

**WESTERN CONNECTICUT COUNCIL  
OF GOVERNMENTS**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2019**

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
FINANCIAL STATEMENTS  
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JUNE 30, 2019**

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*Certified Public Accountants*

## INDEPENDENT AUDITOR'S REPORT

Council Members  
Western Connecticut Council of Governments  
1 Riverside Road  
Sandy Hook, CT 06482

### **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, 2019, 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, 2019, 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 9 and 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Western Connecticut Council of Governments' basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance by Project, Schedule of Direct and Indirect Costs, Determination of Indirect Cost Rate, and Financial Summary Report-CTDOT 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-CTDOT, 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-CTDOT, 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 November 26, 2019, 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  
November 26, 2019

## WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2019

As management of the Western Connecticut Council of Governments (WestCOG), we offer readers of WestCOG's financial statements this narrative overview and analysis of the financial activities of WestCOG for the fiscal year ended June 30, 2019.

#### **FINANCIAL HIGHLIGHTS**

- The assets of WestCOG exceeded its liabilities at the close of the most recent fiscal year by \$1,801,519 (net position). Of this amount, \$1,682,413 (unrestricted net position) may be used to meet WestCOG's ongoing obligations.
- WestCOG's total net position increased by \$97,667.
- As of the close of the current fiscal year, WestCOG's governmental fund reported combined ending fund balances of \$1,682,413, an increase of \$97,532 in comparison with the prior year. The portion of the fund balance available for spending at WestCOG's discretion (unassigned fund balance) is \$1,682,413.
- Regarding the total fiscal picture of WestCOG and its fiduciary governance, it is our opinion that the current fund balance levels are not excessive and should be maintained according to management approval. Securing the level of fund balance mitigates against future potential and uncertain decisions by the State of Connecticut with respect to any disruption or reduction of funding to the Councils of Governments. We will assign the current fund balance level against these possible future liabilities.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to WestCOG's basic financial statements. WestCOG's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

#### **Basis of Presentation**

WestCOG is considered a single-program governmental organization for financial reporting purposes. Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, requires the presentation of government-wide financial statements and fund financial statements. The government-wide financial statements consist of the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. WestCOG has no business-type activities.

#### **Government-Wide Financial Statements**

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

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

The Statement of Activities presents information showing how WestCOG's net position changed during the most recent 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 display information about WestCOG's governmental activities, which consists of regional planning. WestCOG does not have any business-type activities.

The government-wide financial statements can be found on table 1 and 2 of this report.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. WestCOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of WestCOG can be divided into two categories: governmental funds and fiduciary funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating WestCOG's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of WestCOG's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found on pages 12 and 14 of this report

### **Fiduciary Funds**

Fiduciary funds are used to account for resources held for the benefit of parties outside of WestCOG. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to WestCOG's own programs. The accounting used for fiduciary funds is much like that used for proprietary (business-type function) funds. WestCOG has one fiduciary fund it reports upon.

The basic fiduciary fund financial statements can be found on pages 16 and 17 of this report



## NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18 – 25 of this report.

### OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management’s discussion and analysis that can be found on pages 26 – 31 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

#### Net Position

WestCOG’s combined net position increased from \$1,703,871 on June 30, 2018 to \$1,801,519 on June 30, 2019. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Agency’s governmental activities.

	<b>Table 1</b>	
	<i>Net Position</i>	
	<b>Governmental Activities</b>	
	<u>2019</u>	<u>2018</u>
Current and other assets	\$ 2,533,770	\$ 1,959,867
Capital assets	<u>119,106</u>	<u>118,989</u>
Total assets	2,652,876	2,078,856
Liabilities	<u>851,357</u>	<u>347,985</u>
Net	<u>\$ 1,801,519</u>	<u>\$ 1,730,871</u>
Net position:		
Invested in capital assets	\$ 119,106	\$ 118,989
Unrestricted (deficit)	<u>1,682,413</u>	<u>1,584,882</u>
Total net position	<u>\$ 1,801,519</u>	<u>\$ 1,703,871</u>

