

**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, 2023

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
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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, 2023 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, 2023, 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 27, 2023 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 27, 2023

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2023

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, 2023.

RiverCOG ended its first full decade of operations in excellent financial health. This report for the Fiscal Year 2023 (FY23) Audit shows an agency that continues to adapt to an ever-changing landscape. Recent federal legislation has brought an unprecedented number of new federal programs and grants. RiverCOG has been successful applying to new federal programs, including receiving grants from the U.S. Department of Transportation from Safe Streets and Roads for All and Thriving Communities programs in FY23.

RiverCOG completed its first Comprehensive Economic Development Strategy (CEDS) in FY23, using a portion of a grant received from the federal CARES Act. The CEDS was accepted by both the state and the U.S. Economic Development Administration. RiverCOG will use this approved CEDS to start work on an application to become a federally recognized Economic Development District. In addition to the CEDS, we also created a business resiliency annex, to help towns assist their essential businesses to prepare for disasters and disruptions. RiverCOG also adopted a new Regional Metropolitan Transportation Plan extending out to 2050.

RiverCOG continued work on housing planning with taking steps to implement the Regional Housing Plan. These implementation steps included the formation of a regional housing committee, work on a housing tool kit, and beginning work on transit-oriented development plans for our commuter rail stations.

In FY23 RiverCOG filled a vacant position taking over responsibilities from our retiring Deputy Director. Responsibilities that were reassigned include work for Connecticut River Gateway Commission and for fiduciary work for the CT Division of Emergency Management Homeland Security Region 2.

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.

In FY23 RiverCOG continued Household Hazardous Waste (HHW) collections at satellite events held around the region. RiverCOG has submitted a closure plan to the CT Department of Energy and Environmental Protection (DEEP) to allow the former regional HHW facility to be returned to the town of Essex. RiverCOG is still awaiting acceptance of this plan by the state.

RiverCOG also took an important step in its work protecting the Connecticut River from aquatic invasive plants. Using a new grant from DEEP, RiverCOG purchased a work boat and hired seasonal staff to search for and remove invasive water chestnuts from the river. This first season of paid staff removes the need to rely on volunteers, which was becoming harder to find.

Executive Director Samuel Gold continued to serve on the state Advisory Commission on

Intergovernmental Relations, helping to guide state policy on regionalism. Mr. Gold concluded his service as the chair of the Connecticut Association of Councils of Governments for calendar year 2022. In this position he advocated for sufficient and predictable annual state funding and worked with the U.S. Census and State of Connecticut on the recognition of COGs as the county equivalent for federal purposes. The U.S. Census started creating data along COG boundaries at the beginning of 2023.

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 \$1,632,187 (net assets) of this amount, \$1,427,678 (unrestricted net assets) may be used to meet RiverCOG's ongoing obligations.
- RiverCOG's total net assets increased by \$170,245
- As of the close of the current fiscal year, RiverCOG's governmental funds reported combined ending fund balances of \$1,574,208 an increase of \$146,866 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 13 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, Regional Services Grants, US / EDA Cares, and Estuary Transit District, 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 \$1,632,187 and \$1,461,943 as previously reported, as of June 30, 2023 and 2022, respectively, and is summarized as follows:

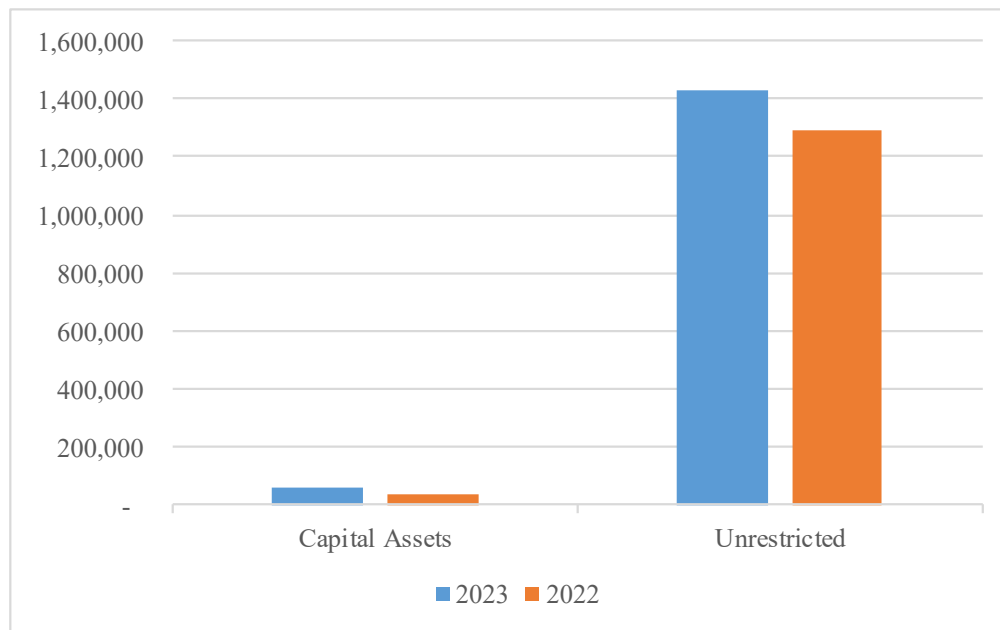
	Gov't Wide	
	2023	2022
Current and other assets	\$ 1,728,029	\$ 1,627,600
Capital assets, net	109,187	131,625
Total assets	<u>\$ 1,837,216</u>	<u>\$ 1,759,225</u>
Liabilities		
Deferred inflow of resources	\$ 14,698	\$ 12,960
Other liabilities	190,331	284,322
Total liabilities	<u>205,029</u>	<u>297,282</u>
Net position:		
Invested in capital assets, net	57,979	34,601
Unrestricted	1,427,678	1,292,866
Restricted	146,530	134,476
Total net position	<u>\$ 1,632,187</u>	<u>\$ 1,461,943</u>

