecticut.

Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are agency-wide financial statements. They report information on all of the agency's non-fiduciary activities. Governmental activities include programs supported primarily by grants and local contributions. The Agency has no business-type activities that rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The agency-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SIX-MONTH PERIOD ENDED JUNE 30, 2015**

increases and decreases in current assets (i.e. revenue and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable.

Revenues from local sources consist primarily of local dues. Local dues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures are made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made.

Fund Accounting

The Agency reports the following major governmental fund:

1. The General Fund – The general fund is the Agency’s primary operating fund. It accounts for all financial resources.

Other Accounting Policies

Capital Assets

Capital assets, which include office equipment, are reported in the applicable governmental activities column in the agency-wide financial statements. Capital assets are defined by the Agency as assets with an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost, if purchased or constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Office equipment of the Agency is depreciated using the straight-line method over the estimated useful lives of 3 to 5 years.

Budget

The Agency adopts an “appropriated budget” on a basis consistent with GAAP for the General Fund. The Agency is required to present the adopted and final amended budgeted revenues and expenditures for this fund. The General Fund Budget appears in Exhibit I.

The Agency Board of Directors requires that the budget is presented to the Board for final approval in June, for the following fiscal year, and adheres to this policy annually.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SIX-MONTH PERIOD ENDED JUNE 30, 2015**

Net Position and Fund Balance

Government-Wide Financial Statements

When the Agency incurs an expense for which it may use either restricted or unrestricted net position, it uses restricted net position first unless unrestricted net position has to be returned because it was not used. Net position on the Statement of Net Position includes the following:

Net Investment in Capital Assets - The component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Unrestricted - The difference between the assets and liabilities that is not reported in Net Investment in Capital Assets.

Governmental Fund Financial Statements

In the fund financial statements, governmental funds report fund balances as either a reserved fund balance or an unreserved fund balance.

Compensated Absences

The Agency does not accrue paid benefit leave time on exempt employees beyond the calendar year. Sick and vacation time must be used in the year earned or all unused time expires unless the Executive Director grants remaining vacation balances to be carried over to the next year on an individual basis.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Deferred Revenues

The Agency reports unearned deferred revenue in the governmental fund balance sheet. Deferred revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period.

Subsequent Events

As of January 15, 2016, the Agency evaluated all subsequent events and noted no recognized or non-recognized events or transactions subsequent to June 30, 2015.

Financial Statements for the Agency were available to be issued as of January 15, 2016.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SIX-MONTH PERIOD ENDED JUNE 30, 2015**

Note 2 - Cash

A reconciliation of the Agency's cash and cash equivalents as of June 30, 2015 is as follows:

Government-Wide Statement of Net Position:

Cash deposits	\$ 1,555,179
Cash equivalents	<u>-</u>
	<u>\$ 1,555,179</u>

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an "out-of-state bank," as defined by the Statutes, which is not a "qualified public depository." The Connecticut General Statutes (Section 7-400) permit municipalities 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 and 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. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

Policy of Cash Equivalents

For purposes of the statement of net position, cash equivalents include time deposits, certificates of deposit, and all highly liquid debt instruments with original maturities of three months or less.

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Agency's deposits will not be returned. The Agency does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the State of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository's risk-based capital ratio. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, the Agency's bank balances totaling \$1,555,179 were not fully insured under FDIC. As of June 30, 2015, \$1,144,723 of the Agency's bank balance was exposed to custodial credit risk as follows:

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SIX-MONTH PERIOD ENDED JUNE 30, 2015

Uninsured and uncollateralized \$ 1,030,251

Uninsured and collateralized with securities held by
the pledging bank's trust department or agent but
not in the Government's name

114,472

\$ 1,144,723

As of the six-month period ended June 30, 2015, the Agency did not hold any investments.

