

**LOWER CONNECTICUT RIVER
VALLEY COUNCIL OF
GOVERNMENTS**

**AUDITED FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION AND FEDERAL
AND STATE SINGLE AUDIT REPORT**

FOR THE YEAR ENDED JUNE 30, 2022

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Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Lower Connecticut River Valley Council of Governments
145 Dennison Road
Essex, CT 06426

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lower Connecticut River Valley Council of Governments as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise Lower Connecticut River Valley Council of Governments basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Lower Connecticut River Valley Council of Governments as of June 30, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lower Connecticut River Valley Council of Governments and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Lower Connecticut River Valley Council of Governments management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lower Connecticut River Valley Council of Governments ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lower Connecticut River Valley Council of Governments internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lower Connecticut River Valley Council of Governments ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

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 as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lower Connecticut River Valley Council of Governments' basic financial statements. The combining and individual non-major fund financial statements, the Statement of Direct Labor, Fringe Benefits, and General Overhead and the Financial Summary for the State of Connecticut Department of Transportation 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 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The combining and individual other fund financial statements, the Statement of Direct Labor, Fringe Benefits, and General Overhead, the Financial Summary for the State of Connecticut Department of Transportation and the Schedule of Expenditures of Federal and State Awards 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, combining and individual other fund financial statements, the Statement of Direct Labor, Fringe Benefits, and General Overhead, the Financial Summary for the State of Connecticut Department of Transportation and the Schedule of Expenditures of Federal and State Awards 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 28, 2022 on our consideration of Lower Connecticut River Valley 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 solely 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 the effectiveness of 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 Lower Connecticut River Valley Council of Governments internal control over financial reporting and compliance.

Henry, Raymond & Thompson, LLC

Henry, Raymond & Thompson, LLC
South Windsor, Connecticut
November 28, 2022

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2022

As management of the Lower Connecticut River Valley Council of Governments (RiverCOG), we offer readers of RiverCOG's financial statements this narrative overview and analysis of the financial activities of RiverCOG for the fiscal year ended June 30, 2022.

RiverCOG ended its first decade in excellent financial health. This report for the Fiscal Year 2022 (FY22) Audit shows an agency that continues to skillfully adapt and innovate during uncertain times. The COVID-19 Pandemic brought unprecedented challenges, and RiverCOG is coming out of the global catastrophe in good shape. RiverCOG has found innovative ways to grow while continuing to maintain a conservative approach to spending.

RiverCOG's state Regional Services Grant (RSG) was reduced in FY22, as a uniform COG RSG formula was implemented that eliminated the COG merger hold-harmless that the agency had been receiving in the previous biennium budget. Nevertheless, RiverCOG was able to save FY21 RSG funds and carry them over to FY22 for the creation of a Regional Housing Plan and twelve, CGS sec. 8-30j compliant, Municipal Affordable Housing Plans. This project allowed eleven municipalities that did not receive state Dept. of Housing grants to comply with statute. Lower Connecticut River Valley was the first, and currently only, region to be fully compliant with the CGS sec. 8-30j mandate. The Regional Housing Plan was adopted by the COG in July 2022. This new plan joins the RiverCOG Regional Plan of Conservation and Development that was adopted in September 2021 and Regional Bicycle and Pedestrian Plan that was adopted in May 2022.

In FY22 RiverCOG filled a vacant position and hired a regional planner to focus on transit planning and implementing the Lower Connecticut River Valley Regional Transit Study adopted in 2020. This regional planner is being primarily paid for through an arrangement with the Estuary Transit District (ETD), where the regional planner is assigned to ETD and his hours working on transit planning are billed to ETD. Although RiverCOG has had other shared staffing arrangements, including with the Connecticut River Gateway Commission, the scale of this arrangement with ETD is new and is a potential model for future shared staffing.

RiverCOG has continued to work in a hybrid manner with staff working both in the office and remotely. Some staff comes into the office every day, while others only occasionally come into the office. This arrangement is facilitated by remote work technologies such as Zoom, Microsoft Teams, Sharepoint, and virtual remote desktop. Staff have maintained their productivity, even exceeding expectations at times, in this hybrid workplace. RiverCOG board and committee meetings have also adopted a hybrid schedule with both Zoom and in-person meetings being scheduled.

RiverCOG continued to assist efforts to respond to and recover from COVID-19. In FY22 RiverCOG received a federal pandemic recovery grant from the Economic Development Administration via CT Department of Economic and Community Development. This grant is paying for the creation of RiverCOG's first Comprehensive Economic Development Strategy, as well as other regional economic recovery projects with the Middlesex County Chamber of Commerce and the Regional Agriculture Council.

In FY22 RiverCOG decided to discontinue Household Hazardous Waste (HHW) collections at its permanent facility in Essex. The costs of operating the facility greatly exceeded the cost of holding

satellite collections across the region. These satellites have drawn more people to the collections than would otherwise travel to the Essex facility. The new satellite collections are open to all residents of participating municipalities, which is an improvement for residents of the northern municipalities who were never allowed to attend events at the Essex HHW Facility due to traffic concerns. A phase I brownfields assessment was conducted and RiverCOG is planning to return responsibility of the HHW facility to the Town of Essex.

Executive Director Samuel Gold continued to serve on the state Advisory Commission on Intergovernmental Relations, helping to guide state policy on regionalism. He also served on a working group convened by CT Dept. of Administrative Services on digitizing of building department files. Mr. Gold also serves on a committee advising the state's coordinated housing plan. Mr. Gold continued to serve as the chair of the Connecticut Association of Councils of Governments for calendar year 2022 and advocating for sufficient and predictable annual funding, execution of a joint COG grant request from the U.S. Economic Development Administration for COVID-19 recovery work, and worked with the U.S. Census recognition of COGs on finalizing recognition (June 2022) of planning regions as county equivalents for federal statistical purposes in Connecticut.

RiverCOG continued hosting the Lower Connecticut River Land Trust, Connecticut River Gateway Commission, Regional Agricultural Council, and U.S. Coast Guard Auxiliary.

FINANCIAL HIGHLIGHTS

- The assets of RiverCOG exceeded its liabilities at the close of the most recent fiscal year by \$1,461,943 (net assets) of this amount, \$1,292,866 (unrestricted net assets) may be used to meet RiverCOG's ongoing obligations.
- RiverCOG's total net assets increased by \$138,213
- As of the close of the current fiscal year, RiverCOG's governmental funds reported combined ending fund balances of \$1,427,343 an increase of \$109,530 in comparison with the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to RiverCOG's basic financial statements. RiverCOG'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

RiverCOG 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* require the presentation of government-wide financial statements and fund financial statements. The government-wide financial statements consist of the statement of net assets and the statement of activities while the governmental fund financial statements consist of the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. RiverCOG has no business-type activities. Rather than presenting government-wide financial statements along with separate governmental fund financial statements, RiverCOG has chosen to combine the two types of financial statements as permitted by GASB

Statement No. 34. Accordingly, the accompanying financial statements of RiverCOG consist of the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures and changes in fund balances/statement of activities.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of RiverCOG's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of RiverCOG's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of RiverCOG is improving or deteriorating.

The statement of activities presents information showing how RiverCOG's net assets changed during the most recent fiscal year. All changes in net position are reported as soon as 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.

Both of the government-wide financial statements display information about RiverCOG's governmental activities, which consists of regional planning. RiverCOG does not have any business-type activities.

The government-wide financial statements include only RiverCOG because there are no legally separate organizations for which RiverCOG is legally accountable.

The government-wide financial statements can be found on pages 16 and 17 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. RiverCOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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 RiverCOG'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 RiverCOG'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.