As of June 30, 2023, 3% 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, \$1,427,678 is unrestricted and may be used to meet RiverCOG's ongoing obligations. The remaining \$146,530 is restricted to specific fund use for the Household Hazardous Waste & Recycling Program.

Overall, net position increased by \$170,245 or 23% 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, and by a significant increase in interest earned. The STIF account earned \$44,758 of interest as of June 30, 2023, compared to \$3,042 of interest as of June 30, 2022.

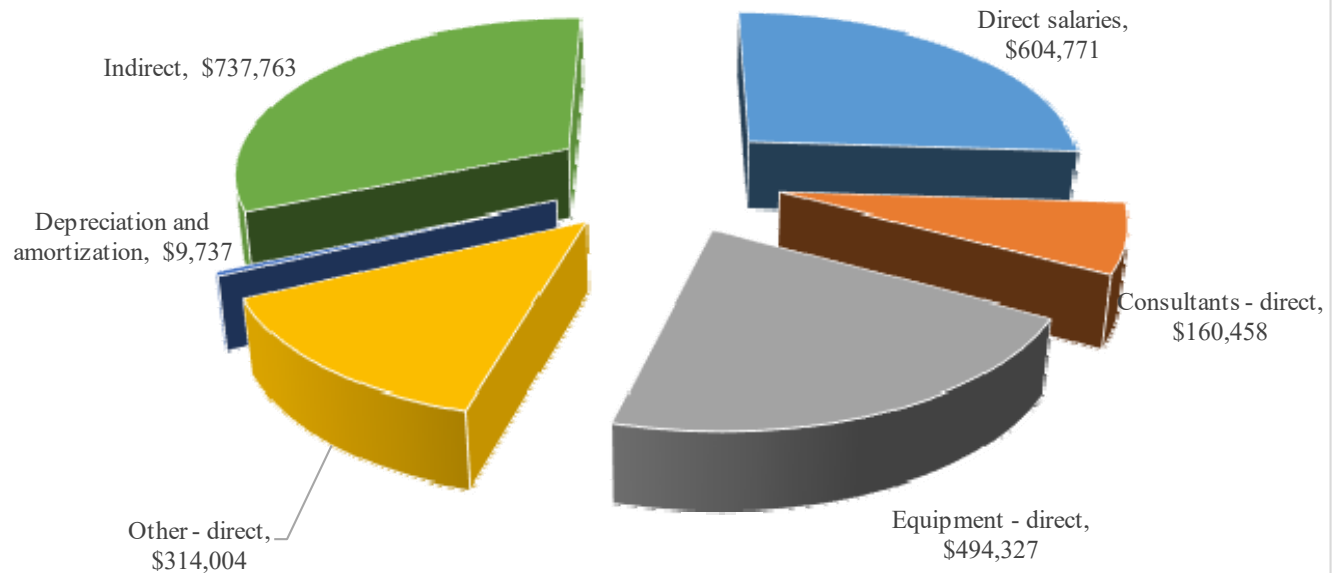


Changes in Net Position

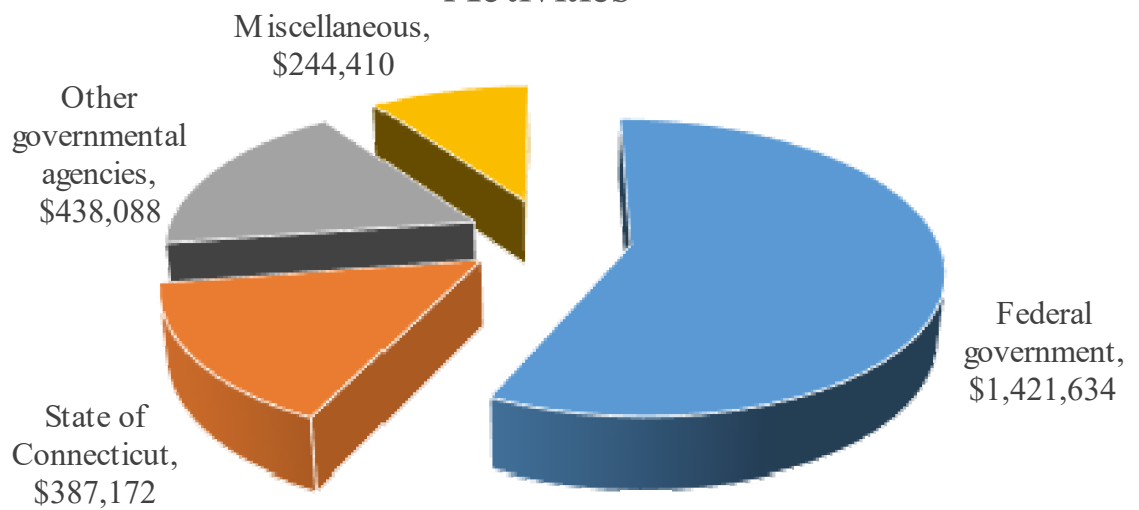
Changes in net position for the years ended June 30, 2023 and 2022 are as follows:

	Gov't Wide Activities	
	2023	2022
Revenues:		
Federal government	\$ 1,421,634	\$ 1,079,799
State of Connecticut	387,172	528,302
Other governmental agencies	438,088	472,228
Miscellaneous	244,410	52,946
Total Revenues	2,491,304	2,133,275
Expenditures:		
Direct salaries	604,771	512,713
Consultants - direct	160,458	193,117
Equipment - direct	494,327	352,812
Other - direct	314,004	292,118
Depreciation and amortization	9,737	5,414
Indirect	737,763	638,888
Total expenses	2,321,059	1,995,062
Increase in net position	170,245	138,212
Net position - beginning	1,461,942	1,323,730
Net position - end of year	<u>\$ 1,632,187</u>	<u>\$ 1,461,942</u>

2023 Expenses - Governmental Activities



2023 Revenues by Source - Governmental Activities



Governmental Activities

Governmental activities increased RiverCOG's net assets by \$170,245 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 \$1,574,208, an increase of \$146,866 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, Regional Services Grants (RSG), US / EDA CARES, and Estuary Transit District. These funds provide various transportation or other planning services to the Lower Connecticut River Valley Council of Governments region. The Department of Transportation, Domestic Preparedness, US / EDA CARES, and Estuary Transit District 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, 2023 totaled \$109,187 (net of accumulated depreciation and amortization). This investment in capital assets includes furniture and equipment and a right to use asset. The total decrease in RiverCOG's investment in capital assets for the current fiscal year was \$22,438.

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

	Governmental Activities	
	2023	2022
Capital Assets	\$ 109,187	\$ 131,625
Totals	<u>\$ 109,187</u>	<u>\$ 131,625</u>

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 2024.

During the current fiscal year, unrestricted fund balance of the General Fund was \$1,427,678. RiverCOG has not appropriated any of this unrestricted fund balance for spending in the 2024 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, 2023

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	US/EDA CARES Federal Award# 01-69-15142	Estuary Transit District	Non Major Gov't Funds	Total	Adjustments (Note 6)	Gov't wide stmt of Net position
ASSETS											
Cash and cash equivalents	\$ 1,144,419	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,144,419	\$ -	\$ 1,144,419
Receivables:											
Due from Federal Govt.	-	193,895	-	208,976	-	28,799	-	-	431,671	-	431,671
Due from State of Connecticut	-	24,237	-	-	-	-	-	29,805	54,042	-	54,042
Due from other funds	314,791	-	142,044	-	2,662	-	-	-	459,497	(459,497)	-
Other receivables	237	-	24,719	-	-	-	26,655	10,299	61,910	-	61,910
Security Deposit	8,667	-	-	-	-	-	-	-	8,667	-	8,667
Capital assets, net of accumulated depreciation	-	-	-	-	-	-	-	-	-	109,187	109,187
Total current assets	1,468,114	218,132	166,763	208,976	2,662	28,799	26,655	40,104	2,160,205	(350,310)	1,809,896
DEFERRED OUTFLOW OF RESOURCES											
Prepaid expenses	27,320	-	-	-	-	-	-	-	27,320	-	27,320
Total deferred outflows of resources	27,320	-	-	-	-	-	-	-	27,320	-	27,320
Total assets	<u>\$ 1,495,434</u>	<u>\$ 218,132</u>	<u>\$ 166,763</u>	<u>\$ 208,976</u>	<u>\$ 2,662</u>	<u>\$ 28,799</u>	<u>\$ 26,655</u>	<u>\$ 40,104</u>	<u>\$ 2,187,526</u>	<u>\$ (350,310)</u>	<u>\$ 1,837,216</u>
LIABILITIES											
Current liabilities:											
Accounts payable	\$ 7,194	\$ 318	\$ 19,692	\$ 16,125	\$ 278	\$ 19,182	\$ -	\$ 2,341	\$ 65,131	\$ -	\$ 65,131
Due to State of Connecticut	-	-	-	-	-	-	-	-	-	-	-
Accrued payroll & taxes	5,996	6,674	541	937	2,383	736	1,071	1,087	19,425	-	19,425
Accrued compensated absences	54,566	-	-	-	-	-	-	-	54,566	-	54,566
Lease Liability	-	-	-	-	-	-	-	-	-	51,208	51,208
Non current liabilities											
Short-term loans	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	211,141	-	191,914	-	8,881	25,583	21,978	459,497	(459,497)	-
Total Liabilities	67,756	218,132	20,234	208,976	2,662	28,799	26,655	25,406	598,619	(408,289)	190,331
DEFERRED INFLOW OF RESOURCES											
Deferred revenue	-	-	-	-	-	-	-	14,698	14,698	-	14,698
Total deferred inflows of resources	-	-	-	-	-	-	-	14,698	14,698	-	14,698
FUND BALANCE/NET ASSETS											
Fund balances:											
Unassigned	1,321,916	-	-	-	-	-	-	-	1,321,916		
Assigned	105,762	-	-	-	-	-	-	-	105,762		
Restricted	-	-	146,530	-	-	-	-	-	146,530		
Total fund balances	1,427,678	-	146,530	-	-	-	-	-	1,574,208		
Total liabilities and fund balances	<u>\$ 1,495,434</u>	<u>\$ 218,132</u>	<u>\$ 166,763</u>	<u>\$ 208,976</u>	<u>\$ 2,662</u>	<u>\$ 28,799</u>	<u>\$ 26,655</u>	<u>\$ 40,104</u>	<u>\$ 2,187,525</u>		
NET POSITION											
Invested in capital assets, net of related liability											57,979
Restricted											146,530
Unrestricted											1,427,678
											<u>\$ 1,632,187</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, 2023

