

**WESTERN CONNECTICUT COUNCIL
OF GOVERNMENTS**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2017

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
FINANCIAL STATEMENTS
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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 Ave, 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
1 Riverside Road
Sandy Hook, CT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, 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, 2017, and the related notes to the financial statements, which collectively comprise Western Connecticut Council of Governments' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Western Connecticut Council of Governments' 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, each major fund, and the aggregate remaining fund information of the Western Connecticut Council of Governments, as of June 30, 2017, 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 October 16, 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
October 16, 2017

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2017

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, 2017. Please read this MD&A in conjunction with the Agency's financial statements.

FINANCIAL HIGHLIGHTS

- The net position of our governmental activities increased by \$188,358
- The Agency received total funding of \$3,303,448 which includes investment earnings of \$789
- The General Fund reported a fund balance this year of \$1,384,588

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 \$1,515,187 from \$1,326,829. 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	
	2017	2016
Current and other assets	\$ 2,043,514	\$ 2,498,584
Capital assets	130,599	56,872
Total assets	2,174,113	2,555,456
Liabilities	658,926	1,228,627
Net	<u>\$ 1,515,187</u>	<u>\$ 1,326,829</u>
Net position:		
Invested in capital assets	\$ 130,599	\$ 56,872
Unrestricted (deficit)	1,384,588	1,269,957
Total net position	<u>\$ 1,515,187</u>	<u>\$ 1,326,829</u>

Unrestricted net position, the part of net position that can be used to finance day-to-day operations without constraints, changed from \$1,269,957 at June 30, 2016 to \$1,384,588 at the end of this year.

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

Table 2
Changes in Net Position

	Governmental Activities	
	2017	2016
Revenues:		
Program revenues:		
Operating grants	\$ 3,030,864	\$ 2,356,944
General revenues:		
Unrestricted investment earnings	789	820
Housatonic Resource Recovery Authority	1,050	6,300
Miscellaneous	1,161	-
Local cash contributions	269,584	269,724
Total revenues	3,303,448	2,633,788
Program expenses:		
Consolidated Planning Grant US DOT	901,252	977,074
Local Transportation Capital Improvements	121,782	36,993
Regional Planning/Administration	587,238	468,623
Ridgefield TOD	40,757	207,655
RPI GIS	713,480	202,009
CEDS Grant	28,254	-
DEMHS Grants	33,112	79,074
Public Health Emergency Planning	5,750	8,091
OPM Snow Plow	4,852	-
Stamford Bus and Shuttle	271,961	372,468
Stamford Bike/Ped	166,900	12,171
Westport Rail Parking Study	15,811	2,500
Westport Bus Ops	-	5,720
Noroton Heights TOD	156,907	-
Regional Election Monitor	11,000	2,750
Uconn CIRCA	25,541	1,449
Route 7 Impl-Phase 3	30,493	2,653
Total program expenses	3,115,090	2,379,230
Increase in net position	\$ 188,358	\$ 254,558

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

For the year ended June 30, 2017, the Agency’s total revenues were \$3,303,448 compared to \$2,633,788 for the year ended June 30, 2016, an increase of \$669,660. The total cost of all programs and services for the year ended June 30, 2017 was \$3,115,090 compared to \$2,379,230 for the year ended June 30, 2016, an increase of \$735,860.

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 \$1,515,187, which is an increase from last year’s total of \$1,326,829.

General Fund Budgetary Highlights

The Agency’s general fund revenues were \$148,551 under budget, however the Agency’s general fund expenditures were also under budget by an amount of \$104,884.

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

CAPITAL ASSETS

At June 30, 2017, the Agency had \$156,285 invested in capital assets, which comprise capital assets, offset by accumulated depreciation of \$25,686, for net capital assets of \$130,599. This amount represents a net increase of \$73,727 from last year, which includes additions of \$96,996, depreciation of \$15,469, and loss on disposition of assets of \$7,800.