RiverCOG maintains 11 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Department of Transportation, Household Hazardous Waste and Recycling, Domestic Preparedness, and Regional Services Grants, all of which are considered to be major funds. Data from the six other governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The basic governmental 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 starting on page 20 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 starting on page 33 of this report. Combining schedules and other supplementary information can be found starting on page 35 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. Total net position of RiverCOG totaled \$1,461,943 and \$1,323,730 as previously reported, as of June 30, 2022 and 2021, respectively, and is summarized as follows:

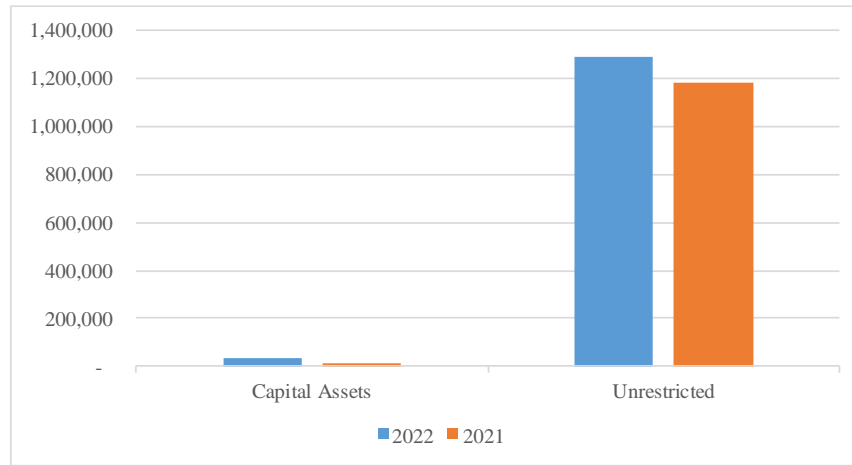
	Gov't Wide	
	2022	2021
Current and other assets	\$ 1,627,600	\$ 1,632,496
Capital assets, net	131,625	5,917
Total assets	<u>\$ 1,759,225</u>	<u>\$ 1,638,413</u>
Liabilities		
Deferred inflow of resources	\$ 12,960	\$ 129,158
Other liabilities	284,322	185,525
Total liabilities	<u>297,282</u>	<u>314,683</u>
Net position:		
Invested in capital assets, net	34,601	5,917
Unrestricted	1,292,866	1,182,899
Restricted	134,476	134,914
Total net position	<u>\$ 1,461,943</u>	<u>\$ 1,323,730</u>

As of June 30, 2022, 2% of RiverCOG's net position reflects its investment in capital assets, less any related debt used to acquire those assets that are still outstanding. RiverCOG uses these capital assets

to provide services and regional planning for member towns; consequently, these assets are not available for future spending.

Of the remainder of RiverCOG's net assets, \$1,292,866 is unrestricted and may be used to meet RiverCOG's ongoing obligations. The remaining \$134,476 is restricted to specific fund use for the Household Hazardous Waste & Recycling Program.

Overall, net position increased by \$138,213 or 37% in comparison to the prior year. This increase is attributable to timing of member town services for various projects, and grants requiring varying matching contributions.

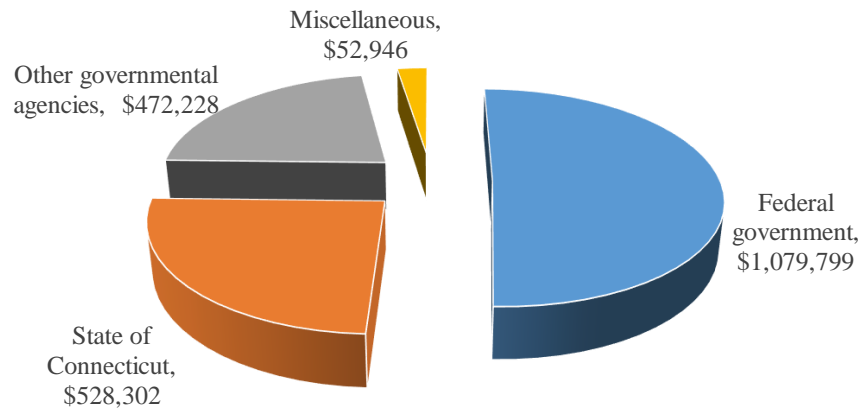


Changes in Net Position

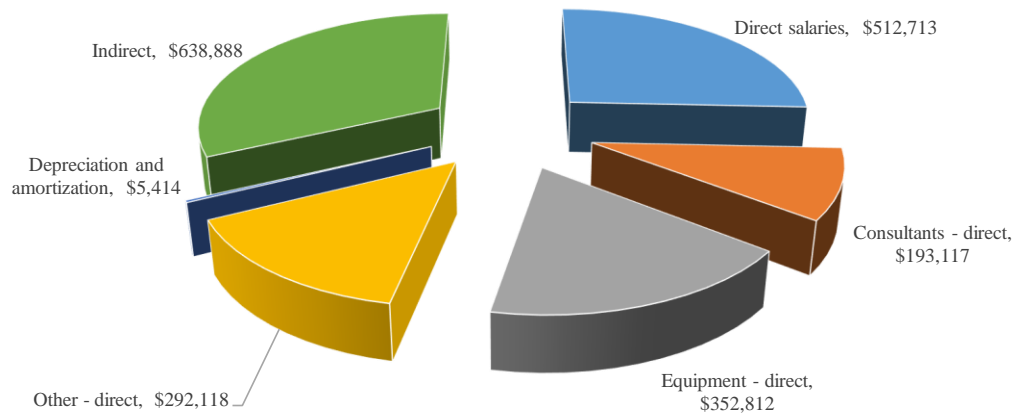
Changes in net position for the years ended June 30, 2022 and 2021 are as follows:

	Gov't Wide Activities	
	2022	2021
Revenues:		
Federal government	\$ 1,079,799	\$ 1,139,483
State of Connecticut	528,302	463,806
Other governmental agencies	472,228	491,980
Miscellaneous	52,946	35,973
Total Revenues	2,133,275	2,131,242
Expenditures:		
Direct salaries	512,713	475,556
Consultants - direct	193,117	155,480
Equipment - direct	352,812	491,299
Other - direct	292,118	303,003
Depreciation and amortization	5,414	4,330
Indirect	638,888	600,488
Total expenses	1,995,062	2,030,156
Increase in net position	138,212	101,086
Net position - beginning	1,323,730	1,222,644
Net position - end of year	\$ 1,461,942	\$ 1,323,730

2022 Revenues by Source - Governmental Activities



2022 Expenses - Governmental Activities



Governmental Activities

Governmental activities increased RiverCOG's net assets by \$138,213 thereby accounting for the entire increase of RiverCOG's net assets.

FINANCIAL ANALYSIS OF RIVERCOG'S FUNDS

As noted earlier, RiverCOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

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

As of the end of the current fiscal year, RiverCOG's governmental funds reported combined ending fund balances of \$1,427,343, an increase of \$109,530 in comparison with the prior year.

General Fund

The General Fund is the chief operating fund of RiverCOG. The entire governmental funds ending fund balances is recorded in the General Fund.

Other Major Funds

The other major funds include Department of Transportation, Household Hazardous Waste and Recycling, Domestic Preparedness, and Regional Services Grants (RSG). These funds provide various transportation or other planning services to the Lower Connecticut River Valley Council of Governments region. The Department of Transportation and Domestic Preparedness funds are operated on a cost-reimbursement basis, thus, there are no ending fund balances. The RSG Regional Planning funds are advanced, and funds remaining at year end are recorded as deferred revenue. Any profit or loss recognized in the Household Hazardous Waste and Recycling fund affects its restricted fund balance.

BUDGETARY HIGHLIGHTS

Budgets are adopted by the Board of Directors on a modified accrual basis. The adopted annual budget covers the General Fund and the Special Revenue Funds on a combined basis.

The budget was not amended during the year.

CAPITAL ASSETS

RiverCOG's investment in capital assets for its governmental activities as of June 30, 2022 totaled \$131,625 (net of accumulated depreciation and amortization). This investment in capital assets includes furniture and equipment and a right to use asset. The total increase in RiverCOG's investment in capital assets for the current fiscal year was \$125,708, or 95%. The increase is primarily attributable to the implementation of GASB 87 lease standard.

The following table is a two-year comparison of the investment in capital assets presented for governmental activities:

	Governmental Activities	
	2022	2021
Capital Assets	\$ 131,625	\$ 5,917
Totals	\$ 131,625	\$ 5,917

Additional information on RiverCOG’s capital assets can be found in Note 3 on page 26 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

RiverCOG receives intergovernmental revenues from the State of Connecticut and the Federal Government. Connecticut's economy moves in the same general cycle as the national economy. Any loss or significant reduction of these revenues could have a significant adverse impact on RiverCOG’s financial position and program services.