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	USEDA CARES Federal Award #01- 69-15142	Estuary Transit Funds	Non Major Gov't Funds	Total	Adjustments (Note 7)	Gov't wide stmt of Net position
REVENUES											
Federal government	\$ -	\$ 461,572	\$ -	\$ 699,464	\$ -	\$ 260,598	\$ -	\$ -	\$ 1,421,634	\$ -	\$ 1,421,634
State of Connecticut	-	57,696	-	-	303,973	-	-	25,503	387,172	-	387,172
Other governmental agencies	138,278	57,696	202,559	-	-	-	-	39,554	438,088	-	438,088
Miscellaneous	45,432	-	-	-	-	-	117,900	81,078	244,410	-	244,410
Total revenues	183,710	576,965	202,559	699,464	303,973	260,598	117,900	146,135	2,491,304	-	2,491,304
EXPENDITURES/EXPENSES											
Current:											
Direct Costs:											
Salaries	973	259,127	16,942	50,454	125,012	49,983	53,110	49,171	604,771	-	604,771
Consultants	-	-	3,000	3,880	-	151,407	-	2,171	160,458	-	160,458
Sub recipients	-	-	-	-	-	-	-	-	-	-	-
Equipment	-	-	-	500,527	-	-	-	27,043	527,570	(33,243)	494,327
Contingency	-	-	-	-	-	-	-	-	-	-	-
Other	5,309	1,727	149,896	119,984	26,624	2,616	-	7,719	313,875	128	314,004
Depreciation and amortization								-	-	9,737	9,737
Indirect	1,187	316,110	20,667	61,549	152,502	60,974	64,789	59,983	737,763	-	737,763
Total Expenditures/expenses	7,470	576,965	190,504	736,393	304,138	264,981	117,900	146,086	2,344,436	(23,378)	2,321,059
Excess (deficiency) of revenues over expenditures	176,241	-	12,054	(36,929)	(165)	(4,382)	-	49	146,867	23,378	170,245
OTHER FINANCING SOURCES (USES)											
Transfers in	-	-	-	36,929	165	4,382	-	-	41,478	(41,478)	-
Transfers out	(41,429)	-	-	-	-	-	-	(49)	(41,478)	41,478	-
Total other financing sources (uses)	(41,429)	-	-	36,929	165	4,382	-	(49)	-	-	-
Excess of revenues and other financing sources over expenditures and other financing uses	134,812	-	12,054	-	-	-	-	-	146,866	-	-
Change in net assets	-	-	-	-	-	-	-	-	-	-	170,245
Fund balance/net assets - beginning of year	1,292,865	-	134,476	-	-	-	-	-	1,427,341	-	1,461,942
Fund balance/net assets - end of year	\$ 1,427,677	\$ -	\$ 146,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,574,207	-	\$ 1,632,187

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, 2023

	<u>Pension Trust Fund</u>
Assets:	
Investments:	
Equity mutual funds	\$ 1,213,756
Outstanding loan balance	<u>-</u>
Total assets	<u><u>\$ 1,213,756</u></u>
Net Position:	
Restricted for Pension Benefits	<u><u>\$ 1,213,756</u></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, 2023

	<u>Pension Trust Fund</u>
Additions:	
Employer contributions	\$ 43,802
Employee Contributions	103,929
Investment income (loss):	
Dividends, interest, and net increase in the fair value of investments	<u>101,420</u>
Total additions	249,151
Expenses and fees	(835)
Distributions	<u>(151,940)</u>
Change in Net Position	96,376
Net Position at the beginning of year	<u>1,117,380</u>
Net Position at the end of year	<u>\$ 1,213,756</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, 2023

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, 2023

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.