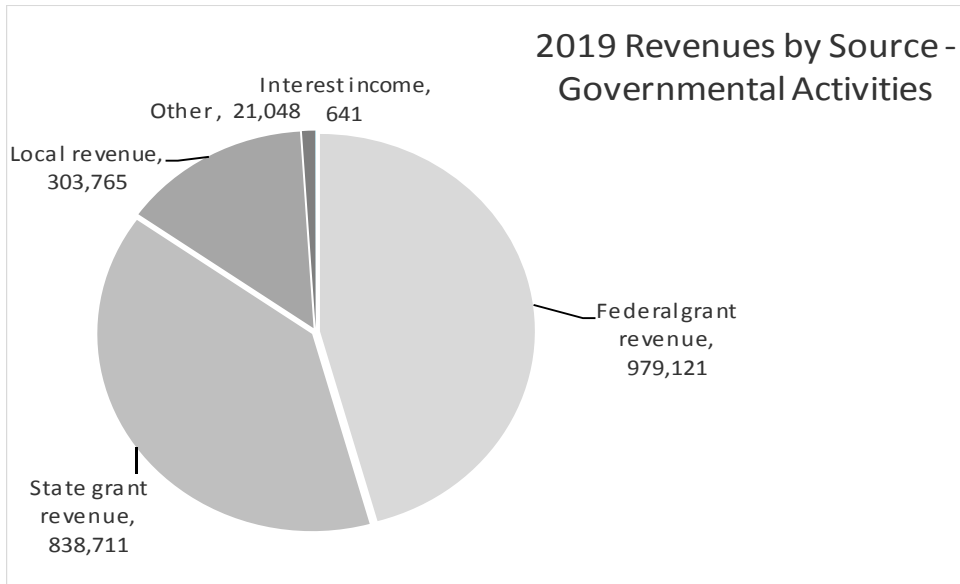
At June 30, 2019, \$119,106 or 6% of WestCOG’s net position reflects its net investment in capital assets. WestCOG uses these capital assets to provide services to member towns; consequently, these assets are not available for future spending.

The remainder of WestCOG’s net position of \$1,682,413 is considered unrestricted and may be used to meet WestCOG’s ongoing obligations. Overall, net position increased by \$97,667 in comparison to the prior year.

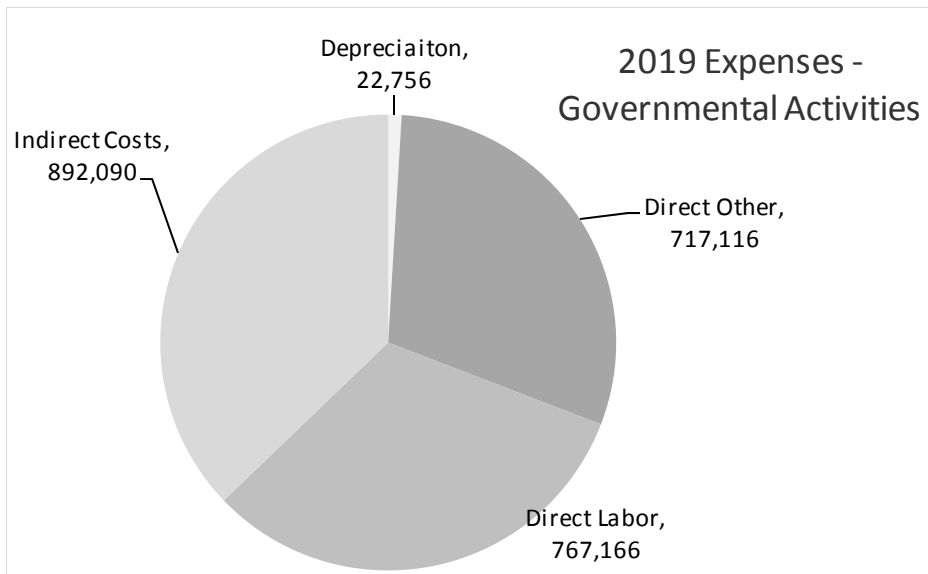
## Changes in Net Position

Changes in net position for the years ended June 30, 2019 and 2018 are as follows:

<b>Table 2</b>		
<b>Changes in Net Position</b>		
	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Revenues:		
Program revenues:		
Operating grants	\$ 2,168,754	\$ 1,800,099
General revenues:		
Unrestricted investment earnings	4,960	641
Miscellaneous	306	12,732
Local cash contributions	300,000	284,793
	<u>2,474,020</u>	<u>2,098,265</u>
Total revenues		
Program expenses:		
Consolidated Planning Grant US DOT	1,313,349	979,130
Regional Planning/Administration	553,231	325,132
Local Transportation Capital Improvements	192,854	56,349
Westport Rail Parking Study	151,179	5,987
OPM Snow Plow	51,468	198,481
Stamford Bike/Ped	35,698	30,573
Route 7 Impl-Phase 2	32,550	10,550
The Nature Conservancy	14,246	5,768
DEMHS Grants	12,189	8,709
Noroton Heights TOD	10,762	75,626
Stamford Bus and Shuttle	5,446	82,441
Public Health Emergency Planning	3,400	3,450
RPI GIS	-	77,987
CEDS Grant	-	21,907
Regional Election Monitor	-	8,361
DEEP Tree Grant	-	12,022
Deer Management	-	3,712
Uconn CIRCA	-	3,396
	<u>2,376,372</u>	<u>1,909,581</u>
Total program expenses		
Increase in net position	<u>\$ 97,648</u>	<u>\$ 188,684</u>



For the year ended June 30, 2019, the Agency’s total revenues were \$2,474,020 compared to \$2,098,265 for the year ended June 30, 2018, an increase of \$375,755. The total cost of all programs and services for the year ended June 30, 2019 was \$2,376,372 compared to \$1,909,581 for the year ended June 30, 2018, an increase of \$466,791.