This was considered in preparing RiverCOG’s budget for fiscal year 2022.

During the current fiscal year, unrestricted fund balance of the General Fund was \$1,292,865. RiverCOG has not appropriated any of this unrestricted fund balance for spending in the 2023 fiscal year budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of RiverCOG’s finances for all those with an interest in RiverCOG’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Financial Administrator or Executive Director at Lower Connecticut River Valley Council of Governments, 145 Dennison Road, Essex, CT 06426.

BASIC FINANCIAL STATEMENTS

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2022

Governmental Funds Balance Sheets

	General Fund	Department of Transportation Fed Proj #UR22(001)	Household Hazardous Waste and Recycling	US DHS Domestic Preparedness	Regional Services Grants	Non Major Gov't Funds	Total	Adjustments (Note 8)	Gov't wide stmt of Net position
ASSETS									
Cash and cash equivalents	\$ 1,010,723	\$ -	\$ -	\$ -	\$ -	\$ -	1,010,723	\$ -	\$ 1,010,723
Receivables:									
Due from Federal Govt.	-	106,907	-	391,140	-	20,283	518,330	-	518,330
Due from State of Connecticut	-	11,878	-	-	-	9,639	21,517	-	21,517
Due from other funds	353,201	-	120,890	-	15,124	-	489,215	(489,215)	-
Other receivables	78	-	37,920	-	-	2,843	40,841	-	40,841
Security Deposit	8,667	-	-	-	-	-	8,667	-	8,667
Capital assets, net of accumulated depreciation		-	-	-	-	-	-	131,625	131,625
Total current assets	1,372,669	118,785	158,810	391,140	15,124	32,765	2,089,293	(357,590)	1,731,703
DEFERRED OUTFLOW OF RESOURCES									
Prepaid expenses	27,522	-	-	-	-	-	27,522	-	27,522
Total deferred outflows of resources	27,522	-	-	-	-	-	27,522	-	27,522
Total assets	\$ 1,400,193	\$ 118,785	\$ 158,810	\$ 391,140	\$ 15,124	\$ 32,765	\$ 2,116,815	\$ (357,590)	\$ 1,759,225
LIABILITIES									
Current liabilities:									
Accounts payable	\$ 21,716	\$ 31	\$ 24,334	\$ 26,800	\$ 12,807	\$ 8,024	\$ 93,711	\$ -	\$ 93,711
Due to State of Connecticut	18,717	-	-	-	-	\$ -	18,717	-	18,717
Accrued payroll & taxes	13,906	4,529	-	754	2,317	377	21,883	-	21,883
Accrued compensated absences	50,827	-	-	-	-	-	50,827	-	50,827
Lease Liability	-	-	-	-	-	-	-	97,024	97,024
Non current liabilities									
Short-term loans	2,160	-	-	-	-	-	2,160	-	2,160
Due to other funds	-	114,225	-	363,586	-	11,404	489,215	(489,215)	-
Total Liabilities	107,326	118,785	24,334	391,140	15,124	19,805	676,513	(392,191)	284,322
DEFERRED INFLOW OF RESOURCES									
Deferred revenue	-	-	-	-	-	12,960	12,960	-	12,960
total deferred inflows of resources	-	-	-	-	-	12,960	12,960	-	12,960
FUND BALANCE/NET ASSETS									
Fund balances:									
Unassigned	1,187,105	-	-	-	-	-	1,187,105		
Assigned	105,762	-	-	-	-	-	105,762		
Restricted	-	-	134,476	-	-	-	134,476		
Total fund balances	1,292,867	-	134,476	-	-	-	1,427,343		
Total liabilities and fund balances	\$ 1,400,193	\$ 118,785	\$ 158,810	\$ 391,140	\$ 15,124	\$ 32,765	\$ 2,116,815		
NET POSITION									
Invested in capital assets, net of related liability									34,601
Restricted									134,476
Unrestricted									1,292,866
									<u>\$ 1,461,943</u>

The accompanying notes are an integral part of these financial statements

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances									
	General Fund	Department of Transportation Fed Proj #UR22(001)	Household Hazardous Waste and Recycling	US DHS Domestic Preparedness	Regional Services Grants	Non Major Gov't Funds	Total	Adjustments (Note 7)	Gov't wide stmt of Net position
REVENUES									
Federal government	\$ -	\$ 548,785	\$ -	\$ 495,219	\$ -	\$ 35,796	\$ 1,079,799	\$ -	\$ 1,079,799
State of Connecticut	-	68,598	-	-	417,708	41,996	528,302	-	528,302
Other governmental agencies	140,146	68,598	239,145	-	-	24,339	472,228	-	472,228
Miscellaneous	3,715	-	-	-	-	49,231	52,946	-	52,946
Total revenues	143,861	685,981	239,145	495,219	417,708	151,362	2,133,275	-	2,133,275
EXPENDITURES/EXPENSES									
Current:									
Direct Costs:									
Salaries	1,147	277,404	22,037	43,349	122,579	46,197	512,713	-	512,713
Consultants	10,000	49,482	-	3,880	116,148	13,607	193,117	-	193,117
Sub recipients	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	353,817	-	34,399	388,216	(35,404)	352,812
Contingency	-	-	-	-	-	-	-	-	-
Other	4,887	13,425	190,085	52,500	27,226	2,688	290,811	1,307	292,118
Depreciation and amortization						-	-	5,414	5,414
Indirect	1,429	345,671	27,461	54,017	152,744	57,566	638,888	-	638,888
Total Expenditures/expenses	17,463	685,981	239,583	507,563	418,698	154,458	2,023,745	(28,683)	1,995,062
Excess (deficiency) of revenues over expenditures	126,398	-	(438)	(12,345)	(990)	(3,096)	109,530	28,683	138,213
OTHER FINANCING SOURCES (USES)									
Transfers in	-	-	-	12,345	990	3,096	16,431	(16,431)	-
Transfers out	(16,432)	-	-	-	-	-	(16,431)	16,431	-
Total other financing sources (uses)	(16,432)	-	-	12,345	990	3,096	-	-	-
Excess of revenues and other financing sources over expenditures and other financing uses	109,966	-	(438)	-	-	-	109,530	-	-
Change in net assets	-	-	-	-	-	-	-	-	138,213
Fund balance/net assets - beginning of year	1,182,899	-	134,914	-	-	-	1,317,813	-	1,323,730
Fund balance/net assets - end of year	\$ 1,292,865	\$ -	\$ 134,476	\$ -	\$ -	\$ -	\$ 1,427,343	-	\$ 1,461,943

The accompanying notes are an integral part of these financial statements

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION – FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Pension Trust Fund</u>
Assets:	
Investments:	
Equity mutual funds	\$ 1,115,166
Outstanding loan balance	<u>2,214</u>
Total assets	<u>\$ 1,117,380</u>
Net Position:	
Restricted for Pension Benefits	<u>\$ 1,117,380</u>

The accompanying notes are an integral part of these financial statements

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES – FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2022

	<u>Pension Trust Fund</u>
Additions:	
Employer contributions	\$ 39,765
Employee Contributions	49,604
Investment income (loss):	
Dividends and net increase (decrease) in the fair value of investments	<u>(166,843)</u>
Total additions	(77,474)
Distributions	<u>3,226</u>
Change in Net Position	(80,700)
Net Position at the beginning of year	<u>1,198,080</u>
Net Position at the end of year	<u>\$ 1,117,380</u>

The accompanying notes are an integral part of these financial statements

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lower Connecticut River Valley Council of Governments ("RiverCOG") was established on July 16, 2012 by the merger of the Connecticut River Estuary and Midstate Regional Planning Agencies. The RiverCOG provides local planning, technical and administrative services to its seventeen member towns. These are the towns of Chester, Clinton, Cromwell, Deep River, Durham, East Haddam, East Hampton, Essex, Haddam, Killingworth, Lyme, Middlefield, Middletown, Old Lyme, Old Saybrook, Portland and Westbrook. Funding is received from local towns based on a flat rate plus per capita assessments, and technical assistance contracts.

