

**WESTERN CONNECTICUT COUNCIL
OF GOVERNMENTS**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
FINANCIAL STATEMENTS
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JUNE 30, 2016**

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HENRY, RAYMOND
& THOMPSON, LLC

1340 Sullivan Avenue
South Windsor, CT 06074
Tel: (860) 644-5825
Fax: (860) 644-5731

One Hamden Center
2319 Whitney Avenue, Suite 5-D
Hamden, CT 06518
Tel: (203) 288-4144
Fax: (203) 248-9205

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Council Members
Western Connecticut Council of Governments
Sandy Hook, CT

Report on the Financial Statements

We have audited the accompanying 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 of Sandy Hook, Connecticut, as of and for the year ended June 30, 2016, 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, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 23 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 federal awards and schedule of expenditures of state financial assistance are presented for purposes of additional analysis as required by the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*, and by the State Single Audit Act, and are also 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, and Financial Summary Report-Conn DOT, the schedule of expenditures of federal awards, 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, and Financial Summary Report-Conn DOT, the schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2017, 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 19, 2017

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2016

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 fiscal year ended June 30, 2016. Please read this MD&A in conjunction with the Agency's financial statements.

FINANCIAL HIGHLIGHTS

- The net position of our governmental activities increased by \$254,558
- The Agency received total funding of \$2,633,789, which includes investment earnings of \$820
- The General Fund reported a fund balance this year of \$1,269,957

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 fiscal year. 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.

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

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 year-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 from a year ago to \$1,326,829 from \$1,072,271. 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	
	2016	2015
Current and other assets	\$ 2,498,584	\$ 1,900,170
Capital assets	56,872	10,445
Total assets	2,555,456	1,910,615
Liabilities	1,228,627	838,344
Net	1,326,829	1,072,271
Net position:		
Invested in capital assets	56,872	10,445
Unrestricted (deficit)	1,269,957	1,061,826
Total net position	\$ 1,326,829	\$ 1,072,271

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

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, changed from \$1,061,826 at June 30, 2015 to \$1,269,957 at the end of this year.

Table 2
Changes in Net Position

	Governmental Activities	
	2016	2015
Revenues:		
Program revenues:		
Operating grants	\$ 2,356,944	\$ 954,862
General revenues:		
Unrestricted investment earnings	820	242
Housatonic Resource Recovery Authority	6,300	1,050
Local cash contributions	269,724	134,792
Total revenues	2,633,788	1,090,946
Program expenses:		
Consolidated Planning Grant US DOT	977,074	488,291
Local Transportation Capital Improvements	36,993	11,134
DEMHS Regional Planning	14,850	6,126
Regional Planning/Administration	468,623	188,263
Ridgefield TOD	207,655	18,735
RPI GIS	202,009	322,565
DEMHS Citizen Corps	6,884	2,366
Hazard Mitigation Plan	57,340	2,460
Public Health Emergency Planning	8,091	8,110
Stamford Bus and Shuttle	372,468	16,155
Stamford Bike/Ped	12,171	-
Westport Rail Parking Study	2,500	-
Westport Bus Ops	5,720	-
Regional Election Monitor	2,750	-
Uconn CIRCA	1,449	-
Route 7 Impl-Phase 3	2,653	-
Total program expenses	2,379,230	1,064,205
Increase in net position	\$ 254,558	\$ 26,741

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

For the year ended June 30, 2016, the Agency's total revenues were \$2,633,789 compared to \$1,090,946 for the six month period ended June 30, 2015, an increase of \$1,542,842. The total cost of all programs and services for the year ended June 30, 2016 was \$2,379,230 compared to \$1,064,205 for the six month period ended June 30, 2015, an increase of \$1,315,025.

AGENCY FUNDS FINANCIAL ANALYSIS

Governmental Funds

As the Agency completed the year, its governmental funds (as presented in the Balance Sheet-Governmental Funds) reported a combined fund balance of \$1,326,829, which is an increase from last year's total of \$1,061,826.