**FINANCIAL ANALYSIS OF THE ENTITY’S FUNDS**

**Governmental Funds**

The focus of WestCOG’s governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing WestCOG’s financing requirements. In particular, unreserved fund balance may serve as a useful measure of WestCOG’s net resources available for spending at the end of the fiscal year.

## General Fund Budgetary Highlights

WestCOG's general fund revenues were \$9,323 under budget. The Agency's general fund expenditures were under budget by an amount of \$76,550.

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

## CAPITAL ASSETS

At June 30, 2019, the Agency had \$188,243 invested in capital assets, which comprise capital assets, offset by accumulated depreciation of \$69,138, for net capital assets of \$119,106. This amount represents a net increase of \$117 from last year, which includes additions of \$22,873, and depreciation of \$22,756.

	<b>Governmental Activities</b>	
	<b>2019</b>	<b>2018</b>
Capital Assets	<u>\$ 119,106</u>	<u>\$ 118,989</u>
Totals	<u><u>\$ 119,106</u></u>	<u><u>\$ 118,989</u></u>

## ECONOMIC FACTORS

WestCOG is highly dependent on intergovernmental revenue from the State of Connecticut and the federal government. All local government entities in Connecticut are facing significant financial uncertainty, including projected state deficits and federal funding cuts.

## 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

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
STATEMENT OF NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u><b>Government Activities</b></u>
<b>Assets:</b>	
Cash and cash equivalents	\$ 2,293,642
Accounts receivable	215,861
Prepaid expenses and other current assets	24,267
Office equipment	188,244
Accumulated depreciation	<u>(69,138)</u>
<b>Total assets</b>	<u><b>2,652,876</b></u>
<b>Liabilities:</b>	
Accounts payable	603,689
Deferred revenue	180,848
Accrued expenses	<u>66,820</u>
<b>Total liabilities</b>	<u><b>851,357</b></u>
<b>Net Position:</b>	
Net investment in capital assets	119,106
Unrestricted net position	<u>1,682,413</u>
<b>Total net position</b>	<u><u><b>\$ 1,801,519</b></u></u>

The accompanying notes are an integral part of the financial statements.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Operating Grants</u>	<u>Net (Expense) Revenue and Changes in Net Position</u> <u>Government Activities</u>
Governmental Activities:			
Planning Projects:			
Consolidated Planning	\$ 1,313,349	\$ 1,152,908	\$ (160,441)
Stamford Bike/Ped	35,698	35,698	-
Route 7 Impl-phase 3	32,550	32,550	-
Westport Rail Parking Study	151,179	151,179	-
LOTICIP	192,854	192,854	-
Noroton Heights TOD	10,762	10,762	-
Stamford Bus & Shuttle Study	5,446	5,446	-
DEMHS Grants	12,189	14,500	2,311
Public Health Emergency Planning	3,400	3,400	-
RPIP Snow Plow	51,468	51,449	(19)
The Nature Conservancy	14,246	14,232	(14)
Regional Planning/Administration	553,231	503,776	(49,455)
	<u>\$ 2,376,372</u>	<u>\$ 2,168,754</u>	<u>(207,618)</u>
General Revenues:			
Local cash contributions			300,000
Miscellaneous Income			306
Interest income			4,960
Total general revenues			<u>305,266</u>
Change in net position			97,648
Net position, beginning			<u>1,703,871</u>
Net position, ending			<u>\$ 1,801,519</u>

The accompanying notes are an integral part of the financial statements.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
BALANCE SHEET-GOVERNMENTAL FUNDS  
JUNE 30, 2019**

	<b>General Fund</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 2,293,642
Accounts receivable	215,861
Prepaid expenses and other current assets	24,267
Total assets	\$ 2,533,770
 <b>LIABILITIES AND FUND BALANCE</b>	
Liabilities	
Accounts payable	\$ 603,689
Deferred revenue	180,848
Accrued expenses	66,820
Total liabilities	851,357
 <b>FUND BALANCE</b>	
Unassigned	1,682,413
Total fund balance	1,682,413
Total liabilities and fund balance	\$ 2,533,770

The accompanying notes are an integral part of the financial statements.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO  
THE STATEMENT OF NET POSITION  
JUNE 30, 2019**

Total fund balance-Governmental fund		\$ 1,682,413
<p>Capital assets used in governmental activities are not  financial resources and therefore are not reported in  the government fund financial statements</p>		
Governmental Capital Assets	188,244	
Accumulated depreciation	<u>(69,138)</u>	
Net Capital Assets		<u>119,106</u>
Net assets of governmental activities		<u><u>\$ 1,801,519</u></u>

The accompanying notes are an integral part of the financial statements.