RiverCOG also receives federal financial assistance and funding from the State of Connecticut and other local agencies in the form of restricted and unrestricted grants and technical assistance contracts.

The accounting policies of the RiverCOG conform to accounting principles generally accepted in the United States of America, as applicable to governmental organizations. The following is a summary of significant accounting policies:

BASIS OF PRESENTATION

RiverCOG 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* require the presentation of government-wide financial statements and fund financial statements. The government-wide financial statements consist of the statement of net position and the statement of activities. The fund financial statements consist of the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. RiverCOG has no business-type activities. Rather than presenting government-wide financial statements along with separate governmental funds financial statements, RiverCOG has chosen to combine the two types of financial statements as permitted by GASB Statement No. 34. Accordingly, the accompanying financial statements of RiverCOG consist of the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures and changes in fund balances/statement of activities.

Government-wide Financial Statements

Information presented in the government-wide statement of net assets column and in the government-wide statement of activities column of the accompanying financial statements includes all financial activities of RiverCOG. RiverCOG's activities are financed through member municipality assessments, inter- governmental revenues, and other non-exchange transactions.

Information presented in the government-wide statement of activities column demonstrates the degree to which RiverCOG's expenses are offset by revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. For RiverCOG's purposes, all revenues and expenses are related to a single program, regional planning.

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Fund Financial Statements

Information presented in the fund financial statement columns provides information about RiverCOG's governmental funds. The emphasis of fund financial statements is on major governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

RiverCOG reports the following major governmental funds:

General Fund - This fund is RiverCOG's primary operating fund. It accounts for all financial resources of RiverCOG, except those accounted for and reported in another fund.

Department of Transportation Fund #UR22(001) - This fund is used for regional transportation planning services.

Household Hazardous Waste and Recycling Fund - This fund is used to staff and operate Household Hazardous Waste satellite events for the Region.

Domestic Preparedness Fund - This fund is used to support staffing, reporting and record keeping for Emergency Management funding. It is also used for pass-through implementation of Emergency Management budgeting and funding for the 30 towns comprising DEMHS Region 2.

Regional Services Fund - This fund represents Regional Services Grant funding from the state of Connecticut to support various planning activities and regional sharing planning/activities.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Government-wide and Fiduciary Fund Financial Statements

The government-wide financial statements are reported using 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 related cash flows. Assessments from member municipalities are recognized as revenues in the year for which they are levied. 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 are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, RiverCOG considers revenues pertaining to member municipality assessments, grants and contracts, and interest associated with the current period to be susceptible to accrual.

All other revenue items are considered to be measurable and available only when the cash is received by RiverCOG. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital projects are reported as other financing sources.

ASSETS, LIABILITIES AND FUND EQUITY

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less when purchased. Cash equivalents also include investments in the State Treasurer's Short-Term Investment Fund ("STIF") which totaled \$938,863 as of June 30, 2022.

Investments

In accordance with *GASB Statement No. 31, Accounting and Financial Reporting/or Certain Investments and for External Investment Pools*, RiverCOG presents all investments at fair value.

The fair value of investments traded on public markets is determined using quoted market prices. RiverCOG invests in the STIF, which is an investment pool managed by the State Treasurer's Office. The fair value of RiverCOG's position in this pool is the same as the value of the pool shares.

Capital Assets

Capital assets, which are comprised of furniture, equipment and right to use assets, are reported in the government-wide financial statements. A capital asset is defined by RiverCOG as an asset with an initial individual cost of more than \$1,000 and an estimated useful life in excess of three years. Such assets are recorded at cost. Donated capital assets are recorded at estimated fair market value at the date of donation. Depreciation is computed over the estimated useful life of the asset, ranging from three to ten years, using the straight-line method and is added to accumulated depreciation each year. All depreciation is included as unallocated indirect cost.

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

Unearned/Deferred Revenue

In the government-wide and fund financial statements, this liability represents resources that have been received but not yet earned. In the fund financial statements, this liability also represents revenues considered measurable but not available during the current period.

Compensated Absences

All compensated absences are accrued when incurred in the government-wide statement of net assets. Expenditures for compensated absences are recognized in the governmental fund financial statements in the current year to the extent they are paid during the year, or the vested amount is expected to be paid with available resources.

RiverCOG allows vacation time to be accrued to a maximum of 175 hours, which may be paid out upon termination of employment. RiverCOG's sick leave policy permits the accumulation of up to a

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2022

maximum of 210 hours. Employees are not paid for unused sick days upon termination of employment, accordingly, sick pay is charged to expenditures when taken. No provision has been made in the financial statements for unused sick leave.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. As of June 30, 2022, the governmental funds report unavailable revenues from one source, grant funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts are used for expenditures.

Net Position – Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by RiverCOG or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes net investments in capital assets, restricted for debt service and special revenue funds. The balance is classified as unassigned and restricted based on criteria above.

Fund Balance

Information presented in the government-wide statement of net assets column includes RiverCOG's non-fiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt - This category consists of capital assets, net of accumulated depreciation and amortization and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets. RiverCOG has a lease liability related to right to use assets at June 30, 2022.

Restricted net position - This category consists of net assets whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, and the like, or through restrictions imposed by law through constitutional provisions or enabling legislation. For the year ended June 30, 2022, RiverCOG had \$134,476 of restricted net assets.

Unrestricted net position - This category consists of net assets, which do not meet the definition of the two preceding categories. For the year ended June 30, 2022, unrestricted net position was \$1,292,866.

USE OF ESTIMATES

The preparation of the 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 reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 2 - CASH DEPOSITS AND INVESTMENTS CASH DEPOSITS - CUSTODIAL CREDIT

RISK

Custodial credit risk is the risk that, in the event of a bank failure, RiverCOG will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. RiverCOG has a policy to invest all cash in such bank accounts where the funds will be insured by federal depository insurance and in Connecticut Short-Term Investment Fund, which is not insured by federal deposit insurance. RiverCOG is authorized to place funds in checking, savings, certificates of deposit, or money market accounts. Due to the timing of collections and payments, there may be times when cash balances at banks are in excess of the insurance limits. Management monitors the balance to keep risk at an acceptable level. As of June 30, 2022, RiverCOG's bank reported a balance of \$71,860, which was fully insured against loss.

All of the RiverCOG's deposits were in qualified public institutions as defined by State statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

RiverCOG's cash and cash equivalents as of June 30, 2022 consisted of cash deposits of \$71,860 and investments in STIF totaling \$938,863. Although investments in STIF are included in cash and cash equivalents in the accompanying financial statements, such amounts are considered investments for purposes of disclosure under GASB No. 40 and are included in the investment disclosures that follow.

INVESTMENTS

As of June 30, 2022, RiverCOG's investments consisted of the following:

Investment Type	Fair Value	Investment Maturities (In Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Debt Securities					
Short Term Investment Fund (STIF)	\$ 938,863	\$ 938,863	\$ -	\$ -	\$ -

Because STIF has a weighted average maturity of less than 90 days, it is considered an investment with a maturity of less than one year.

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

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Fair Value

RiverCOG categorizes its fair market value measurements with the fair value hierarchy established by the generally accepted accounting policies. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets for similar assets or with observable inputs (Level 2 measurement); and the lowest priority to unobservable inputs (Level 3 measurement). RiverCOG's investments are in equity mutual funds categorized as level 1 fair value measurements as of June 30, 2022, valued using prices quoted in active markets for those securities.

Interest Rate Risk

RiverCOG does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

RiverCOG has no investment policy that would further limit its investment choices beyond those limited by Connecticut state statutes. Connecticut state statutes permit RiverCOG to invest in obligations of the United States, including its instrumentalities and agencies; in obligations of any state or of any political subdivision, authority or agency thereof, provided such obligations are rated within one of the top two rating categories of any recognized rating service; or in obligations of the State of Connecticut or of any political subdivision thereof, provided such obligations are rated within one of the top three rating categories of any recognized rating service. Pension trust funds may also invest in certain real estate mortgages, in certain savings banks or savings and loan associations, or in stocks or bonds or other securities selected by the trustee, with the care of a prudent investor.