Table 3		
Capital Assets at Year-End (Net of Depreciation)		
	Governmental Activities	
	2017	2016
Capital Assets	<u>\$ 130,599</u>	<u>\$ 56,873</u>
Totals	<u><u>\$ 130,599</u></u>	<u><u>\$ 56,873</u></u>

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
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Government Activities</u>
Assets:	
Cash and cash equivalents	\$ 1,668,006
Accounts receivable	336,738
Prepaid expenses and other current assets	38,770
Office equipment	156,285
Accumulated depreciation	<u>(25,686)</u>
Total assets	<u>2,174,113</u>
Liabilities:	
Accounts payable	250,100
Deferred revenue	352,351
Accrued expenses	<u>56,475</u>
Total liabilities	<u>658,926</u>
Net Position:	
Net investment in capital assets	130,599
Unrestricted net position	<u>1,384,588</u>
Total net position	<u><u>\$ 1,515,187</u></u>

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

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Operating Grants</u>	<u>Government Activities</u>
Governmental Activities:			
Planning Projects:			
Consolidated Planning	\$ 901,252	\$ 792,302	\$ (108,950)
Stamford Bike/Ped	166,900	166,900	-
Route 7 Impl-phase 3	30,493	30,493	-
Westport Rail Parking Study	15,811	15,811	-
CEDS Grant	28,254	14,128	(14,126)
LOTICIP	121,782	121,782	-
Noroton Heights TOD	156,907	156,907	-
Ridgefield TOD	40,757	40,757	-
Stamford Bus & Shuttle Study	271,961	271,961	-
RPI GIS	713,480	713,480	-
DEMHS Grants	33,112	20,262	(12,850)
Public Health Emergency Planning	5,750	5,250	(500)
Reg Election Monitor	11,000	11,000	-
Uconn CIRCA	25,541	19,156	(6,385)
RPIP Snow Plow	4,852	4,852	-
Regional Planning/Administration	587,238	645,823	58,585
	<u>\$ 3,115,090</u>	<u>\$ 3,030,864</u>	<u>(84,226)</u>
General Revenues:			
Local cash contributions			269,584
Housatonic Resource Recovery Authority			1,050
Miscellaneous Income			1,161
Interest income			789
Total general revenues			<u>272,584</u>
Change in net position			188,358
Net position, beginning			<u>1,326,829</u>
Net position, ending			<u>\$ 1,515,187</u>

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

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
BALANCE SHEET-GOVERNMENTAL FUNDS
JUNE 30, 2017**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 1,668,006
Accounts receivable	336,738
Prepaid expenses and other current assets	38,770
Total assets	\$ 2,043,514
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 250,100
Deferred revenue	352,351
Accrued expenses	56,475
Total liabilities	658,926
FUND BALANCE	
Unassigned	1,384,588
Total fund balance	1,384,588
Total liabilities and fund balance	\$ 2,043,514

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, 2017**

Total fund balance-Governmental fund	\$ 1,384,588
Capital assets used in governmental activities are not financial resources and therefore are not reported in the government fund financial statements	156,285
Accumulated depreciation has not been included in the governmental fund financial statements	<u>(25,686)</u>
Net assets of governmental activities	<u><u>\$ 1,515,187</u></u>

The accompanying notes to the 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 YEAR ENDED JUNE 30, 2017**

	General Fund
Revenues:	
US DOT	\$ 1,273,843
US EDA	14,128
US DHS	20,262
Conn DOT	289,961
Conn OPM	1,364,155
Conn Other	11,000
Local Other	45,366
Local dues	262,577
Uconn CIRCA	19,156
Housatonic Resource Recovery Administration	1,050
Misc. Income	1,161
Interest Income	789
Total revenues	3,303,448
Expenditures:	
Salaries	945,969
Payroll taxes	77,713
Group insurance	101,242
Pension	57,793
Consultants	1,506,256
Accounting & legal	38,584
Rent	86,312
Supplies	5,671
Telephone/Internet	21,435
Reproduction	1,279
Maintenance Agreements	14,235
Travel/Meetings	25,174
Dues & subscriptions	12,656
Postage	1,303
Bond & insurance	17,108
Equipment	59,429
Utilities	14,010
Legal Notice/Ads	2,839
Meetings/seminars	6,112
Service Agreements	59,292
Recruitment	300
Miscellaneous	37,109
Capital outlay:	
Equipment acquisition	96,996
Total expenditures	3,188,817
Excess of revenues over expenditures	114,631
Net change in fund balance	114,631
Fund balance, Beginning	1,269,957
Fund balance, Ending	\$ 1,384,588