General Fund Budgetary Highlights

The Agency's general fund revenues were \$848,562 under budget, however the Agency's general fund expenditures were also under budget by an amount of \$682,588.

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

CAPITAL ASSETS

At June 30, 2016, the Agency had \$109,388 invested in office equipment, which comprise capital assets, offset by accumulated depreciation of \$52,516, for net capital assets of \$56,872. This amount represents a net increase of \$46,428 from last year, which includes additions of \$50,102, and depreciation of \$3,674.

Table 3		
Capital Assets at Year-End (Net of Depreciation)		
	Governmental Activities	
	2016	2015
Office equipment	\$ 56,872	\$ 10,445
Totals	\$ 56,872	\$ 10,445

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

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
1 Riverside Road
Sandy Hook, CT 06482

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

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
WESTERN CONNECTICUT
COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2016

	<u>Government Activities</u>
Assets:	
Cash and cash equivalents	\$ 2,248,651
Accounts receivable	222,036
Prepaid expenses and other current assets	27,897
Office equipment	109,388
Accumulated depreciation	<u>(52,516)</u>
Total assets	<u><u>\$ 2,555,456</u></u>
Liabilities:	
Accounts payable	\$ 211,924
Deferred revenue	957,413
Accrued expenses	<u>59,290</u>
Total liabilities	<u>1,228,627</u>
Net Position:	
Net investment in capital assets	56,872
Restricted net position	-
Unrestricted net position	<u>1,269,957</u>
Total net position	<u>1,326,829</u>
Total liabilities and net position	<u><u>\$ 2,555,456</u></u>

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

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
WESTERN CONNECTICUT
COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position
		Operating Grants	Government Activities
Governmental Activities:			
Planning Projects:			
Consolidated Planning	\$ 977,074	\$ 879,367	\$ (97,707)
Stamford Bike/Ped	12,171	12,171	-
DEMHS Reg 5	14,850	11,000	(3,850)
Route 7 Impl-phase 3	2,653	2,653	-
Westport Rail Parking Study	2,500	2,500	-
Westport Bus Ops	5,720	5,720	-
LOTICIP	36,993	36,794	(199)
DEMHS Citizen Corps	6,884	5,993	(891)
Ridgefield TOD	207,655	208,151	496
Stamford Bus & Shuttle Study	372,468	372,468	-
RPI GIS	202,009	202,009	-
Hazard Mitigation Plan Update	57,340	62,390	5,050
Public Health Emergency Planning	8,091	8,091	-
Reg Election Monitor	2,750	2,750	-
Uconn CIRCA	1,449	1,449	-
Regional Planning/Administration	468,623	543,438	74,815
	<u>\$ 2,379,230</u>	<u>\$ 2,356,944</u>	(22,286)
General Revenues:			
			269,724
			6,300
			820
			<u>276,844</u>
			254,558
			<u>1,072,271</u>
			\$ 1,326,829

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

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
WESTERN CONNECTICUT
COUNCIL OF GOVERNMENTS
BALANCE SHEET-GOVERNMENTAL FUNDS
JUNE 30, 2016

	<u>General Fund</u>
ASSETS	
Cash and cash equivalents	\$ 2,248,651
Accounts receivable	222,036
Prepaid expenses and other current assets	<u>27,897</u>
Total assets	<u><u>\$ 2,498,584</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 211,924
Deferred revenue	957,413
Accrued expenses	<u>59,290</u>
Total liabilities	<u>1,228,627</u>
FUND BALANCE	
Unassigned	<u>1,269,957</u>
Total fund balance	<u>1,269,957</u>
Total liabilities and fund balance	<u><u>\$ 2,498,584</u></u>

The accompanying notes to the 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, 2016**