As of June 30, 2022, RiverCOG's investments in STIF were rated AAA by Standard & Poor's.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of counterparty, RiverCOG will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. RiverCOG does not have a policy for custodial credit risk. In accordance with GASB No. 40, RiverCOG's investments in STIF do not require custodial credit risk disclosures because investments in STIF are not evidenced by securities that exist in physical or book entry form.

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, being depreciated:				
Furniture & Equipment	\$ 97,921	\$ 35,404	\$ -	\$ 133,325
Less accumulated depreciation and amortization for:				
Furniture & Equipment	(92,003)	(5,414)	-	(97,417)
Total capital assets, being depreciated, net	5,918	29,990	-	35,908
Governmental activities capital assets, net	\$ 5,918	\$ 29,990	\$ -	35,908
Right to use assets (Notes 11 & 12)				95,717
Total capital assets, net				<u>\$ 131,625</u>

Depreciation expense was charged to the functions of the primary government as follows:

General government activities	\$5,414
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LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2022 were as follows:

	<u>Due from other funds</u>	<u>Due to other funds</u>
	<u>Receivable Fund</u>	
Governmental Funds		
General Fund	\$ 353,201	\$ -
Department of Transportation #UR20(001)	-	114,225
Domestic Preparedness	-	363,586
Household Hazardous Waste	120,890	-
Regional Services Grant	15,124	-
CT River Gateway Commission	-	11,404
	<u>\$489,215</u>	<u>\$489,215</u>

The above balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

NOTE 5 - INTERFUND TRANSFERS

There were no Interfund transfers for the year ended June 30, 2022.

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2022:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One Year</u>
Governmental Activities					
Eversource Loan	\$ 4,752	\$ -	\$ (2,592)	\$ 2,160	\$ 2,160
Compensated Absences	49,384	50,827	(49,384)	50,827	50,827
Lease Liability	-	137,833	(40,809)	97,024	45,816
Total	<u>\$ 54,136</u>	<u>\$ 188,660</u>	<u>\$ (92,785)</u>	<u>\$ 150,011</u>	<u>\$ 98,803</u>

NOTE 7 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND FINANCIAL STATEMENTS AND THE GOVERNMENT-WIDE FINANCIAL STATEMENTS

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET ASSETS

Adjustments to convert from the governmental funds balance sheet to the government-wide statement of net assets consisted of the following as of June 30, 2022:

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. Those assets consist of:

Furniture & Equipment	\$ 133,325
Less: accumulated depreciation and amortization	(97,417)
Right of use asset	137,833
Less: Accumulated Amortization	(42,116)
Less: Lease Liability	(97,024)
	<u>\$ 34,601</u>

Long-term liabilities applicable to RiverCOG's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term are reported in the statement of net assets. RiverCOG's long-term liability consists of compensated absences, and an Eversource SBEA loan.

GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES

Adjustments to convert from the governmental funds statement of revenues, expenditures and changes in fund balances to the government-wide statement of activities consisted of the following for the year ended June 30, 2022:

Depreciation - General Planning and Administration	\$ 5,414
Amortization/lease liability net difference	1,306
Capital Expenditure	(35,404)
	<u>\$ (28,684)</u>

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation and amortization expense. Therefore, an adjustment is made for the amount by which depreciation and amortization exceeded capital outlays during the current year.

Repayments on long-term liabilities consume the current financial resources of governmental funds whereas such repayments serve to reduce the long-term liability balance of governmental activities. Therefore, an adjustment is made to account for the difference in how repayments made during the current year are treated.

NOTE 8 - PENSION PLAN

Investments of the RiverCOG's retirement plans are managed by the plan trustees under one of various pools of investment options offered by Mission Square Retirement. All pension costs are fully funded each year. The plans have been adopted under the authority of the RiverCOG Board of Directors and may be amended in the future.

The RiverCOG maintains a Section 401(a) retirement plan, which covers all full time employees

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

with over one year of service. The plan calls for the employer to contribute six percent of each participant's earnings for the plan year. Total payroll expense for the year ended June 30, 2022 was \$709,148, of which \$637,223 was covered by the plan. Participants elect how their contributions are invested. The total contribution made by RiverCOG was \$39,765. Participants elect how their contributions are invested.

At June 30, 2022, the participants had a balance of \$631,406, net of loan balances in Mission Square Retirement pool plans for the 401(a) plan.

RiverCOG also offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time RiverCOG employees, permits them to defer a portion of their salary until future years.

Deferrals of \$49,604 were made during the year. Participation in the plan is optional and participants elect how their salary deferrals are invested. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

At June 30, 2022, the participants had a balance of \$485,973 in Mission Square Retirement pool plans for the 457 plan.

Funds in these accounts are invested in mutual funds whose value is subject to market fluctuations.

NOTE 9 - ECONOMIC DEPENDENCY

A large concentration of revenue is comprised of federal and state grants received from the State of Connecticut. Any loss of or significant reduction in these grants could have a significant adverse impact on RiverCOG's financial position and program services.

NOTE 10 - 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; however the audits do not result in additional premium.

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 2021-2022 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-

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

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 11 – LEASING ARRANGEMENTS

RiverCOG leases its premises from an unrelated party. The original lease ran from August 1, 2012 through July 31, 2017 and called for a total rent for the five-year period of \$268,424. A lease extension was signed, extending the lease through July 31, 2018, calling for an additional \$48,100. A second lease extension was executed extending the lease through July 31, 2021. Minimum rent for the remainder of the lease ending July 31, 2021 is \$48,100. A third lease extension was executed extending the lease through July 31, 2024. RiverCOG has the ability to terminate the lease agreement after December 31, 2022, as long as RiverCOG provides the landlord with written notice of early termination 6 months prior. The rent is payable in monthly installments of \$4,008.

This lease agreement qualifies as other than short-term lease under GASB No. 87 and, therefore, have been reported at the present value of future minimum lease payments as of the date of inception. As a result of this lease, RiverCOG has recorded a right-to-use asset with a net book value of \$95,717 as of June 30, 2022.

The future minimum lease obligation (principal and interest) as of June 30, 2022, were as follows:

Fiscal Year Ending				
June 30	Principal	Interest	Total	
2023	\$ 45,816	\$ 2,284	\$ 48,100	
2024	\$ 47,209	\$ 891	\$ 48,100	
2025	\$ 3,998	\$ 10	\$ 4,008	

NOTE 12 – RIGHT-TO-USE ASSET

RiverCog has recorded a right-to-use lease asset as a result of implementing GASB No. 87. The right-to-use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus any ancillary charges necessary to place the lease into service. The right-to-use asset is amortized on a straight-line basis over the life of the related lease.

Right-to-use asset activity for RiverCOG for the year ended June 30, 2022, was as follows:

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2022

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Right-to-use asset				
Leased office space	\$ -	\$ 137,833	\$ -	\$ 137,833
Total right-to-use asset	-	137,833	-	137,833
Less accumulated amortization for:				
Leased office space	-	42,116	-	42,116
Total accumulated amortization	-	42,116	-	42,116
Right-to-use asset, net	<u>\$ -</u>	<u>\$ 95,717</u>	<u>\$ -</u>	<u>\$ 95,717</u>

NOTE 13 – SUBSEQUENT EVENTS

MissionSquare Retirement (fka ICMA-RC) changed their banking firm from M&T Bank to State Street Bank and Trust Company in October 2022.

The RiverCOG board decided to close the HHW facility. A phase I environmental study and an appraisal was completed, and the facility was officially closed November 2022. All HHW collections will be completed as satellite events instead of some being held at the facility.