The accompanying notes to the 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 YEAR ENDED JUNE 30, 2017**

Total net change in fund balance-Governmental Funds	\$ 114,631
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	96,996
Loss on disposition of fixed assets is not recognized as an expense in governmental funds.	(7,800)
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>(15,469)</u>
Change in net assets of Governmental activities	<u><u>\$ 188,358</u></u>

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, 2017**

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 CGS §4.124i et. seq. and Federal 23 CFR 450. 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, 2017**

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, 2017**

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 October 16, 2017, the Agency evaluated all subsequent events and has noted no recognized or non-recognized event or transactions subsequent to June 30, 2017.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 2 - Cash

A reconciliation of the Agency’s cash and cash equivalents as of June 30, 2017 is as follows:

Government-Wide Statement of Net Position:

Cash deposits	\$ 1,668,006
Cash equivalents	<u> -</u>
	<u><u>\$ 1,668,006</u></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 \$1,668,006 were not fully insured under FDIC. As of June 30, 2017, \$1,168,006 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, 2017**

Uninsured and Uncollateralized	\$ 1,290,647
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Government's name	<u>122,641</u>
	<u><u>\$ 1,168,006</u></u>

As of the year ended June 30, 2017, the Agency did not hold any investments.

Note 3 - Capital Asset Activity

Capital asset activity for the Agency for the year ended June 30, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Sales or Disposition</u>	<u>Acquisitions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets, at historic cost	<u>\$ 109,388</u>	<u>\$ (50,098)</u>	<u>\$ 96,996</u>	<u>\$ 156,285</u>
Less: Accumulated depreciation	<u>52,516</u>	<u>(42,298)</u>	<u>15,469</u>	<u>25,686</u>
Governmental activities capital assets, net	<u><u>\$ 56,872</u></u>	<u><u>\$ (7,800)</u></u>	<u><u>\$ 81,527</u></u>	<u><u>\$ 130,599</u></u>

Depreciation expense was charged to governmental functions as follows:

General Planning and Administration	\$ <u>15,469</u>
Total Depreciation Expense	<u><u>\$ 15,469</u></u>

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 4 – Revenue

During the year ended June 30, 2017, the Agency received \$2,962,574 or 89.8% of its revenue from federal and state sources. During the current year, general fund source revenues consisted of the following:

Federal grant revenue	\$ 1,308,233	39.6%
State grant revenue	1,665,116	50.4%
Local revenue	308,993	9.4%
Other	20,317	0.6%
Interest income	789	0.0%
Revenue received	<u>\$ 3,303,448</u>	<u>100.0%</u>
Total revenue	<u>\$ 3,303,448</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, 2017:

State and federal grants	\$ 324,196
Municipalities & Other	<u>12,542</u>
Net total receivables	<u>\$ 336,738</u>

Note 6 - Prepaid Expenses

Prepaid expenses consist of the following as of June 30, 2017:

Rent	7,609
Prepaid maintenance agreements	23,990
Prepaid Dues	2,007
Prepaid Heating Oil	919
Security deposit	<u>4,245</u>
	<u>\$ 38,770</u>

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Note 7 - Accrued Expenses

Accrued expenses consist of the following as of June 30, 2017:

Accrued vacation	\$	31,273
Accrued Pension		25,202
		25,202
	\$	56,475

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. The Agency moved out of this facility at October 1st, rental payments under this lease amounted to \$7,522 for the year ended June 30, 2017.

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:

2018	\$	78,186
2019	\$	78,442
2020	\$	78,442
2021	\$	78,442
2022	\$	78,442

Note 9 - Pension Plan

The Agency maintained 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

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2017**

Normal retirement benefit	Age 65
Vesting	4 years
Disability benefit	Fully vested prior to normal retirement date

Pension expense for the year ended June 30, 2017 was \$57,793.04.