**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>General Fund</u>
Revenues:	
US DOT	\$ 1,247,985
US DHS	14,500
CTDOT	298,222
Conn OPM	555,225
Local Other	38,591
Local dues	300,000
The Nature Conservancy	14,232
Misc. Income	306
Interest Income	4,960
Total revenues	<u>2,474,021</u>
Expenditures:	
Salaries	1,023,467
Payroll taxes	92,752
Group insurance	105,157
Pension	62,333
Consultants	665,588
Accounting & legal	59,723
Rent	104,670
Supplies	4,932
State audit adjustments	104,928
Reproduction	1,105
Copier/equipment lease	6,422
Travel/Meetings	25,267
Dues & subscriptions	9,442
Postage	901
Bond & insurance	16,916
Equipment/software	7,106
Utilities	22,536
Legal Notice/Ads	4,050
Service Agreements	25,668
Recruitment	529
Westcog Foundation contribution	5,000
Miscellaneous	5,124
Capital outlay:	
Equipment acquisition	22,873
Total expenditures	<u>2,376,489</u>
Excess of revenues over expenditures	<u>97,532</u>
Net change in fund balance	97,532
Fund balance, Beginning	<u>1,584,881</u>
Fund balance, Ending	<u>\$ 1,682,413</u>

The accompanying notes are an integral part of the financial statements.

**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, 2019**

Total net change in fund balance-Governmental Funds	\$	97,532
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		22,873
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>(22,757)</u>
Change in net assets of Governmental activities	\$	<u><u>97,648</u></u>

The accompanying notes are an integral part of the financial statements.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
STATEMENT OF NET POSITION – FIDUCIARY FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Pension Trust Fund</u>
Assets:	
Investments:	
Equity mutual funds	\$ 418,571
Contribution receivable	<u>39,375</u>
Total assets	<u><u>\$ 457,946</u></u>
Net Position:	
Restricted for Pension Benefits	<u><u>\$ 457,946</u></u>

The accompanying notes are an integral part of the financial statements.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2019**

	<u>Pension Trust Fund</u>
Additions:	
Employer contributions	\$ 49,958
Investment income (loss):	
Interest	28,406
Net increase in the fair value of investments	<u>4,860</u>
Total additions	83,224
Distributions	<u>22,668</u>
Change in Net Position	60,556
Net Position at the beginning of year	<u>397,390</u>
Net Position at the end of year	<u><u>\$ 457,946</u></u>

The accompanying notes are an integral part of the financial statements.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**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, 2019**

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 and leasehold improvements, 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 30 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, 2019**

***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 November 26, 2019, the Agency evaluated all subsequent events and has noted no recognized or non-recognized event or transactions subsequent to June 30, 2019.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**Note 2 – Cash and Cash Equivalents**

A reconciliation of the Agency’s cash and cash equivalents as of June 30, 2019 is as follows:

Government-Wide Statement of Net Position:

Cash deposits	\$ 1,589,255
Cash equivalents	<u>704,387</u>
	<u><u>\$ 2,293,642</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. Cash equivalents include investments in the State Treasurer’s Short-Term Investment Fund (“STIF”) which totaled \$704,387 as of June 30, 2019.

***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 \$2,293,642 were not fully insured



**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

under FDIC. As of June 30, 2019, \$1,691,749 of the Agency's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 1,588,076
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Government's name	<u>103,673</u>
	<u><u>\$ 1,691,749</u></u>

As of the year ended June 30, 2019, the Agency held investments in a STIF account as indicated above.

An investment in equity mutual funds is maintained in the Pension Trust Fund in the statement of fiduciary net assets.

**Note 3 - Capital Asset Activity**

Capital asset activity for the Agency for the year ended June 30, 2019 was as follows:

	<b>Beginning Balance</b>	<b>Sales or Disposition</b>	<b>Acquisitions</b>	<b>Ending Balance</b>
Governmental Activities:				
Capital Assets, at historic cost	<u>\$ 165,371</u>		<u>\$ 22,873</u>	<u>\$ 188,243</u>
Less: Accumulated depreciation	<u>46,382</u>		<u>22,756</u>	<u>69,138</u>
Governmental activities capital assets, net	<u><u>\$ 118,989</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 117</u></u>	<u><u>\$ 119,105</u></u>

Depreciation expense was charged to governmental functions as follows:

General Planning and Administration	\$ <u>22,756</u>
Total Depreciation Expense	<u><u>\$ 22,756</u></u>

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
YEAR ENDED JUNE 30, 2019**

**Note 4 – Revenue**

During the year ended June 30, 2019, the Agency received \$2,216,582 or 86% of its revenue from federal and state sources. During the current year, general fund source revenues consisted of the following:

Federal grant revenue	\$ 1,262,485	51.0%
State grant revenue	853,447	34.5%
Local revenue	338,591	13.7%
Other	14,538	0.6%
Interest income	4,960	0.2%
Total Revenue	\$ 2,474,021	100.0%

**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, 2019:

State and federal grants	\$ 215,861
Municipalities & Other	-
Net total receivables	\$ 215,861

**Note 6 - Prepaid Expenses**

Prepaid expenses consist of the following as of June 30, 2019:

Prepaid maintenance agreements	9,490
Prepaid Dues	1,908
Prepaid Heating Oil	8,624
Security deposit	4,245
	\$ 24,267

**Note 7 - Accrued Expenses**

Accrued expenses consist of the following as of June 30, 2019:

Accrued vacation	\$ 27,445
Accrued Pension	39,375
	\$ 66,820

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 YEAR ENDED JUNE 30, 2019**

**Note 8 - Leasing Arrangements**

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 payments are as follows:

2020	\$	81,344
2021	\$	82,971
2022	\$	84,631
2023	\$	86,323
2024	\$	88,050

**Note 9 - Pension Plan**

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

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

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

Pension expense for the year ended June 30, 2019 was \$62,333.

In addition to the defined contribution money purchase 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 one of these two plans. 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.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2019**

**Note 11 - Risk Management**

The Agency is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies, which was formed for the purpose of establishing and administering an interlocal risk management program.

The Agency is also a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool providing statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. The Agency pays an annual premium to the pool for its coverage. Premiums are assessed or determined based on the ultimate cost of the experience to date of a group of entities. The Agency does not accrue for any possible additional loss contingencies as it cannot estimate them from current information about reported and unreported claims. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred will be evaluated at various specified periods after effective date of coverage. The contribution (premium) is also subject to payroll audit at the close of the coverage period.

The agreement for formation of CIRMA provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance companies. For the 2018-2019 policy year, reinsurance covered all claims in excess of \$1,000,000 per occurrence without limitation on the excess.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining. The Agency cannot estimate the amount of such additional assessments and has not been notified that any assessments are forthcoming.

The Agency continues to carry commercial insurance coverage for all other risks of loss, including commercial liability and automobile and employee dishonesty coverage. The Agency does not receive any noncash insurance benefits from the federal government as part of any grant program.

**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.

**Note 13 – Not-for-Profit/Related Party**

During the FYE 2018 the Agency founded a Not-for-Profit. The Not-for-Profit organization did not receive any revenue as of June 30, 2018 with the exception of \$5,000 from Westcog.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT I**

<b>Revenue</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual June 30, 2019</b>	<b>Variance</b>
Consolidated Planning	\$ 1,270,550	\$ 1,270,550	\$ 1,152,908	\$ (117,642)
Stamford Bike/Ped	-	-	35,698	35,698
Rte 7 Implementation	40,000	40,000	32,550	(7,450)
Westport Rail Parking Study	100,438	100,438	151,179	50,741
LOTICIP	202,000	202,000	192,854	(9,146)
Noroton Heights TOD	-	-	10,762	10,762
Nature Conservancy	-	-	14,232	14,232
Stamford Bus and Shuttle Study	-	-	5,446	5,446
DEMHS Grants	8,330	8,330	14,500	6,170
Public Health Emergency Planning	6,000	6,000	3,400	(2,600)
Conn OPM-SGIA	503,776	503,776	503,776	-
Local dues	300,000	300,000	300,000	-
RPIP Snow Plow	51,449	51,449	51,449	-
Miscellaneous Income	-	-	306	306
Interest income	800	800	4,960	4,160
<b>Total Revenues</b>	<b>2,483,343</b>	<b>2,483,343</b>	<b>2,474,020</b>	<b>(9,323)</b>
<b>Expenditures</b>				
Salaries	1,030,061	1,030,061	1,023,467	(6,594)
Payroll taxes	92,236	92,236	92,752	516
Group insurance	162,472	162,472	105,157	(57,315)
Pension	70,100	70,100	62,333	(7,767)
Consultants	810,000	810,000	665,588	(144,412)
Accounting & legal	37,050	37,050	59,723	22,673
Rent	101,498	101,498	104,670	3,172
Supplies	10,000	10,000	4,932	(5,068)
Due to state	-	-	104,928	104,928
Reproduction	500	500	1,105	605
Copier/equipment lease	-	-	6,422	6,422
Travel/Meetings	24,400	24,400	25,267	867
Dues & subscriptions	9,213	9,213	9,442	229
Postage	1,000	1,000	901	(99)
Bond & insurance	18,930	18,930	16,916	(2,014)
Equipment/software	6,713	6,713	7,106	393
Utilities	27,430	27,430	22,536	(4,894)
Depreciation	12,000	12,000	22,756	10,756
Legal Notice/Ads	2,500	2,500	4,050	1,550
Service Agreements	28,319	28,319	25,668	(2,651)
Recruitment	-	-	529	529
Westcog Foundation contribution	-	-	5,000	5,000
Miscellaneous	8,500	8,500	5,124	(3,376)
<b>Total Expenses</b>	<b>2,452,922</b>	<b>2,452,922</b>	<b>2,376,372</b>	<b>(76,550)</b>
Excess (Deficiency) of Revenue over Expenditures	<b>\$ 30,421</b>	<b>\$ 30,421</b>	<b>97,648</b>	<b>\$ 67,227</b>
Net Position July 1, 2018			<b>1,703,871</b>	
Net Position June 30, 2019			<b>\$ 1,801,519</b>	