Note 3 - Capital Asset Activity

Capital asset activity for the Agency for the six-month period ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Sales, Transfers or Disposition</u>	<u>Acquisitions</u>	<u>Ending Balance</u>
Governmental Activities:				
Office equipment, at historic cost	<u>\$ 160,054</u>	<u>\$ (50,456)</u>	<u>\$ -</u>	<u>\$ 109,598</u>
Less: Accumulated depreciation	<u>143,072</u>	<u>(46,932)</u>	<u>3,013</u>	<u>\$ 99,153</u>
Governmental activities capital assets, net	<u><u>\$ 16,982</u></u>	<u><u>\$ (3,524)</u></u>	<u><u>\$ (3,013)</u></u>	<u><u>\$ 10,445</u></u>

Depreciation expense was charged to governmental functions as follows:

General Planning and Administration	<u>\$ 3,013</u>
Total Depreciation Expense	<u><u>\$ 3,013</u></u>

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SIX-MONTH PERIOD ENDED JUNE 30, 2015

Note 4 – Revenue

During the six-month period ended June 30, 2015, the Agency received \$954,353 or 86.7% of its revenue from federal and state sources. During the current six-month period, general fund source revenues consisted of the following:

Federal grant revenue	\$ 449,134	41.2%
State grant revenue	495,278	45.4%
Local revenue	145,242	13.3%
Housatonic Resource Recovery Authority	1,050	0.1%
Interest income	242	0.0%
Revenue received	<u>\$ 1,090,946</u>	<u>100.0%</u>
Total revenue	<u>\$ 1,090,946</u>	<u>100.0%</u>

Note 5 - Accounts Receivable

Receivables as of period-end for the Agency's general fund including any applicable allowances for uncollectible accounts consists of the following as of June 30, 2015:

State and federal grants	\$ 212,871
Pension receivable	<u>95,590</u>
Net total receivables	<u>\$ 308,461</u>

Note 6 - Prepaid Expenses

Prepaid expenses consist of the following as of June 30, 2015:

Rent	\$ 3,761
Transit checks	1,947
Prepaid service agreements	8,314
Prepaid liability insurance	110
Prepaid dues & subscriptions	2,648
Prepaid medical benefit	7,984
Security deposit	<u>47</u>
	<u>\$ 24,811</u>

Note 7 - Accrued Expenses

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SIX-MONTH PERIOD ENDED JUNE 30, 2015**

Accrued expenses consist of the following as of June 30, 2015:

Accrued audit	\$ 19,670
Accrued pension	29,750
Accrued payroll taxes	39
Accrued vacation	44,180
	<hr/>
	\$ 93,639
	<hr/>

Note 8 - Leasing Arrangements

The Agency contracts with the City of Stamford to lease for one of its current facility office spaces. The lease expires on September 30, 2015. Rental payments under this lease amounted to \$23,482 for the six-month period ended June 30, 2015.

The lease was assumed by the new government, Western Connecticut Council of Governments. Future minimum lease payments for year ending June 30 under this lease arrangement are:

2016	\$ 11,741
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The Agency also leases office space located at 162 Whisconier Road from the Town of Brookfield. The Agency currently leases the space on a month to month basis at a rate of \$1,000 per month.

Note 9 - Pension Plan

The Agency maintained a 401(a) defined contribution pension plan, Western Connecticut Council of Governments 401(a) Plan and Trust, which covers all employees who have completed six months of continuous service. An employee is required to complete a year of service during a plan year and be employed on the last day of such plan year to share in the allocation of the employer's non-elective contribution and forfeitures. The plan is a single-employer plan, administered by PASI, LLC.

The following is a summary of funding policies, contribution methods, and benefit provisions:

Employer contribution requirements	8% of employee's total compensation for the year; voluntary employee contributions are not allowed
Plan eligibility	Six months of continuous service
Normal retirement benefit	Age 65
Vesting	4 years
Disability benefit	Fully vested prior to normal retirement date

Pension expense for the six-month period ended June 30, 2015 was \$29,750.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SIX-MONTH PERIOD ENDED JUNE 30, 2015**

In addition to the defined contribution pension plan, the Agency sponsors a non-contributory 457(b) plan named Western Connecticut Council of Governments Voluntary Retirement Plan. Employees may voluntarily elect to defer a portion of their salaries to this plan. There is no employer contribution to this plan.

Note 10 - Commitments and Contingencies

The Agency has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, Agency management believes such disallowance, if any, will not be material.