US / EDA CARES Act - This fund was used to conduct 4 programs concerning economic impacts, response & recovery from the pandemic: 1) Comprehensive Economic Development Strategy (CEDs), 2) Long-Term Recovery Coordination, 3) support of Middletown Entrepreneurs Workspace (MEWS), and 4) a website for farmers and farmers markets to advertise, sell, and schedule deliveries.

Estuary Transit District - This fund provides additional transit planning services in the Region.

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

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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 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 \$1,023,621 as of June 30, 2023.

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.

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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 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, 2023, 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, 2023.

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, 2023, RiverCOG had \$146,530 of restricted net assets.

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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, 2023, unrestricted net position was \$1,427,678.

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.

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, 2023, RiverCOG's bank reported a balance of \$120,798, 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, 2023 consisted of cash deposits of \$120,798 and investments in STIF totaling \$1,023,621. 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.

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

INVESTMENTS

As of June 30, 2023, 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)	\$ 1,023,621	\$ 1,023,621	-	-	-

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.

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, 2023, 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, 2023, RiverCOG's investments in STIF were rated AAA by Standard & Poor's.

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the 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.

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 consisted of the following:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital assets, being depreciated:				
Furniture & Equipment	\$ 133,325	\$ 33,243	\$ -	\$ 166,568
Less accumulated depreciation and amortization for:				
Furniture & Equipment	(97,417)	(9,737)	-	(107,154)
Total capital assets, being depreciated, net	35,908	23,506	-	59,414
Governmental activities capital assets, net	<u>\$ 35,908</u>	<u>\$ 23,506</u>	<u>\$ -</u>	59,414
Right to use assets (Notes 11 & 12)				49,773
Less related Lease Liability				(51,208)
Total capital assets, net				<u>\$ 57,979</u>

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

General government activities	\$9,737
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NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2023 were as follows:

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

	Due from other funds	Due to other funds
<u>Receivable Fund</u>		
Governmental Funds		
General Fund	\$314,791	\$ -
Department of Transportation #UR20(001)	-	211,141
Domestic Preparedness	-	191,914
Household Hazardous Waste	142,044	-
Regional Services Grant	2,662	-
CT River Gateway Commission	-	21,978
US/EDA CARES Federal Award#01-69-1514	-	8,881
Estuary Transit District	-	25,583
	<u>\$459,497</u>	<u>\$459,497</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, 2023.

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Governmental Activities					
Eversource Loan	\$ 2,160	\$ -	\$ (2,160)	\$ -	\$ -
Compensated Absences	50,827	54,566	(50,827)	54,566	54,566
Lease Liability	97,024	-	(45,816)	51,208	47,209
Total	<u>\$ 150,011</u>	<u>\$ 54,566</u>	<u>\$ (98,803)</u>	<u>\$105,774</u>	<u>\$101,775</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, 2023:

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

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Furniture & Equipment	\$ 166,568
Less: accumulated depreciation and amortization	(107,154)
Right of use asset	137,833
Less: Accumulated Amortization	(88,060)
Less: Lease Liability	(51,208)
	<u>\$ 57,979</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.

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, 2023:

Depreciation - General Planning and Administration	\$ 9,737
Other	128
Capital Expenditure	(33,243)
	<u>\$ (23,378)</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 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, 2023 was \$855,578, of which \$730,033 was covered by the plan. Participants elect how their contributions are

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

invested. The total contribution made by RiverCOG was \$43,802. Participants elect how their contributions are invested.

At June 30, 2023, the participants had a balance of \$570,347.

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 \$103,929 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, 2023, the participants had a balance of \$643,409 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 2022-2023 policy year, reinsurance covered all claims in excess of \$1,000,000 per occurrence without limitation on the excess.

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

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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 \$49,773 as of June 30, 2023.

The future minimum lease obligation (principal and interest) as of June 30, 2023, were as follows:

Fiscal Year Ending				
June 30	Principal	Interest	Total	
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, 2023, was as follows:

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decrease s</u>	<u>Ending Balance</u>
Right-to-use asset				
Leased office space	<u>\$ 137,833</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,833</u>
Total right-to-use asset	<u>137,833</u>	<u>-</u>	<u>-</u>	<u>137,833</u>
Less accumulated amortization for:				
Leased office space	<u>42,116</u>	<u>45,944</u>	<u>-</u>	<u>88,060</u>
Total accumulated amortization	<u>42,116</u>	<u>45,944</u>	<u>-</u>	<u>88,060</u>
Right-to-use asset, net	<u><u>\$ 95,717</u></u>	<u><u>\$ (45,944)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 49,773</u></u>

NOTE 13 – SUBSEQUENT EVENTS

RiverCOG’s Deputy Director, Torrance Downes, retired in July from full-time employment to part-time employment and Megan Jouflas was appointed as a new Deputy Director. Torrance has been assisting in the transition and has continued to assist in the Deputy Director duties.

