

**WESTERN CONNECTICUT COUNCIL
OF GOVERNMENTS**

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
FINANCIAL STATEMENTS
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JUNE 30, 2020**

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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, 2020, 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, 2020, 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 December 7, 2020, 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
December 7, 2020

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2020

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, 2020.

FINANCIAL HIGHLIGHTS

- The assets of WestCOG exceeded its liabilities at the close of the most recent fiscal year by \$2,131,131 (net position). Of this amount, \$2,017,227 (unrestricted net position) may be used to meet WestCOG's ongoing obligations.
- WestCOG's total net position increased by \$214,874.
- As of the close of the current fiscal year, WestCOG's governmental fund reported combined ending fund balances of \$2,017,227, an increase of \$220,076 in comparison with the prior year. The portion of the fund balance available for spending at WestCOG's discretion (unassigned fund balance) is \$2,024,259.
- 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 \$1,916,257 on June 30, 2019 to \$2,131,131 on June 30, 2020. The analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Agency’s governmental activities.

	Governmental Activities	
	<u>2020</u>	<u>2019</u>
Current and other assets	\$ 2,716,471	\$ 2,533,770
Capital assets	<u>113,904</u>	<u>119,106</u>
Total assets	2,830,375	2,652,876
Liabilities	<u>699,244</u>	<u>736,619</u>
Net	<u>\$ 2,131,131</u>	<u>\$ 1,916,257</u>
Net position:		
Invested in capital assets	\$ 113,904	\$ 119,106
Unrestricted (deficit)	<u>2,017,227</u>	<u>1,797,151</u>
Total net position	<u>\$ 2,131,131</u>	<u>\$ 1,916,257</u>

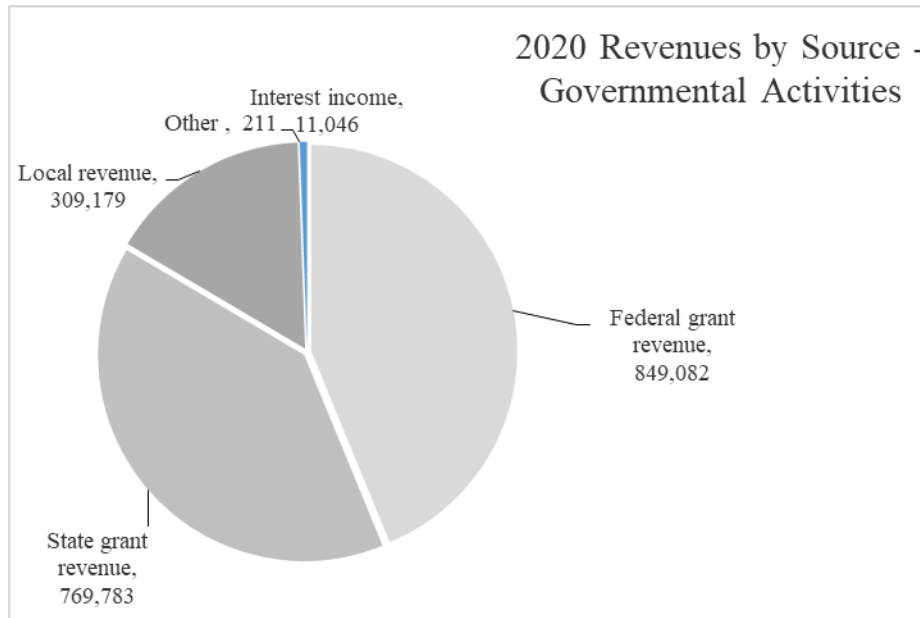
At June 30, 2020, \$113,904 or 5% of WestCOG’s net position reflects its net investment in capital assets. WestCOG uses these capital assets to provide services to member towns; consequently, these assets are not available for future spending.

The remainder of WestCOG’s net position of \$2,017,227 is considered unrestricted and may be used to meet WestCOG’s ongoing obligations. Overall, net position increased by \$214,874 in comparison to the prior year.