Note 11 - Risk Management

The Agency is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the Agency carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
SIX-MONTH PERIOD ENDED JUNE 30, 2015

Note 12 – Government Combination

Effective January 1, 2015, Western Connecticut Council of Governments was formed as a successor organization of South Western Regional Planning Agency and Housatonic Valley Council of Elected Officials. The initial opening balances of Western Connecticut Council of Governments' assets, liabilities, and net position, as of the beginning of the period, were determined on the basis of carrying values reported in the separate financial statements of South Western Regional Planning Agency and Housatonic Valley Council of Elected Officials as of December 31, 2014, as follows:

	South Western Regional Planning Agency	Housatonic Valley Council of Elected Officials	Total	Adjustments		Total
				Debit	Credit	
Assets:						
Cash and cash equivalents	\$ 558,388	\$ 530,945	\$ 1,089,333	\$ 100,000	\$ -	\$ 1,189,333
Accounts receivable	161,666	124,611	286,277	-	-	286,277
Prepaid expenses and other current assets	17,850	-	17,850	7,748	-	25,598
Office equipment	-	-	-	160,054	-	160,054
Accumulated depreciation	-	-	-	-	143,072	(143,072)
Total assets	737,904	655,556	1,393,460	267,802	143,072	1,518,190
Liabilities:						
Accounts payable	183,897	22,749	206,646	-	-	206,646
Deferred revenue	159,267	56,484	215,751	-	-	215,751
Accrued expenses	22,390	27,875	50,265	-	-	50,265
Due to new government	372,350	548,448	920,798	920,798	-	-
Total liabilities	737,904	655,556	1,393,460	920,798	-	472,662
Net Position:						
Net investment in capital assets	-	-	-	-	16,982	16,982
Restricted net position	-	-	-	-	-	-
Unrestricted net position	-	-	-	-	1,028,546	1,028,546
Total net position	-	-	-	-	1,045,528	1,045,528
Total liabilities and net position	\$ 737,904	\$ 655,556	\$ 1,393,460	\$ 920,798	\$ 1,045,528	\$ 1,518,190

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015**

EXHIBIT I

	Original Budget	Final Budget	Actual June 30, 2015	Variance
Revenue				
Consolidated Planning	\$ 674,032	\$ 674,032	\$ 439,462	(234,570)
Stamford Bus & Shuttle	375,000	375,000	16,425	(358,575)
Stamford TOD	5,000	5,000	-	(5,000)
Local Transportation Capital Improvement	305,164	305,164	11,505	(293,659)
DEMHS Citizen Corps	3,000	3,000	2,437	(563)
RPI GIS Grant	225,000	225,000	322,565	97,565
Westport-Rail Parking Study	15,000	15,000	-	(15,000)
Westport Bus Ops	15,000	15,000	-	(15,000)
Hazard Mitigation Plan Update	51,750	51,750	5,557	(46,193)
Interest income	-	-	242	242
Conn OPM-SGIA	419,568	419,568	109,094	(310,474)
DEMHS Regional Planning Hazard Material	14,800	14,800	18,650	3,850
Ridgefield TOD	256,250	256,250	21,057	(235,193)
Route 7 Implementation	20,000	20,000	-	(20,000)
Public Health Emergency Planning	7,000	7,000	8,110	1,110
Reserve Fund	32,603	32,603	-	(32,603)
Housatonic Resource Recovery Authority	-	-	1,050	1,050
Local dues	134,792	134,792	134,792	-
Total Revenues	2,553,959	2,553,959	1,090,946	(1,463,013)
Expenditures				
Salaries	452,755	452,755	409,230	(43,525)
Payroll taxes	36,729	36,729	33,671	(3,058)
Group insurance	66,108	66,108	56,261	(9,847)
Pension	36,894	36,894	31,500	(5,394)
Consultants	1,324,247	1,324,247	406,820	(917,427)
Accounting & legal	7,500	7,500	4,989	(2,511)
Other professional services	20,000	20,000	8,161	(11,839)
Rent	29,945	29,945	29,872	(73)
Supplies	5,500	5,500	4,349	(1,151)
Telephone	9,488	9,488	10,113	625
Reproductions	1,750	1,750	1,376	(374)
Office repairs & maintenance	-	-	2,232	2,232
Software	-	-	1,090	1,090
Travel	9,150	9,150	7,796	(1,354)
Dues & subscriptions	4,950	4,950	64	(4,886)
Postage	1,900	1,900	628	(1,272)
Bond and insurance	7,000	7,000	7,273	273
Equipment rental	10,911	10,911	8,862	(2,049)
Depreciation	3,000	3,000	3,013	13
Meetings/seminars	280	280	203	(77)
Legal notices/ads	3,000	3,000	1,194	(1,806)
Recruitment/relocation	500	500	265	(235)
Service agreements	57,972	57,972	19,695	(38,277)
Utilities	7,980	7,980	4,240	(3,740)
Miscellaneous	6,900	6,900	7,783	883
Loss on disposal of assets	-	-	3,524	3,524
Total Expenses	2,104,459	2,104,459	1,064,204	(1,040,255)
Excess (Deficiency) of Revenue over Expenditures	\$ 449,500	\$ 449,500	26,742	\$ (422,758)
Net Position January 1, 2015			1,045,528	
Net Position June 30, 2015			<u>\$ 1,072,270</u>	