Total fund balance-Governmental fund	\$ 1,269,957
Capital assets used in governmental activities are not financial resources and therefore are not reported in the government fund financial statements	109,388
Accumulated depreciation has not been included in the governmental fund financial statements	<u>(52,516)</u>
Net assets of governmental activities	<u><u>\$ 1,326,829</u></u>

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

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>General Fund</u>
Revenues:	
US DOT	\$ 1,265,676
US DHS	65,436
Conn DOT	210,404
Conn OPM	782,909
Local Other	31,070
Local dues	269,725
Uconn CIRCA	1,449
Housatonic Resource Recovery Administration	6,300
Interest Income	820
Total revenues	<u>2,633,789</u>
Expenditures:	
Salaries	913,371
Consultants	840,320
Group insurance	169,170
Payroll taxes	76,191
Pension	73,377
Rent	59,183
Office repair & maintenance	39,630
Accounting & legal	39,206
Service Agreements	30,243
Travel	24,243
Telephone	21,281
Equipment rental & expense	20,041
Bond & insurance	16,063
Supplies	13,733
Dues & subscriptions	13,668
Utilities	11,949
Miscellaneous	4,492
Meetings/seminars	4,732
Software	2,690
Postage	1,439
Reproductions	356
Recruitment/relocation	179
Capital outlay:	
Equipment acquisitions	50,102
Total expenditures	<u>2,425,659</u>
Excess of revenues over expenditures	<u>208,130</u>
Net change in fund balance	208,130
Fund balance, Beginning	<u>1,061,827</u>
Fund balance, Ending	<u><u>\$ 1,269,957</u></u>

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

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
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 YEAR ENDED JUNE 30, 2016

Total net change in fund balance-Governmental Funds	\$ 208,130
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Current year capital outlays are expenditures in the governmental fund financial statements, but they are shown as increases in capital assets in the government-wide financial statements	50,102
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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 year's depreciation is to decrease net assets.	<u>(3,674)</u>
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Change in net assets of Governmental activities	<u><u>\$ 254,558</u></u>
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The accompanying notes to the financial statements are an integral part of this statement

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

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 accounting principles generally accepted in the United States of America (U.S. GAAP) 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
YEAR ENDED JUNE 30, 2016**

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 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 U.S. 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
YEAR ENDED JUNE 30, 2016**

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 accounting principles generally accepted in the United States of America 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 19, 2017, the Agency evaluated all subsequent events and has noted no recognized or non-recognized event or transactions subsequent to June 30, 2016.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

Note 2 - Cash

A reconciliation of the Agency's cash and cash equivalents as of June 30, 2016 is as follows:

Government-Wide Statement of Net Position:

Cash deposits	\$ 2,248,651
Cash equivalents	<u>-</u>
	<u>\$ 2,248,651</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 \$2,248,249 were not fully insured under FDIC. As of June 30, 2016, \$1,748,249 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
YEAR ENDED JUNE 30, 2016**

Uninsured and Uncollateralized \$ 1,931,815

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

183,566

\$ 1,748,249

As of the year ended June 30, 2016, the Agency did not hold any investments.

Note 3 - Capital Asset Activity

Capital asset activity for the Agency for the year ended June 30, 2016 was as follows:

	<u>Beginning Balance</u>	<u>Sales or Disposition</u>	<u>Acquisitions</u>	<u>Ending Balance</u>
Governmental Activities:				
Office equipment, at historic cost	<u>\$ 109,598</u>	<u>\$ (50,312)</u>	<u>\$ 50,102</u>	<u>\$ 109,388</u>
Less: Accumulated depreciation	<u>99,154</u>	<u>(50,312)</u>	<u>3,674</u>	<u>\$ 52,516</u>
Governmental activities capital assets, net	<u><u>\$ 10,444</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 46,428</u></u>	<u><u>\$ 56,872</u></u>

Depreciation expense was charged to governmental functions as follows:

General Planning and Administration \$ 3,674

Total Depreciation Expense \$ 3,674

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

Note 4 – Revenue

During the year ended June 30, 2016, the Agency received \$2,324,425 or 88.2% of its revenue from federal and state sources. During the current year, general fund source revenues consisted of the following:

Federal grant revenue	\$ 1,331,112	50.5%
State grant revenue	993,313	37.7%
Local revenue	300,795	11.4%
Other	7,749	0.3%
Interest income	820	0.0%
Revenue received	<u>\$ 2,633,789</u>	<u>100.0%</u>
Total revenue	<u>\$ 2,633,789</u>	<u>100.0%</u>

Note 5 - Accounts Receivable

Receivables as of year-end for the agency's general fund including any applicable allowances for uncollectible accounts consists of the following as of June 30, 2016:

State and federal grants	\$ 217,048
Municipalities & Other	<u>4,988</u>
Net total receivables	<u>\$ 222,036</u>

Note 6 - Prepaid Expenses

Prepaid expenses consist of the following as of June 30, 2016:

Rent	10,017
Prepaid maintenance agreements	11,262
Prepaid Dues	2,263
Prepaid Liability Insurance	110
Security deposit	<u>4,245</u>
	<u>\$ 27,897</u>

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

Note 7 - Accrued Expenses

Accrued expenses consist of the following as of June 30, 2016:

Accrued vacation	\$ 28,354
Accrued Pension	<u>30,936</u>
	<u><u>\$ 59,290</u></u>

Note 8 - Leasing Arrangements

The Agency contracted with the City of Stamford to lease for its current facility office space. The lease expired on September 30, 2015, continuing on a month to month basis after. Rental payments under this lease amounted to \$47,183 for the year ended June 30, 2016.

The Agency has contracted with 1 Riverside Rd Sandy Hook, LLC, a Delaware limited liability company to lease office space beginning April 4, 2016. The lease expires April 4, 2026. Future minimum lease payment are as follows:

2017	\$ 64,087
2018	\$ 76,904
2019	\$ 76,904
2020	\$ 76,904
2021	\$ 76,904

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

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2016**

Disability benefit

Fully vested prior to normal retirement date

Pension expense for the six-month period ended June 30, 2016 was \$73,377.

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.

Note 12 – Economic Dependency

A large concentration of revenue is comprised of federal and state grants received from the State of Connecticut. Any loss or significant reduction of these grants could have a significant impact on Western Connecticut Council of Governments' financial position and program service.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016**