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

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, 2017**

EXHIBIT I

Revenue	Original Budget	Final Budget	Actual June 30, 2017	Variance
Consolidated Planning	\$ 956,529	\$ 956,529	\$ 792,302	\$ (164,227)
Stamford Bike/Ped	165,000	165,000	166,900	1,900
Rte 7 Implementation	122,000	122,000	30,493	(91,507)
Westport Rail Parking Study	93,750	93,750	15,811	(77,939)
CEDS Grant	-	-	14,128	14,128
LOTICIP	173,845	173,845	121,782	(52,063)
Noroton Heights TOD	165,000	165,000	156,907	(8,093)
Ridgefield TOD	113,117	113,117	40,757	(72,360)
Stamford Bus and Shuttle Study	350,000	350,000	271,961	(78,039)
RPI GIS Grant	400,000	400,000	713,480	313,480
DEMHS Grants	20,364	20,364	20,262	(102)
Public Health Emergency Planning	11,500	11,500	5,250	(6,250)
Regional Election Monitor	11,000	11,000	11,000	-
Uconn CIRCA	17,443	17,443	19,156	1,713
Conn OPM-SGIA	582,865	582,865	645,823	62,958
Local dues	269,586	269,586	269,584	(2)
Housatonic Resource Recovery Authority	-	-	1,050	1,050
RPIP Snow Plow	-	-	4,852	4,852
Miscellaneous Income	-	-	1,161	1,161
Interest income	-	-	789	789
Total Revenues	<u>3,451,999</u>	<u>3,451,999</u>	<u>3,303,448</u>	<u>(148,551)</u>
Expenditures				
Salaries	915,408	915,408	945,969	30,561
Payroll taxes	76,829	76,829	77,713	884
Group insurance	179,359	179,359	101,242	(78,117)
Pension	73,111	73,111	57,793	(15,318)
Consultants	1,649,150	1,649,150	1,506,256	(142,894)
Accounting & legal	41,700	41,700	38,584	(3,116)
Rent	76,904	76,904	86,312	9,408
Supplies	11,000	11,000	5,671	(5,329)
Telephone/Internet	5,260	5,260	21,435	16,175
Reproduction	1,000	1,000	1,279	279
Maintenance Agreements	-	-	14,235	14,235
Travel/Meetings	72,500	72,500	25,174	(47,326)
Dues & subscriptions	12,767	12,767	12,656	(111)
Postage	4,000	4,000	1,303	(2,697)
Bond & insurance	18,919	18,919	17,108	(1,811)
Equipment	14,043	14,043	59,429	45,386
Utilities	23,096	23,096	14,010	(9,086)
Depreciation	20,000	20,000	15,470	(4,530)
Legal Notice/Ads	2,000	2,000	2,839	839
Meetings/seminars	-	-	6,112	6,112
Service Agreements	22,928	22,928	59,292	36,364
Recruitment	-	-	300	300
Gain/Loss on disposal of assets	-	-	7,800	7,800
Miscellaneous	85,700	-	37,108	37,108
Total Expenses	<u>3,305,674</u>	<u>3,219,974</u>	<u>3,115,090</u>	<u>(104,884)</u>
Excess (Deficiency) of Revenue over Expenditures	<u>\$ 146,325</u>	<u>\$ 232,025</u>	188,358	<u>\$ (43,667)</u>
Net Position July 1, 2016			<u>1,326,829</u>	
Net Position June 30, 2017			<u><u>\$ 1,515,187</u></u>	

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE BY PROJECT
FOR THE YEAR ENDED JUNE 30, 2017**

EXHIBIT II

	Total	Indirect Costs	General Fund	Consolidated Planning Grant US DOT	RPI-GIS	Westport Rail Park Study	LOTICIP	DEHMS Grants	Uconn CIRCA	CEDS	Ridgefield TOD	Route 7 Implementation	Regional Elect Monitor	OPM Snowplow Grant	Norton Heights TOD	Stamford Bus and Shuttle	Stamford Bike/Ped	Emerg Planning- Public Health
Resources																		
US DOT	\$ 1,273,843			\$ 720,952		\$ 12,649					\$ 36,184	\$ 27,444			\$ 125,526	\$ 217,569	\$ 133,520	
US EDA	14,128.00									14,128								
US DHS	20,262							20,262										
Total Federal Awards	1,308,233	-	-	720,952	-	12,649	-	20,262	-	14,128	36,184	27,444	-	-	125,526	217,569	133,520	-
Conn DOT	289,961			78,357			121,782					3,049			15,691	54,392	16,690	
Conn OPM	1,364,155		645,823		713,480									4,852				
Conn Other	11,000												11,000					
Local dues	262,577		146,508	101,943						14,126								
Local Other	46,416		1,050			3,162					4,573				15,691		16,690	5,250
Uconn CIRCA	19,156							19,156										
Misc Income	1,161		1,161															
Interest Income	789		789															
Total Resources	\$ 3,303,448	\$ -	\$ 795,331	\$ 901,252	\$ 713,480	\$ 15,811	\$ 121,782	\$ 20,262	\$ 19,156	\$ 28,254	\$ 40,757	\$ 30,493	\$ 11,000	\$ 4,852	\$ 156,907	\$ 271,961	\$ 166,900	\$ 5,250