The RiverCOG HHW facility was officially closed November 2022 and all HHW collections are completed as satellite events in various regional towns. RiverCOG is still waiting for the CT Department of Energy & Environmental Protection (DEEP) to approve the closure and transfer of responsibility of the facility back to the Town of Essex.

REQUIRED SUPPLEMENTARY INFORMATION

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
BUDGETARY COMPARISON SCHEDULE
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

Revenue	Original Budget	Final Budget	Actual	Variance with Final Budget Over(Under)
Town Dues	\$ 218,104	\$ 218,104	\$ 218,104	\$ -
Genral Fund	6,500	6,500	49,982	43,482
Connecticut River Gateway Commission	21,000	21,000	81,028	60,028
DOT Transportation Planning	524,885	524,885	519,268	(5,617)
DECD-EDA	280,000	280,000	260,598	(19,402)
DoAG-No Till	14,138	14,138	8,343	(5,795)
LOTICIP	9,030	9,030	5,337	(3,693)
DEMHS	400,000	400,000	699,464	299,464
Regional Planning-RSG	304,966	304,966	303,973	(993)
Estuary Transit District	153,900	153,900	117,900	(36,000)
Airline to Farmington Carridor Study	250,000	250,000	-	(250,000)
UCONN/CIRCA	30,000	30,000	12,925	(17,075)
DEEP-AIS	-	-	11,822	11,822
Recycling & HHW Operations	243,951	243,951	202,559	(41,392)
Total Revenues	2,456,473	2,456,473	2,491,304	34,830
Expenditures				
Salaries	806,000	806,000	855,577	49,577
Payroll taxes	66,092	66,092	66,780	688
Employee benefits	277,000	277,000	263,173	(13,827)
DOT Transportation Planning	50,000	50,000	1,727	(48,273)
DECD-EDA	169,250	169,250	154,024	(15,226)
DoAG- No Till	11,560	11,560	13,460	1,900
LOTICIP	80	80	-	(80)
DEMHS	400,000	400,000	624,390	224,390
Regional Planning - RSG	40,000	40,000	26,624	(13,376)
Estuary Transit District	-	-	-	-
Airline to farmington Carridor Study	225,000	225,000	-	(225,000)
UCONN/CIRCA	-	-	-	-
DEEP-AIS	-	-	20,741	20,741
Recycling & HHW expenses	212,486	212,486	152,896	(59,590)
Other direct project cost	24,567	24,567	7,232	(17,335)
Maintenance & improvements	1,500	1,500	1,931	431
Dues, books & subscriptions	4,949	4,949	3,221	(1,728)
Service contracts/fees	9,000	9,000	6,014	(2,986)
Insurance	13,090	13,090	12,052	(1,038)
Bank charges/misc.	800	800	590	(210)
Office rent	48,100	48,100	48,100	-
Pension Administration	1,000	1,000	1,000	-
Postage	800	800	393	(407)
Audit & legal	25,000	25,000	20,207	(4,793)
Reproduction & printing	2,500	2,500	435	(2,065)
Equipment, software	7,500	7,500	9,320	1,820
Supplies	6,000	6,000	4,088	(1,912)
I.T. Services/Licenses	32,000	32,000	29,957	(2,043)
Travel	3,500	3,500	3,323	(177)
Utilities	18,700	18,700	17,181	(1,519)
Total Expenditures	2,456,473	2,456,473	2,344,436	(112,037)
Excess (Deficiency) of Revenue over Expenditures	-	-	146,867	146,867
Net Position July 1, 2022			1,427,341	
Net Position June 30, 2023			<u>\$ 1,574,207</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, 2023**

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, 2023, expenditures exceeded appropriations for the following objects:

Salaries	\$ 49,577
Payroll taxes	\$ 688
DoAG- No Till	\$ 1,900
DEMHS	\$ 224,390
DEEP-AIS	\$ 20,741
Maintenance & improvements	\$ 431
Equipment, software	\$ 1,820

RiverCOG does not amend their budget during the fiscal year, and there is no legal ramification for exceeding the budget. Salaries and payroll taxes exceeded their budgets as the Deputy Director was initially retiring in October of 2022, but continued to work until June 2023. The DoAG-No Till grant exceeded its budget as more work was completed than originally estimated; the grant will be completed on November 30, 2023. 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. The DEEP-AIS grant was a new grant that was received after the budget was developed. Maintenance & improvements exceeded its budget due to A/C repairs and heat pump services. Equipment, software exceeded its budget due to the necessity of 2 new computers for GIS services.