EXHIBIT I

Revenue	Original Budget	Final Budget	Actual June 30, 2016	Variance
Consolidated Planning	\$ 1,279,089	\$ 1,279,089	\$ 879,367	(399,722)
Stamford Bike/Ped	-	-	12,171	12,171
DEMHS Reg 5	17,422	17,422	11,000	(6,422)
Rte 7 Implementation	75,000	75,000	2,653	(72,347)
Westport Rail Parking Study	337,500	337,500	2,500	(335,000)
Westport Bus Ops	-	-	5,720	5,720
LOTCIP	251,621	251,621	36,794	(214,827)
DEMHS Citizen Corps	3,000	3,000	5,993	2,993
Ridgefield TOD	151,020	151,020	208,151	57,131
Stamford Bus and Shuttle Study	168,750	168,750	372,468	203,718
RPI GIS Grant	325,000	325,000	202,009	(122,991)
Hazard Mitigation Plan Update	37,194	37,194	62,390	25,196
Public Health Emergency Planning	14500	14500	8,091	(6,409)
Regional Election Monitor	-	-	2,750	2,750
Uconn CIRCA	-	-	1,449	1,449
Conn OPM-SGIA	544,568	544,568	543,438	(1,130)
Local dues	269,586	269,586	269,724	138
Housatonic Resource Recovery Authority	6300	6300	6,300	-
Interest income	1,800	1,800	820	(980)
Total Revenues	3,482,350	3,482,350	2,633,788	(848,562)
Expenditures				
Salaries	902,818	902,818	913,371	10,553
Payroll taxes	73,646	73,646	76,191	2,545
Group insurance	165,482	165,482	169,170	3,688
Pension	81,000	81,000	73,377	(7,623)
Consultants	1,546,011	1,546,011	840,320	(705,691)
Accounting & legal	22,500	22,500	39,206	16,706
Rent	60,453	60,453	59,183	(1,270)
Supplies	14,000	14,000	13,733	(267)
Telephone	21,525	21,525	21,281	(244)
Reproductions	3,000	3,000	356	(2,644)
Advertising/legal notices	3,000	3,000	-	(3,000)
Maintenance Agreements	42,000	42,000	39,630	(2,370)
Travel	29,320	29,320	24,243	(5,077)
Dues & subscriptions	13,275	13,275	13,668	393
Postage	4,000	4,000	1,439	(2,561)
Bond & insurance	12,345	12,345	16,063	3,718
Equipment rental & expense	19,434	19,434	20,041	607
Meetings/seminars	-	-	4,732	4,732
Service Agreements	25,140	25,140	30,243	5,103
Utilities	15,370	15,370	11,949	(3,421)
Software	-	-	2,690	2,690
Recruitment/relocation	-	-	179	179
Miscellaneous	7,500	7,500	4,492	(3,008)
Depreciation	4,000		3,674	3,674
Total Expenses	3,065,819	3,061,819	2,379,231	(682,588)
Excess (Deficiency) of Revenue over Expenditures	<u>\$ 416,531</u>	<u>\$ 420,531</u>	<u>254,557</u>	<u>\$ (165,974)</u>
Net Position July 1, 2015			<u>1,072,271</u>	
Net Position June 30, 2016			<u><u>\$ 1,326,828</u></u>	

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE BY PROJECT
FOR THE YEAR ENDED JUNE 30, 2016**

EXHIBIT II

eral Fund	Consolidated Planning Grant US DOT (hv)	Consolidated Planning Grant US DOT (sw)	RPI-GIS	Westport/ Greens Farms	LOT/CIP	Pre-Disaster Haz. Mit. Plan Update (sw)	Pre-Disaster Haz. Mit. Plan Update (hv)	DEMHS, Region 5	Citizen's Corp CERT Program	Westport Bus Ops	Ridgefield TOD	Route 7 Implementation	Public Health Emerg Planning	Regional Elect Monitor	Stamford Bus and Shuttle	Stamford Bike/Ped
	\$ 327,193	\$ 454,467		\$ 2,000		19,500	28,943	11,000	5,993	\$ 4,576	\$ 166,124	\$ 2,388			\$ 297,974	\$ 10,954
	327,193	454,467		2,000		19,500	28,943	11,000	5,993	4,576	166,124	2,388			297,974	10,954
	40,899	56,808			36,794					1,144		265			74,494	
543,438																
172,018	40,899	56,808	202,009			6,500	7,447				20,765			2,750		
6,300				500												
1,449											21,262		8,091			1,217
820																
724,025	408,991	568,083	202,009	2,500	36,794	26,000	36,390	11,000	5,993	5,720	208,151	2,653	8,091	2,750	372,468	12,171

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE BY PROJECT
FOR THE YEAR ENDED JUNE 30, 2016**