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE BY PROJECT
FOR THE YEAR ENDED JUNE 30, 2017**

EXHIBIT II – Con't

	Total	Indirect Costs	General Fund	Consolidated Planning Grant US DOT	RPI-GIS	Westport Rail Park Study	LOTICIP	DEHMS Grants	Uconn CIRCA	CEDS	Ridgefield TOD	Route 7 Implementation	Regional Elect Monitor	OPM Snowplow Grant	Norton Heights TOD	Stamford Bus and Shuttle	Stamford Bike/Ped	Emerg Planning- Public Health
Expenditures																		
Salaries	\$ 945,969	\$ 296,385	\$ 162,109	\$ 380,579			\$ 46,654	\$ 14,497	\$ 10,895	\$ 25,983	\$ 3,831	\$ 2,948		\$ 2,088				
Payroll taxes	77,713	77,713																
Group insurance	101,242	101,242																
Pension	57,793	57,793																
Consultants	1,506,256	-	83,459	20,000	689,978	15,811	19,600	9,950			31,540	23,400	11,000		156,907	271,961	166,900	5,750
Accounting & legal	38,584	30,296	8,288															
Rent	86,312	86,112	200															
Supplies	5,671	5,304	367															
Telephone/Internet	21,435	21,233	202															
Reproduction	1,279	581	698															
Maintenance Agreements	14,235	12,982	1,253															
Travel/Meetings	25,174	1,585	13,763	9,779			47											
Dues & subscriptions	12,656	12,656																
Postage	1,303	1,303																
Bond & insurance	17,108	16,915	193															
Equipment	59,429	-	4,825	31,102	23,502													
Utilities	14,010	13,857	153															
Depreciation	15,469	15,469	-															
Legal Notice/Ads	2,839	8		2,831														
Meetings/seminars	6,112	53	6,059															
Service Agreements	59,292	18,276	41,016															
Recruitment	300	300																
Loss on fixed assets	7,800	7,800																
Miscellaneous	37,109	11,159	25,950															
Indirect costs applied	-	(545,942)	223,769	456,961	-		55,481	8,665	14,646	2,271	5,386	4,145		2,764				-
Total Expenditures	\$ 3,115,090	\$ 243,080	\$ 572,304	\$ 901,252	\$ 713,480	\$ 15,811	\$ 121,782	\$ 33,112	\$ 25,541	\$ 28,254	\$ 40,757	\$ 30,493	\$ 11,000	\$ 4,852	\$ 156,907	\$ 271,961	\$ 166,900	\$ 5,750
Revenues in excess of expenditures	\$ 188,358	\$ (243,080)	\$ 223,027	\$ -	\$ -	\$ -	\$ -	\$ (12,850)	\$ (6,385)	\$ -	\$ -	\$ -	\$ -	\$ (0)	\$ -	\$ -	\$ 0	\$ (500)
Capital additions	(96,996)																	
Loss on fixed assets	7,800																	
Depreciation	15,469																	
Fund Balance July 1, 2016	1,269,957																	
Fund Balance June 30, 2017	<u>\$ 1,384,588</u>																	

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF DIRECT AND INDIRECT COSTS
JUNE 30, 2017**