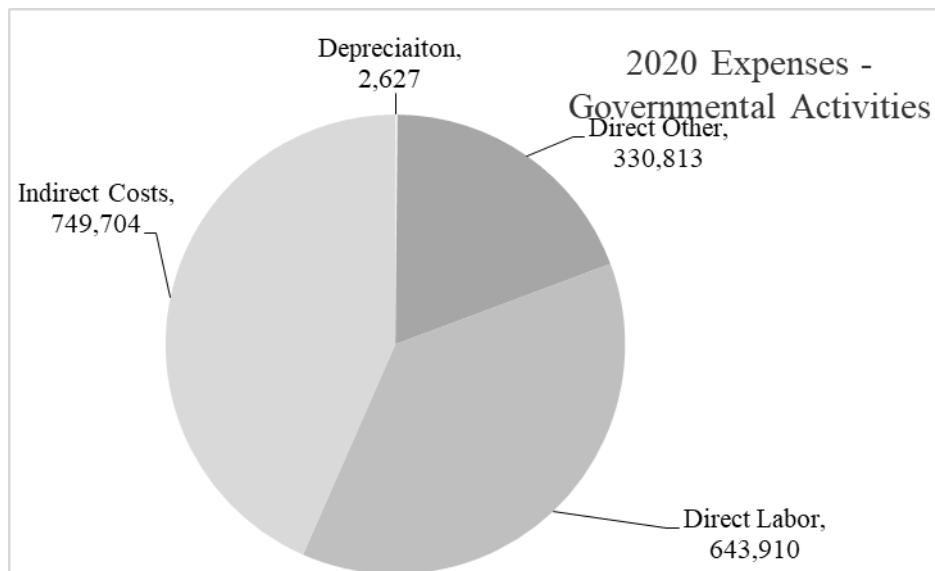
Changes in Net Position

Changes in net position for the years ended June 30, 2020 and 2019 are as follows:

Table 2		
Changes in Net Position		
	Governmental Activities	
	2020	2019
Revenues:		
Program revenues:		
Operating grants	\$ 1,628,044	\$ 2,168,754
General revenues:		
Unrestricted investment earnings	11,046	4,960
Miscellaneous	211	306
Local cash contributions	300,000	300,000
Total revenues	1,939,301	2,474,020
Program expenses:		
Consolidated Planning Grant US DOT	815,557	1,313,349
Regional Planning/Administration	490,558	438,493
Local Transportation Capital Improvements	196,762	192,854
US EDA Cares Act	62,547	-
Danbury/New Fairfield Rte 37	60,546	-
Hazard Mitigation Plan	46,998	-
Route 7 Impl-Phase 3	36,207	-
DEMHS Grants	8,399	12,189
Westport Rail Parking Study	4,373	151,179
Public Health Emergency Planning	2,250	3,400
Loss on disposition of fixed assets	231	-
OPM Snow Plow	-	51,468
Stamford Bike/Ped	-	35,698
Route 7 Impl-Phase 2	-	32,550
The Nature Conservancy	-	14,246
Noroton Heights TOD	-	10,762
Stamford Bus and Shuttle	-	5,446
Total program expenses	1,724,427	2,261,634
Increase in net position	\$ 214,874	\$ 212,386



For the year ended June 30, 2020, the Agency's total revenues were \$1,946,333 compared to \$2,474,020 for the year ended June 30, 2019, a decrease of \$527,687. The total cost of all programs and services for the year ended June 30, 2020 was \$1,724,427 compared to \$2,261,634 for the year ended June 30, 2019, a decrease of \$537,207.



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 \$619,121 under budget. The Agency's general fund expenditures were under budget by an amount of \$813,630.

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

CAPITAL ASSETS

At June 30, 2020, the Agency had \$206,839 invested in capital assets, which comprise capital assets, offset by accumulated depreciation of \$92,935, for net capital assets of \$113,904. This amount represents a net decrease of \$4,972 from last year, which includes additions of \$20,073, and depreciation of \$25,044.

	Governmental Activities	
	2020	2019
Capital Assets	\$ 113,904	\$ 119,106
Totals	\$ 113,904	\$ 119,106

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.