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE BY PROJECT  
FOR THE YEAR ENDED JUNE 30, 2019**

**EXHIBIT II**

	Total	Indirect / unallowed Costs	General Fund	OPM -RSG SGIA	Consolidated Planning Grant US DOT	Westport Rail Park Study	LOTICIP	DEHMS Grants	Route 7 Implementation	OPM Snowplow Grant	Noroton Heights TOD	Stamford Bus and Shuttle	Stamford Bike/Ped	The Nature Conservancy	Emerg Planning- Public Health
<b>Resources</b>															
US DOT	\$ 1,247,985				\$ 1,059,751	\$ 120,943			\$ 26,040		\$ 8,610	\$ 4,357	\$ 28,284		
US DHS	14,500							14,500							
Total Federal Awards	1,262,485	-	-		1,059,751	120,943	-	14,500	26,040	-	8,610	4,357	28,284	-	-
Conn DOT	298,222				93,158		192,854	6,510			1,076	1,089	3,535		
Conn OPM	555,225			503,776					51,449						
Local dues	300,000		128,218		171,782										
Local Other	38,591					30,236					1,076		3,879		3,400
The Nature Conservancy	14,232													14,232	
Misc Income	306		306												
Interest Income	4,960		4,960												
<b>Total Resources</b>	<b>\$ 2,474,021</b>	<b>\$ -</b>	<b>\$ 133,484</b>	<b>\$ 503,776</b>	<b>\$ 1,324,691</b>	<b>\$ 151,179</b>	<b>\$ 192,854</b>	<b>\$ 14,500</b>	<b>\$ 32,550</b>	<b>\$ 51,449</b>	<b>\$ 10,762</b>	<b>\$ 5,446</b>	<b>\$ 35,698</b>	<b>\$ 14,232</b>	<b>\$ 3,400</b>

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE BY PROJECT  
FOR THE YEAR ENDED JUNE 30, 2019**

**XHIBIT II – Con't**

	Total	Indirect / unallowed Costs	General Fund	OPM -RSG SGIA	Consolidated Planning Grant US DOT	Westport Rail Park Study	LOTICIP	DEHMS Grants	Route 7 Implementation	OPM Snowplow Grant	Noroton Heights TOD	Stamford Bus and Shuttle	Stamford Bike/Ped	The Nature Conservancy	Emerg Planning- Public Health
<b>Expenditures</b>															
Salaries	\$ 1,023,467	\$ 256,301	\$ -	\$ 75,068	\$ 591,349		\$ 87,861	\$ 5,752		\$ 637				\$ 6,499	
Payroll taxes	92,752	92,752													
Group insurance	105,157	105,157													
Pension	62,333	62,333													
Consultants	665,588	-		264,517	112,391	151,179			32,550	49,988	10,762	5,446	35,355		3,400
Accounting & legal	59,723	54,769		4,954											
Rent	104,670	104,670													
Supplies	4,932	4,347		585											
Reproduction	1,105	637		125									343		
Copier/equipment lease	6,422	6,422													
Travel/Meetings	25,267	2,633		10,068	12,313		253								
Dues & subscriptions	9,442	9,442													
Postage	901	901													
Bond & insurance	16,916	16,916													
Equipment/software	7,106	3,571		1,754	1,781										
Utilities	22,536	22,536													
Depreciation	22,756	22,756													
Legal Notice/Ads	4,050	-			4,050										
Due to state	104,928	104,928													
Service Agreements	25,668	10,961		13,290	1,417										
Recruitment	529	529													
Westcog Foundation contribution	5,000	5,000													
Miscellaneous	5,124	4,529		595											
Indirect costs applied	-	(799,303)		89,488	590,048		104,740	6,437		843				7,747	
<b>Total Expenditures</b>	<b>\$ 2,376,372</b>	<b>\$ 92,787</b>	<b>\$ -</b>	<b>\$ 460,444</b>	<b>\$ 1,313,349</b>	<b>\$ 151,179</b>	<b>\$ 192,854</b>	<b>\$ 12,189</b>	<b>\$ 32,550</b>	<b>\$ 51,468</b>	<b>\$ 10,762</b>	<b>\$ 5,446</b>	<b>\$ 35,698</b>	<b>\$ 14,246</b>	<b>\$ 3,400</b>
Revenues in excess of expenditures	\$ 97,649	\$ (92,787)	\$ 133,484	\$ 43,332	\$ 11,342	\$ -	\$ -	\$ 2,311	\$ -	\$ (19)	\$ -	\$ -	\$ -	\$ (14)	\$ -
Capital additions	(22,873)		Cap assets	(11,896)	(10,977)										
Depreciation	22,757		Gap match	(31,437)											
Fund Balance July 1, 2018	1,584,882			(1)	365										
<b>Fund Balance June 30, 2019</b>	<b>\$ 1,682,415</b>														