EXHIBIT III

	TOTAL COSTS	DIRECT COSTS	INDIRECT COSTS
Salaries	\$ 945,969	\$ 649,584	\$ 296,385
Payroll taxes	77,713	-	77,713
Group insurance	101,242	-	101,242
Pension	57,793	-	57,793
Consultants	1,506,256	1,506,256	-
Accounting & legal	38,584	8,288	30,296
Rent	86,312	200	86,112
Supplies	5,671	367	5,304
Telephone/Internet	21,435	202	21,233
Reproduction	1,279	698	581
Maintenance Agreements	14,235	1,253	12,982
Travel/Meetings	25,174	23,589	1,585
Dues & subscriptions	12,656	-	12,656
Postage	1,303	-	1,303
Bond & insurance	17,108	193	16,915
Equipment	59,429	59,429	-
Utilities	14,010	153	13,857
Depreciation	15,469	-	15,469
Legal Notice/Ads	2,839	2,831	8
Meetings/seminars	6,112	6,059	53
Service Agreements	59,292	41,016	18,276
Recruitment	300	-	300
Loss on fixed assets	7,800	-	7,800
Miscellaneous	37,109	25,950	11,159
	<u>\$ 3,115,090</u>	<u>\$ 2,326,068</u>	
Total Costs	<u>\$ 3,115,090</u>	<u>\$ 2,326,068</u>	789,022
Total Indirect Costs Absorbed by Agency			<u>-</u>
Total Allowable Indirect Costs			<u>\$ 789,022</u>

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
DETERMINATION OF INDIRECT COST RATE
JUNE 30, 2017**

EXHIBIT IV

Total payroll for the year	\$ 945,969	
Less administrative, support and leave	<u>296,385</u>	
Payroll base	<u>\$ 649,584</u>	<u>100.00%</u>
Total Indirect Costs	\$ 789,022	
Less unallowable costs	<u>(9,083)</u>	
Total Allowable Indirect Costs	<u>\$ 779,939</u>	<u>120.07%</u>

Summary of Indirect Costs

Non-assignable salaries	\$ 296,385	45.63%
Fringe and payroll taxes	236,748	36.45%
Overhead	<u>246,806</u>	<u>37.99%</u>
	<u>\$ 779,939</u>	<u>120.07%</u>

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
FINANCIAL SUMMARY REPORT – CONN DOT
YEAR ENDED JUNE 30, 2017**

EXHIBIT V

	SWMPO Consolidated Planning Grant State Project No. DOT07159996PL	HVMPO Consolidated Planning Grant State Project No. DOT07159996PL	Total
SOURCE OF FUNDS			
I. Maximum funds authorized			
US DOT	\$ 916,711	\$ 348,113	\$ 1,264,824
Conn DOT Match	114,589	43,515	158,104
Local match	114,589	43,515	158,104
TOTAL	<u><u>1,145,889</u></u>	<u><u>435,143</u></u>	<u><u>1,581,032</u></u>
II. Audited Expenditures			
Direct Salaries	243,558	137,021	380,579
Indirect at 120.07%	292,440	164,521	456,961
Direct Costs	30,139	33,573	63,712
TOTAL	<u><u>566,137</u></u>	<u><u>335,115</u></u>	<u><u>901,252</u></u>
III. Distribution of Audited Costs			
US DOT	452,910	268,092	721,002
Conn DOT Match	44,945	33,412	78,357
Local Match	68,282	33,611	101,893
TOTAL	<u><u>566,137</u></u>	<u><u>335,115</u></u>	<u><u>901,252</u></u>
IV. Conn DOT Responsibility			
US DOT	452,910	268,092	721,002
Conn DOT Match	44,945	33,412	78,357
TOTAL	<u><u>497,855</u></u>	<u><u>301,504</u></u>	<u><u>799,359</u></u>
Payment received to June 30, 2017	425,835	246,811	672,646
Payment received after June 30, 2017	108,060	75,227	183,287
TOTAL PAYMENTS RECEIVED	<u><u>533,895</u></u>	<u><u>322,039</u></u>	<u><u>855,933</u></u>
Due to ConnDOT	<u><u>\$ (36,040)</u></u>	<u><u>\$ (20,534)</u></u>	<u><u>\$ (56,574)</u></u>

**WESTERN CONNECTICUT COUNCIL
OF GOVERNMENTS**

FEDERAL SINGLE AUDIT REPORT

JUNE 30, 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 Ave, 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, 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, 2017, 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.