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

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE BY PROJECT
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015**

EXHIBIT II

	Total	Indirect Costs	General Fund	Consolidated Planning Grant US		RPI-GIS	Local Transportation		DEMHS Region 5	Pre-Disaster Hazard Mitigation Plan Update		Citizen's Corp CERT Program	Ridgefield TOD	Regional Planning SGIA		Stanford Bus & Shuttle	Public Health Emergency Planning
				DOT - SWRPA	DOT - HVCEO		Improvements	Capital									
Resources																	
US DOT	\$ 422,490			\$ 222,135	\$ 168,498				\$ -				\$ 18,717			\$ 13,140	
US EPA	18,650								18,650								
US DHS	7,994									5,557		2,437					
Total Federal Awards	449,134	-		222,135	168,498				18,650	5,557		2,437	18,717			13,140	-
Conn DOT	63,619			27,767	21,062			11,505	-							3,285	
Conn OPM	431,659																
Local Dues	134,792		81,771	27,767	21,062		322,565			1,852			2,340	109,094			
Local Other	11,500		1,050										2,340				8,110
Interest Income	242		242														
Total Resources	\$ 1,090,946	\$ -	\$ 83,063	\$ 277,669	\$ 210,622	\$ 322,565	\$ 322,565	\$ 11,505	\$ 18,650	\$ 7,409	\$ 2,437	\$ 23,397	\$ 109,094	\$ 16,425	\$ 16,425	\$ 8,110	

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

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE BY PROJECT
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2015**