Other Supplementary Information

**LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Connecticut River Gateway Commission	LOT/CIP	DEEP - Aquatic Invasive Species	DoAG - No Till	UConn/CIRCA	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:						-
Due from Federal government	-	-	-	-	-	-
Due from State of Connecticut	-	-	11,822	17,983	-	29,805
Due from other funds	-	3,651	-	-	11,139	14,789
Other receivables	10,300	-	-	-	-	10,300
Security deposit	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	-	-	-	-	-	-
Total assets	<u>\$ 10,300</u>	<u>\$ 3,651</u>	<u>\$ 11,822</u>	<u>\$ 17,983</u>	<u>\$ 11,139</u>	<u>\$ 54,894</u>
LIABILITIES						
Current liabilities						
Accounts payable	\$ 209	\$ -	\$ 587	\$ 1,545	\$ -	\$ 2,341
Due to state of Connecticut	-	-	-	-	-	-
Accrued payroll & taxes	972	47	-	23	44	1,087
Accrued compensated absences	-	-	-	-	-	-
Non current liabilities						
Obligation under capital lease	-	-	-	-	-	-
Due to other funds	9,119	-	11,235	16,414	-	36,768
Total liabilities	<u>10,300</u>	<u>47</u>	<u>11,822</u>	<u>17,983</u>	<u>44</u>	<u>40,196</u>
DEFERRED INFLOW OF RESOURCES						
Deferred revenue	-	3,604	-	-	11,095	14,698
Total deferred inflows of resources	<u>-</u>	<u>3,604</u>	<u>-</u>	<u>-</u>	<u>11,095</u>	<u>14,698</u>
FUND BALANCES/NET ASSETS						
Fund Balances:						
Unassigned	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 10,300</u>	<u>\$ 3,651</u>	<u>\$ 11,822</u>	<u>\$ 17,983</u>	<u>\$ 11,139</u>	<u>\$ 54,894</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, 2023

	Connecticut River Gateway Commission	LOTICIP	DEEP - Aquatic Invasive Species	DoAG No Till	UCONN/CIRCA	LCRLT	Total
REVENUES							
Federal government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut	-	5,337	11,822	8,343	-	-	25,503
Other governmental agencies	-	-	8,919	17,711	12,925	-	39,554
Miscellaneous	81,028	-	-	-	-	50	81,078
Total revenues	81,028	5,337	20,741	26,054	12,925	50	146,135
EXPENDITURES/EXPENSES							
Current:							
Direct Costs:							
Salaries	34,612	2,404	-	5,673	5,822	658	49,171
Consultants	-	-	-	2,171	-	-	2,171
Sub recipients	-	-	-	-	-	-	-
Equipment	-	-	16,798	10,245	-	-	27,043
Contingency	-	-	-	-	-	-	-
Other	2,682	-	3,943	1,044	-	50	7,719
Depreciation and amortization	-	-	-	-	-	-	-
Indirect	42,224	2,933	-	6,921	7,103	803	59,983
Total Expenditures/expenses	79,518	5,338	20,741	26,054	12,925	1,511	146,086
Excess (deficiency) of revenues over expenditures	1,510	-	-	-	-	(1,461)	49
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	-	1,461	1,461
Transfers out	(1,510)	-	-	-	-	-	(1,510)
Total other financing sources (uses)	(1,510)	-	-	-	-	1,461	(49)
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, 2023**

State Project Number	FHWA/FTA PL	
Federal Project Number	DOT07209996PL *	
Master Agreement Number	UR22 (001)	
CFDA Number	5.09-03(17)	
	20.505	Total
<u>Maximum Funds Authorized</u>		
FHWA/FTA	\$ 487,750	\$ 487,750
ConnDOT - FHWA/FTA	60,969	60,969
Local	60,969	60,969
TOTAL	\$ 609,688	\$ 609,688
<u>Audited Expenditures</u>		
Direct Salaries	\$ 259,127	\$ 259,127
Indirect Costs @ 121.99%	316,110	316,110
Direct Charges	1,727	1,727
TOTAL	\$ 576,965	\$ 576,965
<u>Distribution of Audited Costs</u>		
FHWA/FTA	\$ 461,572	\$ 461,572
ConnDOT - FHWA/FTA	57,696	57,696
Local	57,696	57,696
TOTAL	\$ 576,965	\$ 576,965
<u>ConnDOT Responsibility</u>		
FHWA/FTA	\$ 461,572	\$ 461,572
ConnDOT - FHWA/FTA	57,696	57,696
TOTAL	\$ 519,268	\$ 519,268
Payments Received to June 30, 2023	\$ 301,136	\$ 301,136
Payments Received after June 30, 2023	113,479	113,479
TOTAL PAYMENTS RECEIVED	\$ 414,615	\$ 414,615
Due From/(To) ConnDOT	\$ 104,653	\$ 104,653

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

Federal Single Audit



**HENRY, RAYMOND
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**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, 2023, 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 27, 2023.

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. 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 27, 2023



**HENRY, RAYMOND
& THOMPSON, LLC**
CERTIFIED PUBLIC ACCOUNTANTS

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**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, 2023. 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, 2023.