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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
October 16, 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 Ave, Suite 5-D
Hamden, CT 06518
Tel: (203) 288-4144
Fax: (203) 248-9205

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, 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, 2017, 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, 2017.

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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
October 16, 2017

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

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	720,952
Ridgefield TOD	20.205	12062-DOT57184-22108	36,184
Route 7 Phase 3 Assessment & Implementation Plan	20.205	12062-DOT57184-22108	27,444
Westport/Greens Farms Rail Parking Study	20.205	12062-DOT57184-22108	12,649
Noroton Heights TOD	20.205	16DOT00350196PL	125,526
Stamford Bus and Shuttle Study	20.205	12062-DOT57551-22108	217,569
Stamford Bike and Pedestrian Plan	20.205	12062-DOT57184-22108	133,520
Total U.S. Department of Transportation			\$ 1,273,843
Economic Development Administration			
<i>Pass-through programs from Connecticut Economic Development Administration</i>			
Appended Comprehensive Economic Development Grant	11.302	ED16PHI3020036	\$ 14,128
Total U.S. EDA			\$ 14,128
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	\$ 1,150
DEHMS region 5 Planning - 2014	97.067	12060-DPS32160-21877	6,800
Total Homeland Security			7,950
Pre-Disaster Hazard Mitigation	97.039	12060-DPS32983-22278	12,312
Total Department of Emergency Services			12,312
Total U.S. Department of Homeland Security			\$ 20,262
Total Expenditures of Federal Awards			\$ 1,308,233

Notes to the schedule of expenditures of federal awards are an integral part of this schedule of supplementary information

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of under programs of the federal government for the year ended June 30, 2017. 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 , it is not intended to and does not present the financial position, changes in net assets, or cash flows of

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 Principals 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
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

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 No
- Significant deficiency(ies) identified? _ Yes none reported

Noncompliance material to financial statements noted? _ Yes No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _ Yes No
- Significant deficiency(ies) identified? _ Yes none reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the Uniform Guidance? _ Yes No

Identification of major federal programs:
CFDA Number(s): 20.205 - Highway Planning

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee __ Yes No

Section II - Financial Statement Findings

No findings

Section III - Federal Award Findings and Questioned Costs

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

**WESTERN CONNECTICUT COUNCIL
OF GOVERNMENTS**

STATE SINGLE AUDIT REPORT

JUNE 30, 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 Ave, 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, 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, 2017, 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, 2017.

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, 2017, and have issued our report thereon dated October 16, 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
October 16, 2017

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2017**

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	\$ 713,480
OPM RPIP Snowplow Grant	12062-DOT57551-22108	4,852
Total OPM Grants		<u>718,332</u>
Department of Transportation		
Regional Transportation Planning	12062-DOT57551-22108	78,357
Route 7 Imp Phase 3	12062-DOT57531-22108	3,049
Noroton Heights TOD Study	12062-DOT57551-22108	15,691
Stamford Bus and Shuttle Study	12062-DOT57551-22108	54,392
Stamford Bike and Ped	12062-DOT57551-22108	16,690
Local Transportation Capital Improvement Program Administration	13033-DOT57197-43584	<u>121,782</u>
Total DOT Grants		289,961
Secretary of State		
Regional Election Monitor	11000-SOS12500-10020	<u>11,000</u>
Total non-exempt State Grants		1,019,293
Exempt Programs		
State Grant-in-Aid for Regional Planning Agency	12060-OPM20600-35457	<u>645,823</u>
Total State Grants		<u><u>\$ 1,665,116</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, 2017**

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, 2017. 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, 2017**

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:

State Grantor and Program	State Core-CT Number	Expenditures
Office of Policy and Management		
Regional Performance Incentive Grant - Regional GIS Data Services	12060-OPM20600-35457	\$ 713,480
Department of Transportation		
Regional Transportation Planning	12062-DOT57551-22108	78,357
• Dollar threshold used to distinguish between Type A and Type B programs		\$ 200,000

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS – STATE FINANCIAL
ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2017**

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Section II – Financial Statement Findings

No findings

Section III – State Financial Assistance Findings and Questioned Costs

No findings

Status of Prior Audit Finding:

No findings