EXHIBIT II, Con't

	Total	Indirect Costs	General Fund	Consolidated Planning Grant US DOT - SWRPA	Consolidated Planning Grant US DOT - HYCEO	RPI-GIS	Local Transportation Capital Improvements	DEMHS Region 5	Pre-Disaster Hazard Mitigation Plan Update	Citizen's Corp CERT Program	Ridgefield TOD	Regional Planning SGIA	Stamford Bus & Shuttle	Public Health Emergency Planning
Expenditures														
Salaries	\$ 409,230	\$ 139,752	\$ 29,121	\$ 114,663	\$ 78,256		\$	\$ 4,638	\$ 2,552	\$ 6,021	\$ 908	\$ 2,533	\$ 30,786	
Payroll taxes	\$ 33,671	\$ 33,671	-	-	-	-	-	-	-	-	-	-	-	
Group insurance	\$ 56,261	\$ 56,261	-	-	-	-	-	-	-	-	-	-	-	
Pension	\$ 31,500	\$ 31,500	-	-	-	-	-	-	-	-	-	-	-	
Consultants	\$ 406,820	-	14,471	-	22,761	320,333	-	-	6,019	-	-	14,634	16,155	8,110
Accounting & legal	\$ 4,989	\$ 4,989	-	-	-	-	-	-	-	-	-	-	-	
Other professional services	\$ 8,161	\$ 8,161	-	-	-	-	-	-	-	-	-	-	-	
Rent	\$ 29,872	\$ 29,872	600	-	-	-	-	-	-	-	-	-	-	
Supplies	\$ 4,350	\$ 4,350	-	-	-	-	-	-	-	-	-	-	-	
Telephone	\$ 10,113	\$ 9,607	506	-	-	-	-	-	-	-	-	-	-	
Reproductions	\$ 1,376	\$ 1,034	122	-	-	-	-	-	-	-	-	220	-	
Office repairs and maintenance	\$ 2,232	-	-	-	-	2,232	-	-	-	-	-	-	-	
Software	\$ 1,090	\$ 1,090	-	2,409	-	-	-	-	-	186	-	2,831	-	
Travel	\$ 7,796	\$ 2,338	32	-	-	-	-	-	-	-	-	-	-	
Dues & subscriptions	\$ 64	\$ 64	-	-	-	-	-	-	-	-	-	-	-	
Postage	\$ 628	\$ 628	-	-	-	-	-	-	-	-	-	-	-	
Bond & insurance	\$ 7,273	\$ 6,909	364	-	-	-	-	-	-	-	-	-	-	
Equipment rental	\$ 8,862	\$ 8,322	540	-	-	-	-	-	-	-	-	-	-	
Depreciation	\$ 3,013	\$ 3,013	-	-	-	-	-	-	-	-	-	-	-	
Meetings/seminars	\$ 203	\$ 203	-	-	-	-	-	-	-	-	-	-	-	
Advertising	\$ 1,194	\$ 1,194	-	-	-	-	-	-	-	-	-	-	-	
Recruitment/relocation	\$ 265	\$ 265	-	-	-	-	-	-	-	-	-	-	-	
Service agreements	\$ 19,695	\$ 19,695	-	-	-	-	-	-	-	-	-	-	-	
Utilities	\$ 4,240	\$ 3,837	403	-	-	-	-	-	-	-	-	-	-	
Loss on disposal of assets	\$ 3,524	\$ 3,524	-	-	-	-	-	-	-	-	-	-	-	
Miscellaneous	\$ 7,783	\$ 7,756	27	-	-	-	-	-	-	-	-	-	-	
Local match fund transfers	\$ -	\$ -	(14,016)	-	-	-	-	-	(9,580)	-	-	-	-	
Indirect costs applied (140.06%)	\$ -	\$ (328,211)	-	160,597	109,605	-	-	6,496	3,574	1,272	(1,980)	25,576	-	
Total Expenditures	\$ 1,064,205	\$ 49,224	\$ 32,170	\$ 277,669	\$ 210,622	\$ 322,565	\$ 11,134	\$ 6,126	\$ 2,460	\$ 2,366	\$ 18,735	\$ 106,869	\$ 16,155	\$ 8,110
Revenues in excess of expenditures	\$ 26,741	\$ (49,224)	\$ 50,893	\$ -	\$ -	\$ -	\$ -	\$ 371	\$ 12,524	\$ 4,949	\$ 71	\$ 4,662	\$ 270	\$ -
Capital additions														
Depreciation	3,013													
Loss on disposal of assets	3,524													
Fund Balance January 1, 2015	1,028,546													
Fund Balance June 30, 2015	\$ 1,061,824													

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

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
DETERMINATION OF INDIRECT COST RATE
JUNE 30, 2015**

EXHIBIT III

	<u>TOTAL COSTS</u>	<u>DIRECT COSTS</u>	<u>INDIRECT COSTS</u>
Salaries	\$ 409,230	\$ 269,478	\$ 139,752
Payroll taxes	33,671	-	33,671
Group insurance	56,261	-	56,261
Pension	31,500	-	31,500
Consultants	406,820	406,820	-
Accounting & legal	4,989	-	4,989
Other professional services	8,161	-	8,161
Rent	29,872	600	29,272
Recruitment/relocation	265	-	265
Telephone	10,113	506	9,607
Reproductions	1,376	342	1,034
Office repairs & maintenance	2,232	2,232	-
Supplies	4,350	-	4,350
Travel	7,796	5,458	2,338
Dues & subscriptions	64	-	64
Postage	628	-	628
Bond & insurance	7,273	364	6,909
Equipment rental	8,862	540	8,322
Software	1,090	-	1,090
Depreciation	3,013	-	3,013
Legal notices/ads	1,194		1,194
Meetings/seminars	203		203
Miscellaneous	7,783	27	7,756
Service agreements	19,695		19,695
Utilities	4,240	403	3,837
Loss on disposal of assets	3,524		3,524
Total Costs	<u><u>\$ 1,064,205</u></u>	<u><u>\$ 686,770</u></u>	377,435
Total Indirect Costs Absorbed by Agency			<u>-</u>
Total Allowable Indirect Costs			<u><u>\$ 377,435</u></u>

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

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
DETERMINATION OF INDIRECT COST RATE
JUNE 30, 2015**

EXHIBIT IV

Total payroll for the year	\$ 409,230	
Less administrative, support and leave	<u>139,752</u>	
Payroll base	<u>269,478</u>	<u>100.00%</u>
Total Indirect Costs	377,435	
Less unallowable costs	<u>-</u>	
Total Allowable Indirect Costs	<u>377,435</u>	<u>140.06%</u>