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. 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 27, 2023

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

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	\$ 32,485
DEMHS EMPG 2021	97.042	12060-DPS32160-21881	74,985
DEMHS HSGP 2019	97.067	12060-DPS32160-21877	102,109
DEHMS HSGP 2020	97.067	12060-DPS32160-21877	139,141
DEHMS HSGP 2021	97.067	12060-DPS32160-21877	245,078
DEHMS HSGP 2022	97.067	12060-DPS32160-21877	101,666
DEMHS HSGP CCP Cat. C FY 2023	97.067	12060-DPS32160-21877	<u>4,000</u>
Total Department of Homeland Security			<u>699,464</u>
Department of Commerce			
Passed through the State of Connecticut Department of Commerce: Economic Development Cluster			
US EDA CARES Funds-Award# 01-69-15142	11.307	12060-ECD-46200-23104	<u>260,598</u>
Total Department of Commerce			<u>260,598</u>
Department of Transportation:			
Passed through the State of Connecticut Department of Transportation:			
Regional Transportation Planning Agreement# DOT07229996Pl	20.505	12062-DOT57551-22108	<u>461,572</u>
Total Department of Transportation			<u>461,572</u>
Total expenditures of federal awards			<u><u>\$ 1,421,633</u></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, 2023**

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, 2023. 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, 2023**

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 Expenditures</u>	
20.505	Regional Transportation Planning	\$461,572

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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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, 2023. 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, 2023.

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.

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 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. 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, 2023, and have issued our report thereon dated November 27, 2023, 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 27, 2023

**LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023**

State Grantor/Pass-through Grantor/Program Title	State Grant Program Core - CT Number	Expenditures
Department of Transportation		
Regional Transportation Planning Agreement# DOT07229996P1	12062-DOT57551-22108	\$ 57,696
LOTICIP Grant# DOT01703280GR	13033-DOT57000-43584	<u>5,337</u>
Total Department of Transportation		<u>63,033</u>
Department of Agriculture		
2021 Farm Viability Grant Program# DAG_NONPROJECT	12060-DAG42710-90456	\$ <u>8,343</u>
Total Department of Agriculture		<u>\$ 8,343</u>
Department of Energy & Environmental Protection		
2021 Aquatic Invasive Species	12060-DEP44140-35667	\$ <u>11,822</u>
Total Department of Agriculture		<u>\$ 11,822</u>
Office of Policy and Management		
Regional Performance Incentive - RSG 023-03	12060-OPM20600-35457	<u>303,973</u>
Total Office of Policy & Management		<u>303,973</u>
Total State Financial Assistance		<u>\$ 387,172</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, 2023**

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 STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- | | | |
|--|---------|------------------------|
| • Material weakness(es) identified? | ___ yes | <u>X</u> no |
| • Significant deficiency(ies) identified? | ___ yes | <u>X</u> none reported |
| • Noncompliance material to financial statements noted | ___ yes | <u>X</u> no |

State Financial Assistance

Internal control over major programs:

- | | | |
|---|---------|------------------------|
| • Material weakness(es) identified? | ___ yes | <u>X</u> no |
| • Significant deficiency(ies) identified? | ___ yes | <u>X</u> 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 023-03	12060-OPM20600-35457	\$ 303,973

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, 2023**

II. FINANCIAL STATEMENT FINDINGS

No findings were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No findings were reported.



**HENRY, RAYMOND
& THOMPSON, LLC**
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2023, 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, 2023 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 27, 2023, 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 27, 2023

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
STATEMENT OF DIRECT LABOR, FRINGE BENEFITS, AND GENERAL OVERHEAD
FOR THE YEAR ENDED June 30, 2023

Description	General Ledger Balance	Portion Unallowable	2 CFR Ref.	Total Proposed Allocations
Direct Labor	\$ 604,771	\$ -		\$ 604,771
Fringe Benefits				
Indirect labor	\$ 141,441	\$ -		\$ 141,441
Vacation/Holiday/Paid Leave	109,366	-		109,366
Payroll Taxes	66,780	-		66,780
Group Insurance	219,371	-		219,371
Pension	43,802	-		43,802
Total Fringe Benefits	\$ 580,760	\$ -		\$ 580,760
General Overhead				
Administrative				
Consultants	\$ 93,856	\$ (93,856)	(a)	\$ -
Engineering Services	3,000	(3,000)	(b)	-
Training	30,523	(30,523)	(b)	-
IT Equipment and software	9,464	(6,344)	(b)	3,120
IT Service/license contracts	56,454	(26,497)	(b)	29,957
Accounting & legal	24,653	(4,446)	(b)	20,207
Rent	48,100	-	(b)	48,100
Office	6,648	(2,541)	(b)	4,107
Repairs and maintenance	5,307	(3,376)	(b)	1,931
Travel/mileage/parking	11,956	(8,633)	(b)	3,323
Dues & subscriptions	8,380	(5,369)	(b)	3,011
Bond & insurance	12,052	-	(b)	12,052
Equipment	533,770	(527,570)	(b)	6,200
Utilities	17,505	(324)	(b)	17,181
Meetings/seminars	3,263	(3,053)	(b)	210
Service agreements	290,319	(283,304)	(b)	7,015
Food and supplies for meetings	2,229	(2,229)	(b), (c)	-
Miscellaneous	1,429	(839)	(b), (c)	590
Total General Overhead	\$ 1,158,908	\$ (1,001,904)		\$ 157,004
Total Indirect Costs				\$ 737,764
Percentage of Direct Labor				121.99%

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, 2023**

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, 2023**

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.