EXHIBIT II, Con't

Local Fund	Consolidated Planning Grant US DOT (hv)	Consolidated Planning Grant US DOT (sw)	RPI-GIS	Westport/ Greens Farms	LOT/CIP	Pre-Disaster Haz Mit. Plan Update (sw)	Pre-Disaster Haz Mit. Plan Update (hv)	DEMHS, Region 5	Citizen's Corp CERT Program	Westport Bus Ops	Ridgefield TOD	Route 7 Implementation	Public Health Emerg Planning	Regional Elect Monitor	Stamford Bus and Shuttle	Stamford Bike/Ped
178,514	\$ 162,693	\$ 240,450			\$ 15,065	\$ 4,700	\$ 6,114	\$ 2,404			\$ 19,272	\$ 1,093				
36,400	25,000		162,379	2,500		26,640				5,720	160,201		8,091	2,750	372,468	12,171
1,200																
91																
1,064																
9,882	4,816	8,224	39,630						144		107					
803																
1,253																
1,195																
3,541	1,125	1,125														
50	215,357	318,284	-		21,928		8,736	4,336			28,075	1,560				
233,993	\$ 408,991	\$ 568,083	\$ 202,009	\$ 2,500	\$ 36,993	\$ 31,340	\$ 14,850	\$ 6,884		\$ 5,720	\$ 207,655	\$ 2,653	\$ 8,091	\$ 2,750	\$ 372,468	\$ 12,171
490,032	\$ 0	\$ 0	\$ -	\$ -	\$ (199)	\$ -	\$ (3,850)	\$ (891)		\$ -	\$ 496	\$ -	\$ -	\$ -	\$ -	\$ -

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF DIRECT AND INDIRECT COSTS
JUNE 30, 2016

EXHIBIT III

	<u>TOTAL COSTS</u>	<u>DIRECT COSTS</u>	<u>INDIRECT COSTS</u>
Salaries	\$ 913,371	\$ 630,305	\$ 283,066
Payroll taxes	76,191	-	76,191
Group insurance	169,170	-	169,170
Pension	73,377	-	73,377
Consultants	840,320	840,320	-
Accounting & legal	39,206	-	39,206
Rent	59,183	1,200	57,983
Recruitment/relocation	179	-	179
Telephone	21,281	1,064	20,217
Reproductions	356	-	356
Maintenance Agreements	39,630	39,630	-
Supplies	13,733	91	13,642
Travel	24,243	23,173	1,070
Dues & subscriptions	13,668	-	13,668
Postage	1,439	-	1,439
Bond & insurance	16,063	803	15,260
Equipment rental	20,041	1,253	18,788
Service Agreements	30,243	2,250	27,993
Software	2,690	-	2,690
Utilities	11,949	1,195	10,754
Depreciation	3,674	-	3,674
Meetings/seminars	4,732	3,541	1,191
Miscellaneous	4,492	50	4,442
Total Costs	<u><u>\$ 2,379,231</u></u>	<u><u>\$ 1,544,875</u></u>	834,356
Total Indirect Costs Absorbed by Agency			<u>-</u>
Total Allowable Indirect Costs			<u><u>\$ 834,356</u></u>

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
DETERMINATION OF INDIRECT COST RATE
JUNE 30, 2016**

EXHIBIT IV

Total payroll for the year	\$ 913,371	
Less administrative, support and leave	<u>283,066</u>	
Payroll base	<u>630,305</u>	<u>100.00%</u>
Total Indirect Costs	834,356	
Less unallowable costs	<u>-</u>	
Total Allowable Indirect Costs	<u>834,356</u>	<u>132.37%</u>

Summary of Indirect Costs

Non-assignable salaries	283,066	44.91%
Fringe and payroll taxes	318,738	50.57%
Overhead	<u>232,552</u>	<u>36.90%</u>
	<u>\$ 834,356</u>	<u>132.37%</u>