REQUIRED SUPPLEMENTARY INFORMATION

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
BUDGETARY COMPARISON SCHEDULE
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Revenue	Original Budget	Final Budget	Actual	Variance with Final Budget Over(Under)
Town Dues	\$ 212,603	\$ 212,603	\$ 212,603	\$ -
Connecticut River Gateway Commission	25,000	25,000	48,865	23,865
General Fund	10,000	10,000	18,581	8,581
Recycling & HHW Operations	229,400	229,400	239,145	9,745
DOT Transportation Planning	733,965	733,965	617,383	(116,582)
DECD-EDA	-	-	24,162	24,162
DoAG-No Till	-	-	34,519	34,519
DEMHS	400,000	400,000	495,219	95,219
LOTICIP	8,800	8,800	7,477	(1,323)
MNHMPU	11,000	11,000	11,634	634
Regional Planning - RSG	304,966	304,966	304,966	-
Regional Planning - RSG Carryover	122,300	122,300	112,742	(9,558)
UConn/CIRCA	-	-	5,980	5,980
Total Revenues	2,058,034	2,058,034	2,133,275	75,241
Expenditures				
Salaries	775,000	775,000	709,147	(65,853)
Payroll taxes	63,550	63,550	55,510	(8,040)
Employee benefits	275,000	275,000	241,885	(33,115)
DOT Transportation Planning	50,000	50,000	62,907	12,907
DECD-EDA	-	-	9,698	9,698
DoAG- No Till	-	-	34,528	34,528
LOTICIP	80	80	24	(56)
DEMHS	341,500	341,500	410,198	68,698
Regional Planning - RSG	40,000	40,000	30,632	(9,368)
Regional Planning - RSG Carryover	122,300	122,300	112,742	(9,558)
MNHMPU	9,000	9,000	4,079	(4,921)
UConn/CIRCA	-	-	58	58
Recycling & HHW expenses	153,735	153,735	190,085	36,350
Other direct project cost	58,750	58,750	16,896	(41,854)
Maintenance & improvements	1,500	1,500	876	(624)
Dues, books & subscriptions	4,949	4,949	3,123	(1,826)
Service contracts/fees	9,000	9,000	6,063	(2,937)
Insurance	13,090	13,090	11,680	(1,410)
Bank charges/misc.	680	680	1,100	420
Office rent	48,100	48,100	48,100	-
Pension Administration	1,000	1,000	1,000	-
Postage	800	800	488	(312)
Audit & legal	25,000	25,000	16,624	(8,376)
Reproduction & printing	2,500	2,500	1,345	(1,155)
Equipment, software	5,000	5,000	2,193	(2,807)
Supplies	6,000	6,000	1,847	(4,153)
I.T. Services/Licenses	32,000	32,000	31,114	(886)
Travel	2,500	2,500	4,554	2,054
Utilities	17,000	17,000	15,249	(1,751)
Total Expenditures	2,058,034	2,058,034	2,023,745	(34,289)
Excess (Deficiency) of Revenue over Expenditures	-	-	109,530	109,530
Net Position July 1, 2021			1,317,813	
Net Position June 30, 2022			<u>\$ 1,427,343</u>	

The accompanying notes are an integral part of this schedule of required supplemental information

**LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 - BUDGETARY INFORMATION

Budgets are adopted by the Board of Directors on a modified accrual basis. The adopted annual budget covers the General Fund and the Special Revenue Funds on a combined basis. Because of RiverCOG's dependency on federal, state and local budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding.

RiverCOG does not employ encumbrance accounting since at present it is not considered necessary to assure budgetary control. Any excess of expenditures over revenues will be funded by either future revenue or the respective fund balances.

RiverCOG has not amended its originally adopted budget. Excess expenditures do not represent a violation of any regulatory or statutory provisions.

NOTE 2 – COMPLIANCE – EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2022, expenditures exceeded appropriations for the following objects:

DOT Transportation Planning	\$	12,907
DECD-EDA	\$	9,698
DoAG - No Till	\$	34,528
DEMHS	\$	68,698
UConn/CIRCA	\$	58
Recycling & HHW	\$	36,350
Bank charges / Misc	\$	420
Travel	\$	2,054

RiverCOG does not amend their budget during the fiscal year. The DOT Transportation Planning grant went over budget as it is a 2-year grant and was budgeted for based on an estimation for the first year. The DECD-EDA, DoAG-No Till, and UConn/CIRCA grants were new grants that were received after the budget was developed. DEMHS grants have four grants running each fiscal year, with three of them being three-year projects, so spending fluctuates year to year as the representatives meet and approve spending throughout the year. Recycling & HHW exceeded the budget as the business insurance increased almost \$18k for Fiscal Year 2022 after the budget was created and also was due to extra work being completed as the board decided whether or not to close the facility. Bank charges/Misc. went over budget due to donations in the memories of a former employee and of an employee's family members. Travel exceeded the budget due to a stipend for the executive director that is normally expended over the various grants, but, due to many meetings being held electronically instead of in person since COVID, not many miles were actually driven for grant programs.

Other Supplementary Information

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Connecticut River Gateway Commission	LOTICIP	US EDA CARES Act	2021 Farm Viability Grant	UCONN/CIRCA	LCRLT	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:							-
Due from Federal government	-	-	20,283	-	-	-	20,283
Due from State of Connecticut	-	-	-	9,639	-	-	9,639
Due from other funds	-	8,940	-	-	4,020	-	12,960
Other receivables	2,813	-	-	-	-	30	2,843
Security deposit	-	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	-	-	-	-	-	-	-
Total assets	<u>\$ 2,813</u>	<u>\$ 8,940</u>	<u>\$ 20,283</u>	<u>\$ 9,639</u>	<u>\$ 4,020</u>	<u>\$ 30</u>	<u>\$ 45,725</u>
LIABILITIES							
Current liabilities							
Accounts payable	\$ 98	\$ -	\$ 7,797	\$ 129	\$ -	\$ -	\$ 8,024
Due to state of Connecticut	-	-	-	-	-	-	-
Accrued payroll & taxes	49	-	328	-	-	-	377
Accrued compensated absences	-	-	-	-	-	-	-
Non current liabilities							
Obligation under capital lease	-	-	-	-	-	-	-
Due to other funds	2,666	-	12,158	9,510	-	30	24,364
Total liabilities	<u>2,813</u>	<u>-</u>	<u>20,283</u>	<u>9,639</u>	<u>-</u>	<u>30</u>	<u>32,765</u>
DEFERRED INFLOW OF RESOURCES							
Deferred revenue	-	8,940	-	-	4,020	-	12,960
Total deferred inflows of resources	<u>-</u>	<u>8,940</u>	<u>-</u>	<u>-</u>	<u>4,020</u>	<u>-</u>	<u>12,960</u>
FUND BALANCES/NET ASSETS							
Fund Balances:							
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 2,813</u>	<u>\$ 8,940</u>	<u>\$ 20,283</u>	<u>\$ 9,639</u>	<u>\$ 4,020</u>	<u>\$ 30</u>	<u>\$ 45,725</u>

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Connecticut River Gateway Commission	LOT/CIP	DHS/FEMA Federal Project #EMB-2019-PC 0005	US EDA CARES Act	2021 Farm Viability Grant	UConn/CIRCA	LCRLT	Total
REVENUES								
Federal government	\$ -	\$ -	\$ 11,634	\$ 24,162	\$ -	\$ -	\$ -	\$ 35,796
State of Connecticut	-	7,477	-	-	34,519	-	-	41,996
Other governmental agencies	-	-	7,494	-	10,865	5,980	-	24,339
Miscellaneous	48,865	-	-	-	-	-	367	49,231
Total revenues	48,865	7,477	19,128	24,162	45,384	5,980	367	151,362
EXPENDITURES/EXPENSES								
Current:								
Direct Costs:								
Salaries	20,858	3,318	6,700	7,851	4,833	2,637	-	46,197
Consultants	-	-	3,909	9,698	-	-	-	13,607
Sub recipients	-	-	-	-	-	-	-	-
Equipment	-	-	-	-	34,399	-	-	34,399
Contingency	-	-	-	-	-	-	-	-
Other	1,941	24	170	-	129	58	367	2,689
Depreciation and amortization	-	-	-	-	-	-	-	-
Indirect	25,991	4,134	8,349	9,784	6,023	3,285	-	57,566
Total Expenditures/expenses	48,790	7,477	19,128	27,333	45,384	5,980	367	154,458
Excess (deficiency) of revenues over expenditures	75	-	-	(3,171)	-	-	-	(3,096)
OTHER FINANCING SOURCES (USES)								
Transfers in	-	-	-	3,171	-	-	-	3,171
Transfers out	(75)	-	-	-	-	-	-	(75)
Total other financing sources (uses)	(75)	-	-	3,171	-	-	-	3,096
Excess of revenues and other financing sources over expenditures and other financing uses	-	-	-	-	-	-	-	-
Change in net assets								
Fund balance/net assets - beginning of year	-	-	-	-	-	-	-	-
Fund balance/net assets - end of year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
STATE OF CONNECTICUT DEPARTMENT OF TRANSPORTATION
FOR THE YEAR ENDED JUNE 30, 2022**