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
SCHEDULE OF DIRECT AND INDIRECT COSTS  
JUNE 30, 2019**

**EXHIBIT III**

	TOTAL COSTS	DIRECT COSTS	INDIRECT COSTS
Salaries	\$ 1,023,467	\$ 767,166	\$ 256,301
Payroll taxes	92,752	-	92,752
Group insurance	105,157	-	105,157
Pension	62,333	-	62,333
Consultants	665,588	665,588	-
Accounting & legal	59,723	4,954	54,769
Rent	104,670	-	104,670
Supplies	4,932	585	4,347
Reproduction	1,105	468	637
Maintenance Agreements	6,422	-	6,422
Travel/Meetings	25,267	22,634	2,633
Dues & subscriptions	9,442	-	9,442
Postage	901	-	901
Bond & insurance	16,916	-	16,916
Equipment/software	7,106	3,535	3,571
Utilities	22,536	-	22,536
Depreciation	22,756	-	22,756
Legal Notice/Ads	4,050	4,050	-
Due to state	104,928	-	104,928
Service Agreements	25,668	14,707	10,961
Recruitment	529	-	529
Westcog Foundation contribution	5,000	-	5,000
Miscellaneous	5,124	595	4,529
	<b>\$ 2,376,372</b>	<b>\$ 1,484,282</b>	892,090
<b>Total Costs</b>			
<b>Total Indirect Costs Absorbed by Agency</b>			-
<b>Total Allowable Indirect Costs</b>			<b>\$ 892,090</b>



**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
DETERMINATION OF INDIRECT COST RATE  
JUNE 30, 2019**

**EXHIBIT IV**

Total payroll for the year	\$ 1,023,467	
Less administrative, support and leave	<u>256,301</u>	
Payroll base	<u>\$ 767,166</u>	<u>100.00%</u>
Total Indirect Costs	\$ 892,090	
Less unallowable costs	<u>(126,598)</u>	
Total Allowable Indirect Costs	<u>\$ 765,492</u>	<u>99.78%</u>

**Summary of Indirect Costs**

Non-assignable salaries	\$ 256,301	33.41%
Fringe and payroll taxes	260,242	33.92%
Overhead	<u>248,949</u>	<u>32.45%</u>
	<u>\$ 765,492</u>	<u>99.78%</u>

**Unallowable Costs**

Depreciation	\$ 16,588	
State audit adjustments	104,928	
Gifts	-	
Foundation Exp	5,000	
Write-off	82	
	<u>\$ 126,598</u>	

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
FINANCIAL SUMMARY REPORT – CTDOT  
YEAR ENDED JUNE 30, 2019**

**EXHIBIT V**

	<b>SWMPO Consolidated Planning Grant State Project No. DOT07189996PL</b>	<b>HVMPO Consolidated Planning Grant State Project No. DOT07189996PL</b>	<b>SWMPO Carryover DOT Planning Grant State Project No. DOT07189993PL</b>	<b>Total</b>
<b>SOURCE OF FUNDS</b>				
<b>I. Maximum funds authorized</b>				
US DOT	\$ 933,720	\$ 717,688	\$ 79,140	\$ 1,651,408
Conn DOT Match	64,390	68,180	-	132,570
Local match	169,041	111,242	19,786	280,283
<b>TOTAL</b>	<b><u>1,167,151</u></b>	<b><u>897,110</u></b>	<b><u>98,926</u></b>	<b><u>2,064,261</u></b>
<b>II. Audited Expenditures</b>				
Direct Salaries	364,787	226,562	-	591,349
Indirect at 99.78%	363,984	226,064	-	590,048
Direct Costs	25,342	19,024	98,926	44,366
<b>TOTAL</b>	<b><u>754,113</u></b>	<b><u>471,650</u></b>	<b><u>98,926</u></b>	<b><u>1,225,763</u></b>
<b>III. Distribution of Audited Costs</b>				
US DOT	603,290	377,320	79,140	980,610
Conn DOT Match	57,313	35,845	-	93,158
Local Match	93,510	58,485	19,786	151,995
<b>TOTAL</b>	<b><u>754,113</u></b>	<b><u>471,650</u></b>	<b><u>98,926</u></b>	<b><u>1,225,763</u></b>
<b>IV. Conn DOT Responsibility</b>				
US DOT	603,290	377,320	79,140	980,610
Conn DOT Match	57,313	35,845	-	93,158
<b>TOTAL</b>	<b><u>660,603</u></b>	<b><u>413,165</u></b>	<b><u>79,140</u></b>	<b><u>1,073,768</u></b>
Payment received to June 30, 2019	638,474	402,422	29,566	1,040,896
Payment received after June 30, 2019	84,219	49,306	49,574	133,525
<b>TOTAL PAYMENTS RECEIVED</b>	<b><u>722,693</u></b>	<b><u>451,728</u></b>	<b><u>79,140</u></b>	<b><u>1,174,421</u></b>
Due to ConnDOT	\$ (62,090)	\$ (38,563)	\$ -	\$ (100,653)