The Covid-19 pandemic has introduced an additional degree of uncertainty into the environment. From a financial standpoint, the primary short-term risk for the Western Connecticut Council of Governments entails the additional cost of taking on the work associated with pandemic response and recovery, both at the request of member municipalities and the State of Connecticut. The State of Connecticut has reimbursed the Western Connecticut Council of Governments for expenses incurred in association with Covid-19 in the fiscal year that ended June 30, 2020. For the period from July 1, 2020 through December 31, 2020, State reimbursements will be capped at a lower level and limited to approved legal work performed in conjunction with gubernatorial Executive Orders; no representations about reimbursements in calendar year 2021 has been made. The State has clarified that the Regional Service Grant may be used during the current fiscal year for activities related to Covid-19; however, any such use of this Grant will reduce the balance available for other purposes, including those identified in the Regional Services Grant Spending Plan for State Fiscal Year 2021, as approved by the Western Connecticut Council of Governments and the Connecticut Office of Policy and Management.

Over the longer term, the economic and structural impacts resulting from the Covid-19 pandemic may adversely affect the revenues of grantors to the Western Connecticut Council of Government. While federal funding has been and is expected to remain stable, State funding historically has varied substantially, and the capacity of the State to fund programs may be constrained in future years.

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, 2020**

	<u>Government Activities</u>
Assets:	
Cash and cash equivalents	\$ 2,504,870
Accounts receivable	188,538
Prepaid expenses and other current assets	23,063
Office equipment	206,839
Accumulated depreciation	<u>(92,935)</u>
Total assets	<u>2,830,375</u>
Liabilities:	
Accounts payable	166,106
Deferred revenue	455,205
Accrued expenses	<u>77,933</u>
Total liabilities	<u>699,244</u>
Net Position:	
Net investment in capital assets	113,904
Unrestricted net position	<u>2,017,227</u>
Total net position	<u><u>\$ 2,131,131</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, 2020**

Functions/Programs	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position
		Operating Grants	Government Activities
Governmental Activities:			
Planning Projects:			
Consolidated Planning	\$ 815,557	\$ 739,442	\$ (76,115)
Danbury/New Fairfield Rte 37	60,546	60,546	-
Westport Rail Parking Study	4,373	4,373	-
LOTICIP	196,762	196,762	0
Route 7 Main Ave. Phase III	36,207	36,207	0
Hazard Mitigation Plan	46,998	35,248	(11,750)
DEMHS Grants	8,399	12,350	3,951
Public Health Emergency Planning	2,250	2,250	-
US EDA Cares Act	62,547	63,301	754
Regional Planning/Administration	490,558	477,565	(12,993)
	<u>\$ 1,724,196</u>	<u>\$ 1,628,044</u>	(96,152)
General Revenues:			
Local cash contributions			300,000
Miscellaneous Income			211
Loss on disposition of fixed assets			(231)
Interest income			11,046
Total general revenues			<u>311,026</u>
Change in net position			214,874
Net position, beginning			<u>1,916,257</u>
Net position, ending			<u>\$ 2,131,131</u>

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

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
BALANCE SHEET-GOVERNMENTAL FUNDS
JUNE 30, 2020**

	General Fund
ASSETS	
Cash and cash equivalents	\$ 2,504,870
Accounts receivable	188,538
Prepaid expenses and other current assets	23,063
Total assets	\$ 2,716,471
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable	\$ 166,106
Deferred revenue	455,205
Accrued expenses	77,933
Total liabilities	699,244
FUND BALANCE	
Unassigned	2,017,227
Total fund balance	2,017,227
Total liabilities and fund balance	\$ 2,716,471

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, 2020**

Total fund balance-Governmental fund	\$ 2,017,227
Capital assets used in governmental activities are not financial resources and therefore are not reported in the government fund financial statements	
Governmental Capital Assets	206,839
Accumulated depreciation	<u>(92,935)</u>
Net Capital Assets	<u>113,904</u>
Net assets of governmental activities	<u><u>\$ 2,131,131</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, 2020