Summary of Indirect Costs

Non-assignable salaries	139,752	51.86%
Fringe and payroll taxes	121,432	45.06%
Overhead	<u>116,251</u>	<u>43.14%</u>
	<u>\$ 377,435</u>	<u>140.06%</u>

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

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
FINANCIAL SUMMARY REPORT – CONN DOT
SIX-MONTH PERIOD ENDED JUNE 30, 2015**

EXHIBIT V

**Consolidated
Planning Grant
State Project No.
DOT07159996PL**

SOURCE OF FUNDS

I. Maximum funds authorized

US DOT	\$ 737,307
Conn DOT Match	92,165
Local match	92,165
TOTAL	921,636

II. Audited Expenditures

Direct Salaries	255,550
Indirect at 140.06% (2015)/112.04% (12/2014 SWRPA)	318,447
Direct Costs	4,690
TOTAL	578,687

III. Distribution of Audited Costs

US DOT	462,950
Conn DOT Match	57,869
Local Match	57,869
TOTAL	578,687

IV. Conn DOT Responsibility

US DOT	462,950
Conn DOT Match	57,869
TOTAL	520,818

Payment received to June 30, 2015	486,078
Payment received after June 30, 2015	53,036
TOTAL PAYMENTS RECEIVED	539,114

Due to ConnDOT	\$ (18,296)
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**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
FINANCIAL SUMMARY REPORT – CONN DOT
SIX-MONTH PERIOD ENDED JUNE 30, 2015**

EXHIBIT VI

**Consolidated
Planning Grant
State Project No.
DOT07159996PL**

SOURCE OF FUNDS

I. Maximum funds authorized

US DOT	\$ 352,662
Conn DOT Match	44,084
Local match	44,084
TOTAL	440,830

II. Audited Expenditures

Direct Salaries	149,913
Indirect at 140.06% (2015)/190.51% (12/2014 HVCEO)	248,125
Direct Costs	65,816
TOTAL	463,854

III. Distribution of Audited Costs

US DOT	371,083
Conn DOT Match	46,385
Local Match	46,385
TOTAL	463,854

IV. Conn DOT Responsibility

US DOT	371,083
Conn DOT Match	46,385
TOTAL	417,469

Payment received to June 30, 2015	370,531
Payment received after June 30, 2015	35,670
TOTAL PAYMENTS RECEIVED	406,201

Due from ConnDOT	\$ 11,268
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**WESTERN CONNECTICUT COUNCIL
OF GOVERNMENTS**

STATE SINGLE AUDIT REPORT

JUNE 30, 2015



**HENRY, RAYMOND
& THOMPSON, LLC**

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Certified Public Accountants

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

Independent Auditor's Report

To the Board of Directors
Western Connecticut Council of Governments

Report on Compliance for Each Major State Program

We have audited Western Connecticut Council of Governments' compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of Western Connecticut Council of Governments' major state programs for the year ended June 30, 2015. Western Connecticut Council of Governments' major state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs - State Financial Assistance.

Management's Responsibility

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

Auditor's Responsibility

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

Connecticut 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 on compliance for each major state program. However, our audit does not provide a legal determination of Western Connecticut Council of Governments' compliance.

Opinion on Each Major State Program

In our opinion, Western Connecticut Council of Governments complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

Management of Western Connecticut Council of Governments, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Western Connecticut Council of Governments' internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the State Single Audit Act, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Western Connecticut 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 state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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, we identified certain deficiencies in internal control over compliance, as described in the accompanying

schedule of findings and questioned costs – state financial assistance as item 2015-1, that we consider to be significant deficiencies.

Western Connecticut Council of Governments’ response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs – state financial assistance. Western Connecticut Council of Governments’ response was not subjected to the 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.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Western Connecticut Council of Governments, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Western Connecticut Council of Governments’ basic financial statements. We have issued our report thereon dated January 15, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Western Connecticut Council of Governments’ basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Henry, Raymond & Thompson, LLC