	FHWA/FTA PL DOT07209996PL *	FHWA/FTA PL Carryover funds DOT07209996PL	
State Project Number	UR22 (001)	UR22 (001)	
Federal Project Number	5.09-03(17)	5.09-03(17)	
Master Agreement Number	20.505	20.505	
CFDA Number			Total
<u>Maximum Funds Authorized</u>			
FHWA/FTA	\$ 487,750	\$ 39,863	\$ 527,613
ConnDOT - FHWA/FTA	60,969	4,983	65,952
Local	60,969	4,983	65,952
TOTAL	\$ 609,688	\$ 49,829	\$ 659,517
<u>Audited Expenditures</u>			
Direct Salaries	\$ 255,220	\$ 22,185	\$ 277,404
Indirect Costs @ 124.6086%	318,026	27,644	345,670
Direct Charges	62,907	-	62,907
TOTAL	\$ 636,152	\$ 49,829	\$ 685,981
<u>Distribution of Audited Costs</u>			
FHWA/FTA	\$ 508,922	\$ 39,863	\$ 548,785
ConnDOT - FHWA/FTA	63,615	4,983	68,598
Local	63,615	4,983	68,598
TOTAL	\$ 636,152	\$ 49,829	\$ 685,981
<u>ConnDOT Responsibility</u>			
FHWA/FTA	\$ 508,922	\$ 39,863	\$ 548,785
ConnDOT - FHWA/FTA	63,615	4,983	68,598
TOTAL	\$ 572,537	\$ 44,846	\$ 617,383
Payments Received to June 30, 2022	\$ 453,752	\$ 44,846	\$ 498,598
Payments Received after June 30, 2022	46,359	-	46,359
TOTAL PAYMENTS RECEIVED	\$ 500,110	\$ 44,846	\$ 544,956
Due From/(To) ConnDOT	\$ 72,426	\$ -	\$ 72,426

* This agreement spans two years. The Maximum funds Authorized are estimates only.

Federal Single Audit



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Certified Public Accountants

**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
Lower Connecticut River Valley 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 governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lower Connecticut River Valley Council of Governments as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Lower Connecticut River Valley Council of Governments basic financial statements, and have issued our report thereon dated November 28, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lower Connecticut River Valley Council of Governments internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lower Connecticut River Valley Council of Governments internal control. Accordingly, we do not express an opinion on the effectiveness of Lower Connecticut River Valley 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 Lower Connecticut River Valley 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 financial statements. 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Henry, Raymond & Thompson, LLC

Henry, Raymond & Thompson, LLC
South Windsor, CT
November 28, 2022



**HENRY, RAYMOND
& THOMPSON, LLC**

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Certified Public Accountants

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

To the Board of Directors
Lower Connecticut River Valley Council of Governments:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lower Connecticut River Valley Council of Governments compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of *Lower Connecticut River Valley Council of Governments* major federal programs for the year ended June 30, 2022. Lower Connecticut River Valley 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.

In our opinion, Lower Connecticut River Valley Council of Governments complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lower Connecticut River Valley Council of Governments and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lower Connecticut River Valley Council of Governments compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Lower Connecticut River Valley Council of Governments federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lower Connecticut River Valley Council of Governments compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lower Connecticut River Valley Council of Governments compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lower Connecticut River Valley Council of Governments compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lower Connecticut River Valley Council of Governments internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Lower Connecticut River Valley Council of Governments internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 28, 2022

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Federal Expenditures
Department of Homeland Security: Passed through the State of Connecticut Department of Emergency Services & Public Protection			
DEMHS EMPG 2020	97.042	12060-DPS32160-21881	\$ 32,325
DEMHS PDMG Natural Hazard Mitigation Plan Update	97.047	12060-DPS32983-22756	11,634
DEMHS HSGP 2018	97.067	12060-DPS32160-21877	33,297
DEHMS HSGP 2019	97.067	12060-DPS32160-21877	281,198
DEHMS HSGP 2020	97.067	12060-DPS32160-21877	98,158
DEHMS HSGP 2021	97.067	12060-DPS32160-21877	46,241
DEMHS HSGP CCP Cat. C FY 2022	97.067	12060-DPS32160-21877	<u>4,000</u>
Total Department of Homeland Security			<u>506,853</u>
Department of Commerce Passed through the State of Connecticut Department of Commerce: Economic Development Cluster			
US EDA CARES Act	11.307	12060-ECD-46200-23104	<u>24,162</u>
Total Department of Commerce			<u>24,162</u>
Department of Transportation: Passed through the State of Connecticut Department of Transportation:			
Regional Transportation Planning Agreement# DOT07229996PL	20.505	12062-DOT57551-22108	<u>548,785</u>
Total Department of Transportation			<u>548,785</u>
Total expenditures of federal awards			<u>\$ 1,079,799</u>

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

**LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Organization under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the consolidated financial position, changes in net assets or cash flows of the Organization.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. For cost-reimbursement awards, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. For performance-based awards, expenditures reported represent amounts earned.

NOTE 3 - INDIRECT COST RECOVERY

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

**LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant Deficiencies identified? ☐ Yes ☒ None reported

Noncompliance material to financial statements noted? ☐ Yes ☒ No

Federal Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? ☐ Yes ☒ No
- Significant deficiencies identified? ☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit finding disclosed that are required to be Reported in accordance with Uniform Guidance 2 CFR 200.516 ☐ Yes ☒ No

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

<u>CFDA Number</u>	<u>Name of Federal Program</u> <u>Expenditures</u>	
20.505	Regional Transportation Planning	\$548,785

The dollar threshold for determining Type A and B programs is \$750,000.

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

SECTION II.-FINANCIAL STATEMENTS FINDINGS

No matters were reported.

SECTION III-FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SUMMARY SCHEDULE OF THE STATUS OR PRIOR AUDIT FINDINGS

There were no findings or questioned costs reported in RiverCOG's prior year-end federal single audit.

State Single Audit



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Certified Public Accountants

INDEPENDENT AUDITORS' 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

To the Board of Directors
Lower Connecticut River Valley Council of Governments

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Lower Connecticut River Valley Council of Governments compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management's Compliance Supplement that could have a direct and material effect on each of Lower Connecticut River Valley Council of Governments major state programs for the year ended June 30, 2022. Lower Connecticut River Valley Council of Governments major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Lower Connecticut River Valley Council of Governments complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); 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). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lower Connecticut River Valley Council of Governments and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of Lower Connecticut River Valley Council of Governments compliance with the compliance requirements referred to above.

laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Lower Connecticut River Valley Council of Governments state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lower Connecticut River Valley Council of Governments compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lower Connecticut River Valley Council of Governments compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the State Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lower Connecticut River Valley Council of Governments compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lower Connecticut River Valley Council of Governments internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Lower Connecticut River Valley Council of Governments internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Lower Connecticut River Valley Council of Governments as of and for the year ended June 30, 2022, and have issued our report thereon dated November 28, 2022, which contained an unmodified opinion on those financial statements. Our audit was performed 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 28, 2022

**LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022**

State Grantor/Pass-through Grantor/Program Title	State Grant Program Core - CT Number	Expenditures
Department of Transportation		
Regional Transportation Planning Agreement# DOT07229996PL	12062-DOT57551-22108	\$ 68,598
LOTICIP Grant# DOT01703280GR	13033-DOT57000-43584	<u>7,477</u>
Total Department of Transportation		<u>76,075</u>
Department of Agriculture		
2021 Farm Viability Grant Program# DAG_NONPROJECT	12060-DAG42710-90456	\$ 34,519
Total Department of Agriculture		<u>\$ 34,519</u>
Office of Policy and Management		
Regional Performance Incentive - RSG 021-03	12060-OPM20600-35457	112,743
Regional Performance Incentive - RSG 022-03	12060-OPM20600-35457	<u>304,966</u>
Total Office of Policy & Management		<u>417,709</u>
Total State Financial Assistance		<u>\$ 528,302</u>

The accompanying notes are an integral part of this schedule of required supplemental information

**LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE SCHEDULE OF EXPENDITURES
OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the RiverCOG conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The following is a summary of the more significant policies relating to the aforementioned grant programs.

BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of state financial assistance is presented in accordance with regulations established by the State of Connecticut, Office of Policy and Management.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance-based awards, revenues are recognized to the extent of performance achieved during the grant period.

The schedule of expenditures of state financial assistance contained in this report is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

**LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' 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 report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

___ yes X no

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

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Regional Performance Incentive - RSG 022-03	12060-OPM20600-35457	\$ 304,966
Regional Performance Incentive - RSG 021-03	12060-OPM20600-35457	\$ 112,743

Dollar threshold used to distinguish between type A and type B programs: \$100,000

**LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

II. FINANCIAL STATEMENT FINDINGS

No findings were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No findings were reported.



**HENRY, RAYMOND
& THOMPSON, LLC**

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Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT ON THE STATEMENT
OF DIRECT LABOR, FRINGE BENEFITS, AND GENERAL OVERHEAD**

Board of Directors
Lower Connecticut River Valley Council of Governments

Report on the Statement of Direct Labor, Fringe Benefits, and General Overhead

Opinion

We have audited the accompanying Statement of Direct Labor, Fringe Benefits, and General Overhead (hereinafter referred to as "the Schedule"), of Lower Connecticut River Valley Council of Governments as of and for the year ended June 30, 2022, and the related notes to the statement.

In our opinion, the Schedule referred to above presents fairly, in all material respects, the direct labor, fringe benefits, and general overhead of the Lower Connecticut River Valley Council of Governments, as of June 30, 2022 for the year then ended in accordance with the basis of accounting described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lower Connecticut River Valley Council of Governments and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule 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 the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility for the Audit of the Schedule

Our objectives are to obtain reasonable assurance about whether the Schedule as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Lower Connecticut River Valley Council of Governments internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lower Connecticut River Valley Council of Governments ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Basis of Accounting

We draw attention to Note 2 of the Schedule, which describes the basis of accounting. The Schedule is prepared on the basis of the financial reporting provisions of 2 CFR Part 200 (the Uniform Guidance) Cost Principles for State, Local and Indian Tribal Governments, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of 2 CFR Part 200 (the Uniform Guidance) Cost Principles for State, Local and Indian Tribal Governments. Our opinion is not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with the *Government Auditing Standards*, we have also issued our report dated November 28, 2022, on our consideration of the Lower Connecticut River Valley 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 Lower Connecticut River Valley Council of Governments' internal control over financial reporting and compliance.

Henry, Raymond & Thompson, LLC

Henry, Raymond & Thompson, LLC
November 28, 2022

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
STATEMENT OF DIRECT LABOR, FRINGE BENEFITS, AND GENERAL OVERHEAD
FOR THE YEAR ENDED June 30, 2022

Description	General Ledger Balance	Portion Unallowable	2 CFR Ref.	Total Proposed Allocations
Direct Labor	<u>\$ 512,715</u>	<u>\$ -</u>		<u>\$ 512,715</u>
Fringe Benefits				
Indirect labor	\$ 113,177	\$ -		\$ 113,177
Vacation/Holiday/Paid Leave	83,256	-		83,256
Payroll Taxes	55,510	-		55,510
Group Insurance	202,120	-		202,120
Pension	39,765	-		39,765
Total Fringe Benefits	<u>\$ 493,828</u>	<u>\$ -</u>		<u>\$ 493,828</u>
General Overhead				
Administrative				
Consultants	\$ 193,117	\$ (193,117)	(a)	\$ -
Engineering Services	1,100	(1,100)	(b)	-
Training	14,163	(14,163)	(b)	-
IT Equipment and software	1,188	-	(b)	1,188
IT Service/license contracts	86,230	(55,116)	(b)	31,114
Accounting & legal	23,435	(6,811)	(b)	16,624
Rent	48,100	-	(b)	48,100
Office	4,498	(1,116)	(b)	3,382
Repairs and maintenance	1,117	(241)	(b)	876
Travel/mileage/parking	12,666	(8,111)	(b)	4,554
Dues & subscriptions	7,773	(4,650)	(b)	3,123
Bond & insurance	30,409	(18,729)	(b)	11,680
Equipment	389,221	(388,216)	(b)	1,005
Utilities	17,790	(2,541)	(b)	15,249
Meetings/seminars	3,018	(3,018)	(b)	-
Service agreements	179,248	(172,186)	(b)	7,063
Food and supplies for meetings	2,981	(2,981)	(b), (c)	-
Miscellaneous	1,150	(50)	(b), (c)	1,100
Total General Overhead	<u>\$ 1,017,205</u>	<u>\$ (872,146)</u>		<u>\$ 145,059</u>
Total Indirect Costs				<u>\$ 638,887</u>
Percentage of Direct Labor				<u>124.6086%</u>

2 CFR Part 225 References

- (a) Appendix A, E.1 - Consultants are considered to be direct labor and removed from indirect labor costs.
(b) Appendix A, E.1 - Direct costs segregated and removed from indirect cost pool.
(c) Appendix A, B.1 - Cost not allowable under terms of award

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

**LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE STATEMENT OF DIRECT LABOR, FRINGE BENEFITS,
AND GENERAL OVERHEAD
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1 - DESCRIPTION OF ENTITY

Lower Connecticut River Valley Council of Governments was established on July 16, 2012, by the merger of the Connecticut River Estuary and Midstate Regional Planning Agencies, and organized under the laws of the State of Connecticut in accordance with General Statutes Sections 4-124i through 4-124p and Special Act No. 73-79 of the Connecticut General Assembly.

Lower Connecticut River Valley Council of Governments is considered to be a legally separate organization under a joint venture agreement with the member municipalities. Lower Connecticut River Valley Council of Governments has the right to enter into legal contracts and incur its own debt. Lower Connecticut River Valley Council of Governments mission, as a regional council of governments, is to provide a centralized agency responsible for coordinating regional planning activities that benefit its members. Lower Connecticut River Valley Council of Governments has the authority to apply for federal and state funds to further the activities and purpose of the agency.

Each member community appoints representatives to sit on the Lower Connecticut River Valley Council of Governments Board of Directors. The Board is responsible for establishing and approving policies, resolutions and the annual budget. Member assessments are charged on a flat rate plus a per capita basis and approved by the Board.

NOTE 2 - BASIS OF ACCOUNTING AND DESCRIPTION OF ACCOUNTING SYSTEMS

Lower Connecticut River Valley Council of Governments policy is to prepare its Statement of Direct Labor, Fringe Benefits, and General Overhead (the Schedule) on the basis of accounting practices prescribed in 2 CFR Part 200 (The Uniform Guidance) Cost Principals for State, Local and Indian Tribal Governments. Accordingly, the Schedule is not intended to present the results of operations of the Lower Connecticut River Valley Council of Governments in conformity with accounting principles generally accepted in the United States of America.

NOTE 3 – Description of Accounting Policies

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.

The job cost accounting system is based on job order costing, whereby the Agency tracks costs by “job” or “project” and applies them to that project. Project costs are accumulated through the accounting system by project and costs are assigned to projects based on actual costs incurred under the project.

Direct and indirect costs are recorded in the accounting system in accordance with accounting principles generally accepted in the United States of America. A direct cost is any cost that can be identified specifically with a particular contract or project. Costs identified specifically with a contract or project are direct costs and must be charged directly to the contract or project. All costs specifically identified with a project are direct costs of that project and are not charged to another project, either directly or indirectly. Indirect costs are accumulated by logical cost groupings with due consideration of the reasons for incurring such costs.

**LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE STATEMENT OF DIRECT LABOR, FRINGE BENEFITS,
AND GENERAL OVERHEAD
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 4 - Description of Overhead Rate Structure

All costs are allocated based on Direct Labor costs. Direct Labor costs are computed by multiplying all direct project labor hours by labor rates, as summarized for all employees within the Agency. Labor rates are based on actual employee wages incurred.

The Agency does not have related business entities and therefore does not allocate costs between any entities.