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
FINANCIAL SUMMARY REPORT – CONN DOT
YEAR ENDED JUNE 30, 2016**

EXHIBIT V

	SWMPO Consolidated Planning Grant State Project No. DOT07159996PL	HVMPO Consolidated Planning Grant State Project No. DOT07159996PL
SOURCE OF FUNDS		
I. Maximum funds authorized		
US DOT	\$ 478,665	\$ 344,025
Conn DOT Match	59,833	43,003
Local match	59,833	43,003
TOTAL	<u><u>598,331</u></u>	<u><u>430,031</u></u>
II. Audited Expenditures		
Direct Salaries	240,450	162,693
Indirect at 132.37%	318,284	215,357
Direct Costs	9,349	30,941
TOTAL	<u><u>568,083</u></u>	<u><u>408,991</u></u>
III. Distribution of Audited Costs		
US DOT	454,466	327,193
Conn DOT Match	56,808	40,899
Local Match	56,808	40,899
TOTAL	<u><u>568,083</u></u>	<u><u>408,991</u></u>
IV. Conn DOT Responsibility		
US DOT	454,466	327,193
Conn DOT Match	56,808	40,899
TOTAL	<u><u>511,275</u></u>	<u><u>368,092</u></u>
Payment received to June 30, 2016	501,429	352,635
Payment received after June 30, 2016	37,069	34,393
TOTAL PAYMENTS RECEIVED	<u><u>538,498</u></u>	<u><u>387,028</u></u>
Due (to)/from ConnDOT	<u><u>\$ (27,223)</u></u>	<u><u>\$ (18,936)</u></u>

**WESTERN CONNECTICUT COUNCIL
OF GOVERNMENTS**

FEDERAL SINGLE AUDIT REPORT

JUNE 30, 2016



HENRY, RAYMOND
& THOMPSON, LLC

1340 Sullivan Avenue
South Windsor, CT 06074
Tel: (860) 644-5825
Fax: (860) 644-5731

One Hamden Center
2319 Whitney Avenue, Suite 5-D
Hamden, CT 06518
Tel: (203) 288-4144
Fax: (203) 248-9205

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***

To the Board of Directors
Western Connecticut Council of Governments:

We have audited the accompanying 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 of Sandy Hook, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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 opinion 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 the Western Connecticut Council of Governments' internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that were not identified.

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

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*.

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 result of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Henry, Raymond & Thompson, LLC

Henry, Raymond & Thompson, LLC
South Windsor, CT
January 19, 2017



HENRY, RAYMOND
& THOMPSON, LLC

1340 Sullivan Avenue South Windsor, CT 06074 Tel: (860) 644-5825 Fax: (860) 644-5731	One Hamden Center 2319 Whitney Avenue, Suite 5-D Hamden, CT 06518 Tel: (203) 288-4144 Fax: (203) 248-9205
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Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
*THE UNIFORM GUIDANCE***

To the Board of Directors
Western Connecticut Council of Governments:

Report on Compliance for Each Major Federal Program

We have audited the accompanying 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 of Sandy Hook, Connecticut, as of and for the year ended June 30, 2016, 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

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Western Connecticut Council of Governments' major federal 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 Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and The Uniform Guidance 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 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 federal program. However, our audit does not provide a legal determination of Western Connecticut Council of Governments' compliance.

Opinion on Each Major Federal 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 federal programs for the year ended June 30, 2016.

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 federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with The Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Henry, Raymond & Thompson, LLC

Henry, Raymond & Thompson, LLC
South Windsor, CT
January 19, 2017

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster-Title	Federal CFDA Number	Pass-Through Entity Number	Federal Expenditures
U.S. Department of Transportation:			
<i>Pass-through programs from Connecticut Department of Transportation Transportation Planning Cluster</i>			
Regional Transportation Planning	20.205	12062-DOT57184-22108	\$ 454,467
Regional Transportation Planning	20.205	12062-DOT57184-22108	327,193
Ridgefield TOD	20.205	12062-DOT57184-22108	166,124
Route 7 Phase 3 Assessment & Implementation Plan	20.205	12062-DOT57184-22108	2,388
Westport/Greens Farms Rail Parking Study	20.205	12062-DOT57184-22108	2,000
Westport Bus Operations & Needs Study	20.205	12062-DOT57184-22108	4,576
Stamford Bus and Shuttle Study	20.205	12062-DOT57551-22108	297,974
Stamford Bike and Pedestrian Plan	20.205	12062-DOT57184-22108	10,954
Total U.S. Department of Transportation			\$ 1,265,676
U.S. Department of Homeland Security			
<i>Pass-through program from State of Connecticut Department of Emergency Services and Public Protection Division of Emergency Management and Homeland Security</i>			
Citizen Corps Project	97.067	12060-DPS32160-21877	\$ 5,993
Pre-Disaster Hazard Mitigation Plan Update	97.067	12060-DPS32160-21877	19,500
DEHMS region 5 Planning - 2014	97.067	12060-DPS32160-21877	9,700
Total Homeland Security			35,193
Pre-Disaster Hazard Mitigation	97.039	12060-DPS32983-22278	19,500
Pre-Disaster Hazard Mitigation	97.039	12060-DPS32983-22278	28,943
Total Department of Emergency Services			48,443
Total U.S. Department of Homeland Security			\$ 83,636
Total Expenditures of Federal Awards			\$ 1,349,312