**WESTERN CONNECTICUT COUNCIL  
OF GOVERNMENTS**

**FEDERAL SINGLE AUDIT REPORT**

**JUNE 30, 2019**



**HENRY, RAYMOND  
& THOMPSON, LLC**

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*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT  
AUDITING STANDARDS***

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, 2019, 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  
November 26, 2019



**HENRY, RAYMOND  
& THOMPSON, LLC**

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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, 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, 2019, 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, 2019.

## 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  
November 26, 2019

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster-Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Number</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Transportation:</b>			
<i>Pass-through programs from Connecticut Department of Transportation Transportation Planning Cluster</i>			
Regional Transportation Planning	20.205	12062-DOT57184-22108	\$ 1,059,751
Route 7 Phase 3 Assessment & Implementation Plan	20.205	12062-DOT57184-22108	26,040
Westport/Greens Farms Rail Parking Study	20.205	12062-DOT57184-22108	120,943
Noroton Heights TOD	20.205	16DOT00350196PL	8,610
Stamford Bus and Shuttle Study	20.205	12062-DOT57551-22108	4,357
Stamford Bike and Pedestrian Plan	20.205	12062-DOT57184-22108	28,284
<b>Total U.S. Department of Transportation</b>			<b><u>1,247,985</u></b>
<b>U.S. Department of Homeland Security</b>			
<i>Pass-through program from State of Connecticut Department of Emergency Services and Public Protection Division of Emergency Management and Homeland Security</i>			
DEHMS region 5 Planning	97.067	12060-DPS32160-21877	14,500
<b>Total U.S. Department of Homeland Security</b>			<b><u>14,500</u></b>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 1,262,485</u></b>

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, 2019**

**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, 2019. 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  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

**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 X 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, 2019**



**HENRY, RAYMOND  
& THOMPSON, LLC**

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*Certified Public Accountants*

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

Independent Auditor's Report

To the Board of Directors  
Western Connecticut Council of Governments:

**Report on Compliance for Each Major State Program**

We have audited 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, 2019, 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, 2019.

### **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, 2019, and have issued our report thereon dated November 26, 2019, 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  
November 26, 2019

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

<u>State Grantor/Pass-Through Grantor/Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>Office of Policy and Management</b>		
SGIA Regional Service Grant	12002-OPM20870-17102	503,776
OPM RPIP Snowplow Grant	12060-OPM20600-35457	51,449
Total OPM Grants		<u>555,225</u>
<b>Department of Transportation</b>		
Regional Transportation Planning	12062-DOT57551-22108	93,158
Route 7 Imp Phase 3	12062-DOT57531-22108	6,510
Noroton Heights TOD Study	12062-DOT57551-22108	1,076
Stamford Bus and Shuttle Study	12062-DOT57551-22108	1,089
Stamford Bike and Ped	12062-DOT57551-22108	3,535
Local Transportation Capital Improvement Program Administration	13033-DOT57197-43584	<u>192,854</u>
Total DOT Grants		298,222
<b>Total State Grants</b>		<u><u>\$ 853,447</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, 2019**

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, 2019. 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, 2019**

**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:

<b>State Grantor and Program</b>	<b>State Core-CT Number</b>	<b>Expenditures</b>
<b>Office of Policy and Management</b>		
Regional Performance Incentive Grant - SGIA Regional Service Grant	12060-OPM20600-35457	\$ 503,776
Local Transportation Capital Improvement Program Administration	13033-DOT57197-43584	\$ 192,854
• Dollar threshold used to distinguish between Type A and Type B programs		\$ 100,000

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS—STATE FINANCIAL  
ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

**Con't**

**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