	General Fund
Revenues:	
US DOT	\$ 773,431
US EDA (CRF Program)	63,301
US DHS	12,350
CTDOT	292,218
Conn OPM	477,565
Local Other	9,179
Local dues	300,000
Misc. Income	211
Interest Income	11,046
Total revenues	1,939,301
Expenditures:	
Salaries	897,881
Payroll taxes	286,788
Accounting & legal	101,022
Rent	88,188
Consultants	77,632
Group insurance	58,505
Pension	48,624
Legal Notice/Ads	30,632
Miscellaneous	26,155
Reproduction	21,827
Travel/Meetings	18,309
Supplies	17,087
Bond & insurance	10,672
Utilities	4,852
Equipment/software	3,897
Postage	2,627
Equipment Lease	1,760
Depreciation	1,273
Service Agreements	969
Dues & subscriptions	452
Capital outlay:	
Equipment acquisition	20,073
Total expenditures	1,719,225
Excess of revenues over expenditures	220,076
Net change in fund balance	220,076
Fund balance, Beginning	1,797,151
Fund balance, Ending	\$ 2,017,227

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, 2020**

Total net change in fund balance-Governmental Funds	\$ 220,076
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	20,073
Loss on disposition of fixed assets is not recognized as an expense in governmental funds.	(231)
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>(25,044)</u>
Change in net assets of Governmental activities	<u><u>\$ 214,874</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, 2020**

	<u>Pension Trust Fund</u>
Assets:	
Investments:	
Equity mutual funds	\$ 476,005
Contribution receivable	<u>30,926</u>
Total assets	<u>\$ 506,931</u>
Net Position:	
Restricted for Pension Benefits	<u>\$ 506,931</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, 2020**

	<u>Pension Trust Fund</u>
Additions:	
Employer contributions	\$ 56,574
Investment income (loss):	
Interest	29,432
Net decrease in the fair value of investments	<u>(31,467)</u>
Total additions	54,539
Distributions	<u>5,554</u>
Change in Net Position	48,985
Net Position at the beginning of year	<u>457,946</u>
Net Position at the end of year	<u><u>\$ 506,931</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, 2020**

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, 2020**

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, 2020**

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 December 7, 2020, the Agency evaluated all subsequent events and has noted no recognized or non-recognized event or transactions subsequent to June 30, 2020.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 2 – Cash and Cash Equivalents

A reconciliation of the Agency’s cash and cash equivalents as of June 30, 2020 is as follows:

Government-Wide Statement of Net Position:

Cash deposits	\$ 1,789,659
Cash equivalents	<u>715,211</u>
	<u>\$ 2,504,870</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 \$715,211 as of June 30, 2020.

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 \$2,504,870 were not fully insured

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

under FDIC. As of June 30, 2020, \$1,902,947 of the Agency's bank balance was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 1,778,235
Uninsured and collateralized with securities held by the pledging bank's trust department or agent but not in the Government's name	<u>124,712</u>
	<u><u>\$ 1,902,947</u></u>

As of the year ended June 30, 2020, the Agency held investments in a STIF account as indicated above.

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

Note 3 - Capital Asset Activity

Capital asset activity for the Agency for the year ended June 30, 2020 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>188,244</u>	<u>\$ (1,477)</u>	<u>\$ 20,073</u>	<u>\$ 206,839</u>
Less: Accumulated depreciation	<u>69,138</u>	<u>(1,248)</u>	<u>25,045</u>	<u>92,935</u>
Governmental activities capital assets, net	<u><u>\$ 119,106</u></u>	<u><u>\$ (229)</u></u>	<u><u>\$ (4,972)</u></u>	<u><u>\$ 113,904</u></u>

Depreciation expense was charged to governmental functions as follows:

General Planning and Administration	\$ <u>25,045</u>
Total Depreciation Expense	<u><u>\$ 25,045</u></u>

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 4 – Revenue

During the year ended June 30, 2020, the Agency received \$1,625,898 or 83% of its revenue from federal and state sources. During the current year, general fund source revenues consisted of the following:

Federal grant revenue	\$ 849,082	43.8%
State grant revenue	769,783	39.7%
Local revenue	309,179	15.9%
Other	211	0.0%
Interest income	11,046	0.6%
Total Revenue	\$ 1,939,301	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, 2020:

State and federal grants	\$ 179,788
Municipalities & Other	8,750
Net total receivables	\$ 188,538

Note 6 - Prepaid Expenses

Prepaid expenses consist of the following as of June 30, 2020:

Prepaid maintenance agreements	\$ 9,574
Prepaid dues	1,165
Prepaid heating oil	5,397
Prepaid meeting fees	325
Prepaid medical benefits	2,357
Security deposit	4,245
	\$ 23,063

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

Note 7 - Accrued Expenses

Accrued expenses consist of the following as of June 30, 2020:

Accrued vacation	\$ 47,007
Accrued Pension	<u>30,926</u>
	<u><u>\$ 77,933</u></u>

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:

2021	\$ 105,359
2022	\$ 126,431
2023	\$ 151,717
2024	\$ 182,061
2025	\$ 218,473

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, 2020 was \$58,505.