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Western Connecticut Council of Governments under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of the Uniform Guidance, *Audit of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operations of Western Connecticut Council of Governments, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Western Connecticut Council of Governments

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

INDIRECT COST RECOVERY

Western Connecticut Council of Governments has elected not to use the 10% de minimis indirect cost rate provided under section 200.414 of the Uniform Guidance.

**WESTERN CONNECTICUT COUNCIL
OF GOVERNMENTS**

STATE SINGLE AUDIT REPORT

JUNE 30, 2016



HENRY, RAYMOND
& THOMPSON, LLC

1340 Sullivan Avenue
South Windsor, CT 06074
Tel: (860) 644-5825
Fax: (860) 644-5731

One Hamden Center
2319 Whitney Avenue, Suite 5-D
Hamden, CT 06518
Tel: (203) 288-4144
Fax: (203) 248-9205

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 the accompanying 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 of Sandy Hook, Connecticut, as of and for the year ended June 30, 2016, 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

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, 2016.

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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Western Connecticut Council of Governments, as of and for the years ended June 30, 2016, and have issued our report thereon dated January 19, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 financial statements or to the 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 financial statements as a whole.

Henry, Raymond & Thompson, LLC

Henry, Raymond & Thompson, LLC
South Windsor, CT
January 19, 2017

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2016**

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	\$ 202,009
Department of Transportation		
Regional Transportation Planning	12062-DOT57551-22108	97,707
Route 7 Imp Phase 3	12062-DOT57531-22108	265
Westport Bus Operations & Needs Study	12062-DOT57551-22108	1,144
Stamford Bus and Shuttle Study	12062-DOT57551-22108	74,494
Local Transportation Capital Improvement Program Administration	13033-DOT57197-43584	<u>36,794</u>
Total DOT Grants		<u>412,413</u>
Secretary of State		
Regional Election Monitor	11000-SOS12500-10020	<u>2,750</u>
Total non-exempt State Grants		<u>415,163</u>
Exempt Programs		
State Grant-in-Aid for Regional Planning Agency	12060-OPM20600-35457	<u>578,150</u>
Total State Grants		<u><u>\$ 993,313</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, 2016**

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, 2016. 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 Head Start Initiatives, School Readiness and Child Day Care.

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 not-for-profit organizations.

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.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2016**

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? Yes X No
- Significant deficiency(ies) identified? Yes X 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>
Department of Transportation		
Regional Transportation Planning	12062-DOT57551-22108	97,707
Stamford Bus and Shuttle Study	12062-DOT57551-22108	74,494
Local Transportation Capital Program	1033-DOT57197-43584	36,794
• Dollar threshold used to distinguish between Type A and Type B programs		<u>\$ 100,000</u>

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – STATE FINANCIAL
ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2016**

Con't

Section II – Financial Statement Findings

No findings

Con't

Section III – State Financial Assistance Findings and Questioned Costs

No findings

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – STATE FINANCIAL
ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2016**

Status of Prior Audit Finding:

Planned corrective action completed this fiscal year