Henry, Raymond & Thompson, LLC
South Windsor, CT
January 15, 2016

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2015**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
Office of Policy and Management		
Regional Performance Incentive Grant - Regional GIS Data Services	12060-OPM20600-35457	\$ 322,565
Department of Transportation		
Regional Transportation Planning	12062-DOT57551-22108	27,767
Regional Transportation Planning	12062-DOT57551-22108	21,062
Local Transportation Capital Improvement Program Administration	13033-DOT57000-43584	11,505
Stamford Bus and Shuttle Study	14DOT0065AA	3,285
Total State Financial Assistance before Exempt Programs		<u>386,184</u>
EXEMPT PROGRAMS		
Office of Policy and Management		
State Grant-in-Aid for Regional Planning Agency	12060-OPM20600-35457	<u>109,094</u>
Total Exempt Programs		<u>109,094</u>
Total State Financial Assistance		<u><u>\$ 495,278</u></u>

Notes to the basic financial statements are an integral part of this schedule of supplementary information

Notes to the schedule of expenditures of state financial assistance are an integral part of this schedule of supplementary information

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2015**

The accompanying Schedule of Expenditures of State Financial Assistance includes state grant activity of Western Connecticut Council of Governments under programs of the State of Connecticut for the fiscal year ended June 30, 2015. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including Regional Transportation Planning, and Regional GIS Data Services.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Western Connecticut Council of Governments conform to accounting principles generally accepted in the United States of America as applicable to governmental entities.

The information in the Schedule of Expenditures of State Financial Assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.



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Certified Public Accountants

**INDEPENDENT AUDITOR'S 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**

Board of Directors
Western Connecticut Council of Governments

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, the business-type activities, the aggregate discretely presented components units, each major fund, and the aggregate remaining fund information of Western Connecticut Council of Governments as of and for the six-month period ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Western Connecticut Council of Governments' basic financial statements, and have issued our report thereon dated January 15, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Western Connecticut Council of Governments' internal control over financial reporting (internal control) to determine the 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 Western Connecticut Council of Governments' internal control. Accordingly, we do not express an opinion on the effectiveness of Western Connecticut Council of Governments' internal control.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding Number 2015-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Western Connecticut Council of Governments' 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 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*.

The Western Connecticut Council of Governments' Response to Findings

The Western Connecticut Council of Governments' response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Western Connecticut Council of Governments' response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion.

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

Henry, Raymond & Thompson, LLC

Henry, Raymond & Thompson, LLC
January 15, 2016

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2015**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes ___ No
- Significant deficiency(ies) identified? ___ Yes ___ None reported

Noncompliance material to financial statements noted?

___ Yes X No

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified? ___ Yes X None reported

Type of auditor's opinion 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 X No

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

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Office of Policy and Management		
Regional Performance Incentive Grant -		
Regional GIS Data Services	12060-OPM20600-35457	\$ 322,565
• Dollar threshold used to distinguish between Type A and Type B programs		<u>\$ 200,000</u>

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2015**

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Section II – Financial Statement Findings

Finding No. 2015-1

Criteria: Management is responsible for ensuring that the internal controls are designed such that they prevent or detect and correct misstatements in the financial statements on a timely basis.

Condition: The auditor was required to propose adjustments to the unadjusted trial balance that, in our judgment, may not have been detected except through our auditing procedures. Entries included adjustments to accounts receivable, prepaids, accounts payable, deferred revenue, and accrued expenses. The existence of such adjustments indicates that Western Connecticut Council of Governments' system of controls did not detect and prevent such errors.

Cause: While the Agency has a strong internal control system over operations, an operation of their internal controls broke down for the year-end financial statement reporting.

Effect: There is a potential for the financial statements to be materially incorrect.

Recommendation: The Agency should continue to implement their internal controls, but pay closer attention to year-end functions that relate to a GAAP basis financial statement.

Views of the responsible officials and planned corrective actions:

Western Connecticut Council of Governments was newly formed as of January 1, 2015. The entity was formed via a merger of South Western Regional Planning Agency and Housatonic Valley Council of Elected Officials, combining their operations into one newly formed entity. Although the combination, for the most part, was a smooth transition, it was not met without some challenges, one of which was combining the two separate operations for financial reporting purposes.

Corrective Action Plan:

The entity has consolidated the majority of the financial reporting duties into one department, which will create consistency in reporting and procedures that will be followed. Additionally, the challenges that were presented as a result of the merger are now behind us and we can focus on normal operations. We do not feel that any additional training is warranted, as we are proficient with reporting in normal operating conditions.

Section III – State Financial Assistance Findings and Questioned Costs

No findings or questioned costs are reported relating to the State Award Programs.