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.

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020**

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 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 2019-2020 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 for the year-ended June 30, 2020.

WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
NOTES TO THE BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2020

Note 14 – Risks and Uncertainties

The Covid-19 pandemic has introduced an additional degree of uncertainty into the environment. From a financial standpoint, the primary short-term risk for the Western Connecticut Council of Governments entails the additional cost of taking on the work associated with pandemic response and recovery, both at the request of member municipalities and the State of Connecticut. The State of Connecticut has reimbursed the Western Connecticut Council of Governments for expenses incurred in association with Covid-19 in the fiscal year that ended June 30, 2020. For the period from July 1, 2020 through December 31, 2020, State reimbursements will be capped at a lower level and limited to approved legal work performed in conjunction with gubernatorial Executive Orders; no representations about reimbursements in calendar year 2021 has been made. The State has clarified that the Regional Service Grant may be used during the current fiscal year for activities related to Covid-19; however, any such use of this Grant will reduce the balance available for other purposes, including those identified in the Regional Services Grant Spending Plan for State Fiscal Year 2021, as approved by the Western Connecticut Council of Governments and the Connecticut Office of Policy and Management.

Over the longer term, the economic and structural impacts resulting from the Covid-19 pandemic may adversely affect the revenues of grantors to the Western Connecticut Council of Government. While federal funding has been and is expected to remain stable, State funding historically has varied substantially, and the capacity of the State to fund programs may be constrained in future years.

No adjustments have been made to these financial statements as a result of this uncertainty.

Note 15 – Correction of an Error

An error was discovered by management while preparing the June 30, 2020 financial statement. An expenditure was recognized on the prior period financial statement that was previously recognized and recorded as accounts payable. The beginning fund balance has been adjusted as a result of this correction as follows:

Beginning net position prior to the correction	\$ 1,801,519
Correction of the error	<u>114,738</u>
Beginning net position as adjusted	<u><u>\$ 1,916,257</u></u>

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2020**

EXHIBIT I

Revenue	Original Budget	Final Budget	Actual June 30, 2020	Variance
Consolidated Planning	\$ 1,321,759	\$ 1,321,759	\$ 739,442	\$ (582,317)
Rte 7 Implementation	20,000	20,000	36,207	16,207
Westport Rail Parking Study	15,000	15,000	4,373	(10,627)
LOTICIP	80,000	80,000	196,762	116,762
Haz Mit Plan	-	-	35,248	35,248
US EDA - CARES	-	-	63,301	63,301
Danbury/New Fairfield study	150,000	150,000	60,546	(89,454)
DEMHS Grants	8,000	8,000	12,350	4,350
Public Health Emergency Planning	6,000	6,000	2,250	(3,750)
Conn OPM-SGIA	655,363	655,363	477,565	(177,798)
Local dues	300,000	300,000	300,000	-
Miscellaneous Income	-	-	211	211
Interest income	2,300	2,300	11,046	8,746
Total Revenues	<u>2,558,422</u>	<u>2,558,422</u>	<u>1,939,301</u>	<u>(619,121)</u>
Expenditures				
Salaries	975,000	975,000	897,881	(77,119)
Consultants	82,858	82,858	286,788	203,930
Rent	123,500	123,500	101,022	(22,478)
Group insurance	71,100	71,100	88,188	17,088
Payroll taxes	867,035	867,035	77,632	(789,403)
Pension	58,900	58,900	58,505	(395)
Accounting & legal	104,907	104,907	48,624	(56,283)
Utilities	10,000	10,000	30,632	20,632
Depreciation	2,200	2,200	26,155	23,955
Equipment lease	1,200	1,200	21,827	20,627
Travel/Meetings	40,500	40,500	18,309	(22,191)
Bond & insurance	13,000	13,000	17,087	4,087
Dues & subscriptions	1,000	1,000	10,672	9,672
Supplies	18,662	18,662	4,852	(13,810)
Equipment/software	15,000	15,000	3,897	(11,103)
Miscellaneous	28,050	28,050	2,627	(25,423)
Depreciation	9,000	9,000	25,044	16,044
Legal Notice/Ads	5,000	5,000	1,760	(3,240)
Reproduction	20,414	20,414	1,273	(19,141)
Equipment Lease	-	-	969	969
Due back to state	83,000	83,000	-	(83,000)
Loss on disposition of assets	-	-	231	
Postage	7,500	7,500	452	(7,048)
Total Expenses	<u>2,537,826</u>	<u>2,537,826</u>	<u>1,724,427</u>	<u>(813,630)</u>
Excess (Deficiency) of Revenue over Expenditures	<u>\$ 20,596</u>	<u>\$ 20,596</u>	214,874	<u>\$ 194,509</u>
Net Position July 1, 2019			1,916,257	
Net Position June 30, 2020			<u>\$ 2,131,131</u>	

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE BY PROJECT
FOR THE YEAR ENDED JUNE 30, 2020**

EXHIBIT II

	Total	Indirect / unallowed Costs	General Fund	OPM -RSG SGIA	Consolidated Planning Grant US DOT	Westport Rail Park Study	LOT/CIP	DEHMS Grants	Danbury/New Fairfield Rte 37	USEDA CARES ACT (OPM)	Rte 7 Main Ave. Phase III	Hazard Mitigation Plan Update	Emerg Planning- Public Health
Resources													
US DOT	\$ 773,431	\$ -	\$ -	\$ -	\$ 657,281	\$ 3,499	\$ -	\$ -	\$ 48,437	\$ -	\$ 28,965	\$ 35,249	\$ -
US EDA (CRF Program/OPM)	63,301									63,301			
US DHS/FEMA	12,350							12,350					
Total Federal Awards	849,082	-	-		657,281	3,499	-	12,350	48,437	63,301	28,965	35,249	-
Conn DOT	292,218				82,160		196,762		6,055		7,241		
Conn OPM	477,565			477,565									
Local dues	300,000		206,091		82,160							11,750	
Local Other	9,179					874			6,055				2,250
Misc Income	211		211										
Interest Income	11,046		11,046										
Total Resources	1,939,301	-	217,348	477,565	821,601	4,373	196,762	12,350	60,546	63,301	36,207	46,998	2,250

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE BY PROJECT
FOR THE YEAR ENDED JUNE 30, 2020**

EXHIBIT II – Con't

	Total	Indirect / unallowed Costs	General Fund	OPM -RSG SGIA	Consolidated Planning Grant US DOT	Westport Rail Park Study	LOTICIP	DEHMS Grants	Danbury/New Fairfield Rte 37	US EDA CARES ACT (OPM)	Rte 7 Main Ave. Phase III	Hazard Mitigation Plan Update	Emerg Planning- Public Health
Expenditures													
Salaries	897,881	253,971	-	148,946	375,578		91,307	3,854		22,968	1,257	46,998	2,250
Consultants	286,788	-		139,121		4,373			60,546		33,500		
Rent	101,022	101,022											
Group insurance	88,188	88,188											
Payroll taxes	77,632	77,632											
Pension	58,505	58,505											
Accounting & legal	48,624	35,119		1,505						12,000			
Legal Notice/Ads	30,632	30,501		131									
Utilities	26,155	26,155											
Depreciation	25,045	25,045											
Service Agreements	21,827	12,584		8,643	600								
Travel/Meetings	18,309	1,601		4,841	11,581		186	101					
Bond & insurance	17,087	17,087											
Dues & subscriptions	10,672	10,672											
Supplies	4,852	3,928		652						272			
Equipment/software	3,897	394			2,609					894			
Miscellaneous	2,627	2,627											
Recruitment	1,760	1,760											
Reproduction	1,273	1,262		11									
Equipment Lease	969	969											
Postage	452	452											
Loss on fixed assets	231	231											
Indirect costs applied	-	(734,484)		171,719	425,190		105,268	4,444		26,413	1,450		
Total Expenditures	\$ 1,724,428	\$ 15,221	\$ -	\$ 475,569	\$ 815,557	\$ 4,373	\$ 196,762	\$ 8,399	\$ 60,546	\$ 62,547	\$ 36,207	\$ 46,998	\$ 2,250
Revenues in excess of expenditures	\$ 214,873	\$ (15,221)	\$ 217,348	\$ 1,996	\$ 6,044	\$ -	\$ -	\$ 3,951	\$ 0	\$ 754	\$ -	\$ -	\$ -
Capital additions	(20,073)			(1,996)	(6,044)					(754)			
Depreciation	25,044												
Loss on fixed assets	231												
Fund Balance July 1, 2019	1,797,151												
Fund Balance June 30, 2020	<u>\$ 2,017,226</u>												

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF DIRECT AND INDIRECT COSTS
JUNE 30, 2020**

EXHIBIT III

	<u>TOTAL COSTS</u>	<u>DIRECT COSTS</u>	<u>INDIRECT COSTS</u>
Salaries	\$ 897,881	\$ 643,910	\$ 253,971
Consultants	286,788	286,788	-
Rent	101,022	-	101,022
Group insurance	88,188	-	88,188
Payroll taxes	77,632	-	77,632
Pension	58,505	-	58,505
Accounting & legal	48,624	13,505	35,119
Legal Notice/Ads	30,632	131	30,501
Utilities	26,155	-	26,155
Depreciation	25,045	-	25,045
Service Agreements	21,827	9,243	12,584
Travel/Meetings	18,309	16,708	1,601
Bond & insurance	17,087	-	17,087
Dues & subscriptions	10,672	-	10,672
Supplies	4,852	924	3,928
Equipment/software	3,897	3,503	394
Miscellaneous	2,627	-	2,627
Recruitment	1,760	-	1,760
Reproduction	1,273	11	1,262
Equipment Lease	969	-	969
Postage	452	-	452
Loss on fixed assets	231	-	231
	<hr/>	<hr/>	<hr/>
Total Costs	<u>\$ 1,724,428</u>	<u>\$ 974,724</u>	749,704
Total Indirect Costs Absorbed by Agency			<hr/> -
Total Allowable Indirect Costs			<u>\$ 749,704</u>

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
DETERMINATION OF INDIRECT COST RATE
JUNE 30, 2020**

EXHIBIT IV

Total payroll for the year	\$ 897,881	
Less administrative, support and leave	<u>253,971</u>	
Payroll base	<u>\$ 643,910</u>	<u>100.00%</u>
Total Indirect Costs	\$ 749,704	
Less unallowable costs	<u>(20,746)</u>	
Total Allowable Indirect Costs	<u>\$ 728,958</u>	<u>113.21%</u>

Summary of Indirect Costs

Non-assignable salaries	\$ 253,971	39.44%
Fringe and payroll taxes	189,210	29.38%
Overhead	<u>285,778</u>	<u>44.38%</u>
	<u>\$ 728,958</u>	<u>113.21%</u>

Unallowable Costs

Depreciation	\$ 19,970	
Loss on disp of fixed asset	127	
Gifts	<u>649</u>	
	<u>\$ 20,746</u>	

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
FINANCIAL SUMMARY REPORT – CTDOT
YEAR ENDED JUNE 30, 2020**

EXHIBIT V

	SWMPO Consolidated Planning Grant State Project No. DOT07209996PL	HVMPO Consolidated Planning Grant State Project No. DOT07209996PL	Total
SOURCE OF FUNDS			
I. Maximum funds authorized			
US DOT	\$ 1,263,450	\$ 924,384	\$ 2,187,834
Conn DOT Match	157,932	94,238	252,170
Local match	157,932	94,238	252,170
TOTAL	1,579,314	1,112,860	2,692,174
II. Audited Expenditures			
Direct Salaries	227,747	147,830	375,577
Indirect at 113.21%	257,832	167,358	425,190
Direct Costs	14,995	5,839	20,834
TOTAL	500,574	321,027	821,601
III. Distribution of Audited Costs			
US DOT	400,459	256,822	657,281
Conn DOT Match	50,057	32,103	82,160
Local Match	50,057	32,103	82,160
TOTAL	500,573	321,028	821,601
IV. Conn DOT Responsibility			
US DOT	400,459	256,822	657,281
Conn DOT Match	50,057	32,103	82,160
TOTAL	450,516	288,925	739,441
Payment received to June 30, 2020	408,436	258,828	667,264
Payment received after June 30, 2020	46,345	32,864	79,209
TOTAL PAYMENTS RECEIVED	454,781	291,692	746,473
Due to ConnDOT	\$ (4,265)	\$ (2,767)	\$ (7,032)

**WESTERN CONNECTICUT COUNCIL
OF GOVERNMENTS**

FEDERAL SINGLE AUDIT REPORT

JUNE 30, 2020



**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, 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 the financial statements of the Western Connecticut Council of Governments, which comprise the Agency's basic financial statements as of June 30, 2020 as listed in the table of contents, and have issued our report thereon dated December 7, 2020.

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
December 7, 2020



**HENRY, RAYMOND
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Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH
*THE UNIFORM GUIDANCE***

To the Board of Directors
Western Connecticut Council of Governments:

Report on Compliance for Each Major Federal Program

We have audited Western Connecticut Council of Governments' compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Western Connecticut Council of Governments' major federal programs for the year ended June 30, 2020. Western Connecticut Council of Governments' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2020.

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Accounting, Auditing, Tax, Estate Planning, and Small Business Consulting Services

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
December 7, 2020

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020**

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	20.505	12062-DOT57184-22108	\$ 657,281
Danbury/New Fairfield Rt3 37 & SR 841 Study	20.205	12062-DOT57184-22108	48,437
Westport/Greens Farms Rail Parking Study	20.205	12062-DOT57184-22108	3,499
Route 7 Phase 3 Assessment & Implementation Plan	20.205	16DOT00350196PL	28,965
Total U.S. Department of Transportation			<u>738,183</u>
Economic Development Administration			
US EDA Cares Act	21.0019		<u>63,301</u>
Total US EDA			<u>63,301</u>
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>			
Multi-jurisdictional Hazard Mitigation Plan	97.047	EMB-2019-PC-0007	35,249
DEHMS region 5 Planning	97.067	12060-DPS32160-21877	<u>12,350</u>
Total U.S. Department of Homeland Security			<u>47,599</u>
Total Expenditures of Federal Awards			<u>\$ 849,082</u>

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, 2020**

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, 2020. 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, 2020**

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, 202.505 - 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, 2020



**HENRY, RAYMOND
& THOMPSON, LLC**

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Certified Public Accountants

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

Independent Auditor's Report

To the Board of Directors
Western Connecticut Council of Governments:

Report on Compliance for Each Major State Program

We have audited Western Connecticut Council of Governments' compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of Western Connecticut Council of Governments' major state programs for the year ended June 30, 2020. Western Connecticut Council of Governments' major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2020.

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, 2020, and have issued our report thereon dated December 7, 2020, 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
December 7, 2020

**WESTERN CONNECTICUT COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core- CT Number	Expenditures
Office of Policy and Management		
SGIA Regional Service Grant	12002-OPM20870-17102	\$ 477,565
Department of Transportation		
Regional Transportation Planning	12062-DOT57551-22108	82,160
Route 7 Imp Phase 3	12062-DOT57531-22108	6,055
Noroton Heights TOD Study	12062-DOT57551-22108	7,241
Local Transportation Capital Improvement Program Administration	13033-DOT57197-43584	<u>196,762</u>
Total DOT Grants		<u>292,218</u>
Total State Grants		<u><u>\$ 769,783</u></u>

- 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 - SGIA Regional Service Grant	12060-OPM20600-35457	\$ 477,565
Local Transportation Planning	12062-DOT57551-22108	\$ 95,456
Dollar threshold used to distinguish between Type A and Type B programs		\$ 100,000

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, 2020**

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, 2020. 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, 2020**

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

Local Transportation Planning	12062-DOT57551-22108	\$	95,456
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- 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, 2020**

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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