

**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, 2024

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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, 2024 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, 2024, 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.

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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, 2024 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.

HRT Advisor, LLC

HRT Advisors, LLC
South Windsor, Connecticut
November 27, 2024

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2024

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, 2024.

RiverCOG ended its eleventh year of operations in excellent financial health. This report for the Fiscal Year 2024 (FY24) Audit shows an agency that is fiscally responsible and has built healthy reserves to enable it to weather future funding storms. For example, although prepared for an increase in rent, we negotiated a new three-year lease extension for our current offices at the same rent we have been paying since 2016 (\$9.25 a sq. ft.). Our indirect rate for distributing overhead and other costs, has remained approximately 40 percentage points lower than it was in 2016.

In FY24 RiverCOG applied to the U.S. Economic Development Administration for designation as a federally Economic Development District. RiverCOG worked on three major projects in FY24, all funded by federal grants: Safe Streets and Roads for All Regional Safety Plan, Central Connecticut Loop Trail project extending the Air Line Trail west, and Thriving Communities Transit Oriented Development Plans for Shore Line East Train Stations and downtown Middletown. Additionally, the Regional Housing Committee took up the work of creating a regional housing needs assessment methodology for the region, based upon best practices from around the country. RiverCOG is also reassessing its role as fiduciary for the CT Division of Emergency Management Homeland Security Region 2, which in recent years has cost the agency more than the administrative funding provided for the work.

In FY24 RiverCOG filled a vacant regional planning position providing support to a number of staff and projects. RiverCOG has continued to work in a hybrid manner with staff working both in the office and remotely. RiverCOG board and committee meetings have also adopted a hybrid schedule with both Zoom and in-person meetings being scheduled. RiverCOG started work to transition administrative work to new employees.

In FY24 RiverCOG continued Household Hazardous Waste (HHW) collections at satellite events held around the region. A closure plan was accepted by the CT Department of Energy and Environmental Protection (DEEP) to allow the former regional HHW facility to be returned to the town of Essex. Essex took the facility back from RiverCOG and released RiverCOG from liability, indemnifying it from future claims.

RiverCOG also took an important step in its work protecting the Connecticut River from aquatic invasive plants. Using a grant from DEEP and a new fee collected from member municipalities, RiverCOG completed the second year of its aquatic invasive plant removal project. A technical assistance grant was received from the National Parks Service to help update the Regional Conservation Plan.

RiverCOG continues to host the Connecticut River Gateway Commission, Regional Agricultural Council, Regional Economic Development Committee, and U.S. Coast Guard Auxiliary. We also continued to work with our region's land trusts via the Lower Connecticut River Land Trust that RiverCOG hosts. Finally, Executive Director Samuel Gold continued to serve on the state Advisory Commission on Intergovernmental Relations and Connecticut Association of Councils of Governments.

FINANCIAL HIGHLIGHTS

- The assets of RiverCOG exceeded its liabilities at the close of the most recent fiscal year by \$1,834,420 (net assets) of this amount, \$1,650,387 (unrestricted net assets) may be used to meet RiverCOG's ongoing obligations.
- RiverCOG's total net assets increased by \$202,233
- As of the close of the current fiscal year, RiverCOG's governmental funds reported combined ending fund balances of \$1,814,513 an increase of \$240,306 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 14 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 UPWP, Household Hazardous Waste and Recycling, Domestic Preparedness, Regional Services Grants, US / EDA Cares, Estuary Transit District, and Department of Transportation Airline Trail, 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 36 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

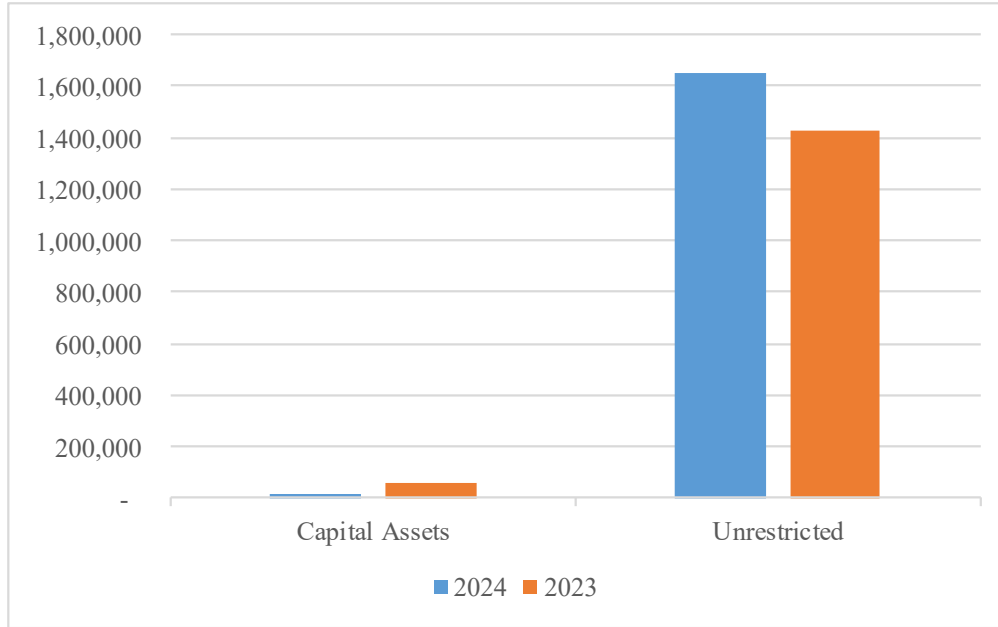
Over time, net position may serve as one measure of a government's financial position. Total net position of RiverCOG totaled \$1,834,420 and \$1,632,187 as previously reported, as of June 30, 2024 and 2023, respectively, and is summarized as follows:

	Gov't Wide	
	2024	2023
Current and other assets	\$ 2,119,473	\$ 1,728,029
Capital assets, net	161,419	109,187
Total assets	<u>\$ 2,280,892</u>	<u>\$ 1,837,216</u>
Liabilities		
Deferred inflow of resources	\$ 88,766	\$ 14,698
Other liabilities	357,706	190,331
Total liabilities	<u>446,472</u>	<u>205,029</u>
Net position:		
Invested in capital assets, net	19,906	57,979
Unrestricted	1,650,387	1,427,678
Restricted	164,127	146,530
Total net position	<u>\$ 1,834,420</u>	<u>\$ 1,632,187</u>

As of June 30, 2024, 1% 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, \$1,650,387 is unrestricted and may be used to meet RiverCOG’s ongoing obligations. The remaining \$164,127 is restricted to specific fund use for the Household Hazardous Waste & Recycling Program.

Overall, net position increased by \$202,233 or 12.4% 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 \$84,886 of interest as of June 30, 2024, compared to \$44,758 of interest as of June 30, 2023.

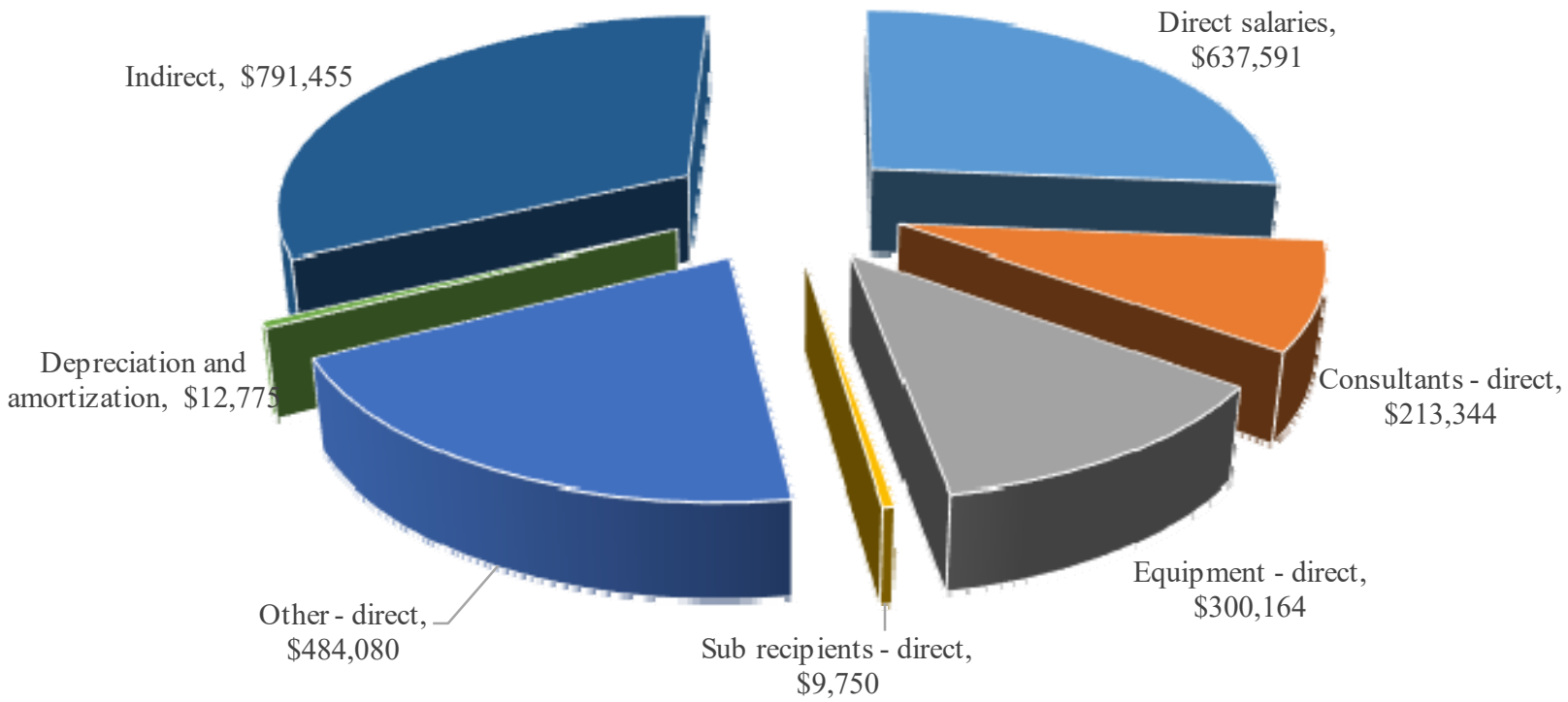


Changes in Net Position

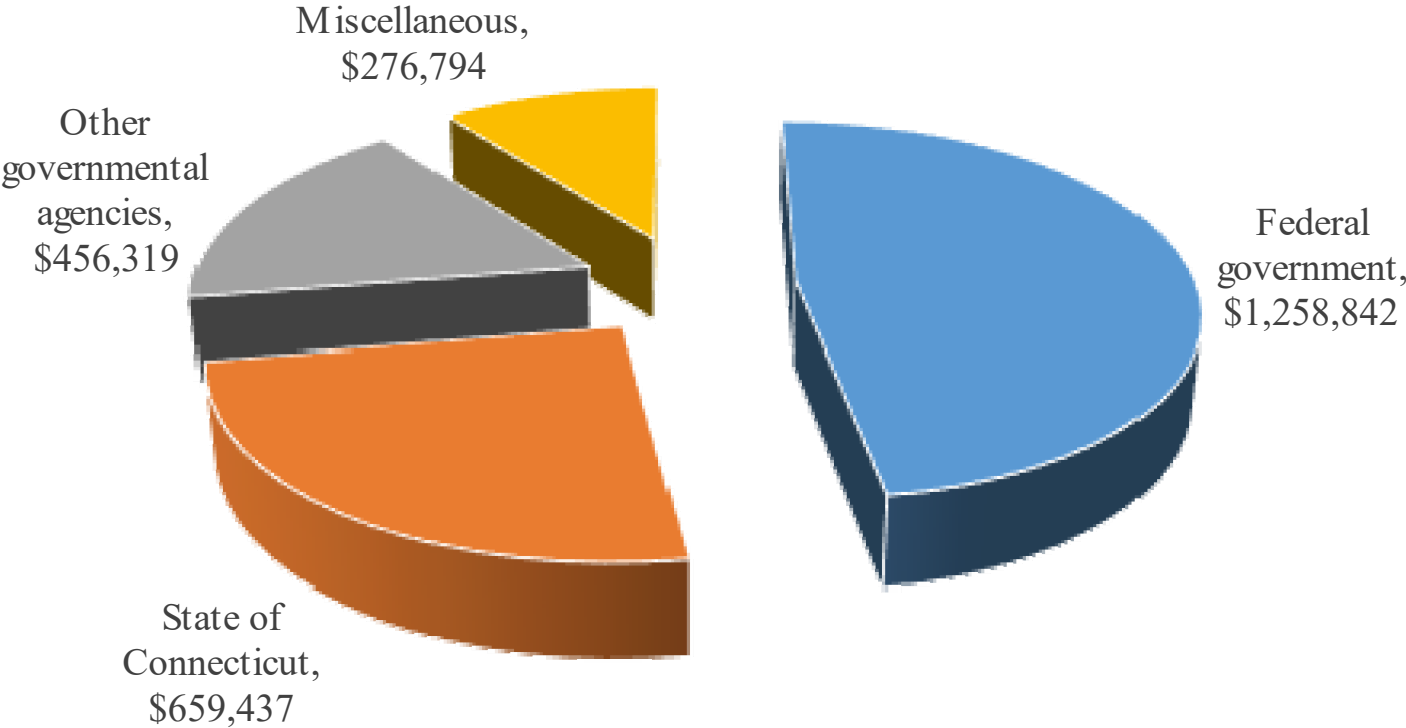
Changes in net position for the years ended June 30, 2024 and 2023 are as follows:

	Gov't Wide Activities	
	2024	2023
Revenues:		
Federal government	\$ 1,258,842	\$ 1,421,634
State of Connecticut	659,437	387,172
Other governmental agencies	456,319	438,088
Miscellaneous	276,794	244,410
Total Revenues	<u>2,651,392</u>	<u>2,491,304</u>
Expenditures:		
Direct salaries	637,591	604,771
Consultants - direct	213,344	160,458
Sub recipients - direct	9,750	-
Equipment - direct	300,164	494,327
Other - direct	484,080	314,004
Depreciation and amortization	12,775	9,737
Indirect	791,455	737,763
Total expenses	<u>2,449,159</u>	<u>2,321,060</u>
Increase in net position	202,233	170,245
Net position - beginning	<u>1,632,187</u>	<u>1,461,942</u>
Net position - end of year	<u>\$ 1,834,420</u>	<u>\$ 1,632,187</u>

2024 Expenses - Governmental Activities



2024 Revenues by Source - Governmental Activities



Governmental Activities

Governmental activities increased RiverCOG's net assets by \$202,233 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 \$1,814,513, an increase of \$240,306 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 UPWP, Household Hazardous Waste and Recycling, Domestic Preparedness, Regional Services Grants (RSG), US / EDA CARES, Estuary Transit District, and Department of Transportation Airline Trail. These funds provide various transportation or other planning services to the Lower Connecticut River Valley Council of Governments region. The Department of Transportation UPWP, Domestic Preparedness, US / EDA CARES, Estuary Transit District, and Department of Transportation Airline Trail 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 original budget was adopted on May 24, 2023 and an amended budget was adopted on June 28, 2023.

CAPITAL ASSETS

RiverCOG's investment in capital assets for its governmental activities as of June 30, 2024 totaled \$161,419 (net of accumulated depreciation and amortization). This investment in capital assets includes furniture and equipment and a right to use asset. The total increase in RiverCOG's investment in capital assets for the current fiscal year was \$52,232.

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

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Capital Assets	<u>\$ 161,419</u>	<u>\$ 109,187</u>
Totals	<u>\$ 161,419</u>	<u>\$ 109,187</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 2025.

During the current fiscal year, unrestricted fund balance of the General Fund was \$1,650,387. RiverCOG has not appropriated any of this unrestricted fund balance for spending in the 2025 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, 2024

Governmental Funds Balance Sheets

	General Fund	Department of Transportation Fed Proj #UR23(002)	Household Hazardous Waste and Recycling	US DHS Domestic Preparedness	Regional Services Grants	Estuary Transit District	Department of Transportation Federal Project #000T377	Non Major Gov't Funds	Total	Adjustments (Note 6)	Gov't wide stmt of Net position
ASSETS											
Cash and cash equivalents	\$ 1,323,047	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	1,323,047	\$ -	\$ 1,323,047
Receivables:											
Due from Federal Govt.	-	142,538	-	380,413	-	-	103,340	13,320	639,611	-	639,611
Due from State of Connecticut	-	17,817	-	-	-	-	12,917	-	30,735	-	30,735
Due from other funds	365,453	-	151,607	-	2,561	-	-	72,119	591,740	(591,740)	-
Other receivables	43	-	39,473	-	-	16,778	18,590	14,167	89,051	-	89,051
Security Deposit	8,667	-	-	-	-	-	-	-	8,667	-	8,667
Capital assets, net of accumulated depreciation	-	-	-	-	-	-	-	-	-	161,419	161,419
Total current assets	1,697,210	160,355	191,080	380,413	2,561	16,778	134,847	99,606	2,682,851	(430,321)	2,252,531
DEFERRED OUTFLOW OF RESOURCES											
Prepaid expenses	28,361	-	-	-	-	-	-	-	28,361	-	28,361
Total deferred outflows of resources	28,361	-	-	-	-	-	-	-	28,361	-	28,361
Total assets	\$ 1,725,571	\$ 160,355	\$ 191,080	\$ 380,413	\$ 2,561	\$ 16,778	\$ 134,847	\$ 99,606	\$ 2,711,212	\$ (430,321)	\$ 2,280,892
LIABILITIES											
Current liabilities:											
Accounts payable	\$ 2,152	\$ 95	\$ 26,828	\$ 72,434	\$ 363	\$ -	\$ 18,152	\$ 9,072	\$ 129,097	\$ -	\$ 129,097
Due to State of Connecticut	-	-	-	-	-	-	-	80	80	-	80
Accrued payroll & taxes	8,803	7,590	125	631	2,198	1,107	645	1,688	22,787	-	22,787
Accrued compensated absences	64,229	-	-	-	-	-	-	-	64,229	-	64,229
Lease Liability	-	-	-	-	-	-	-	-	-	141,513	141,513
Non current liabilities											
Short-term loans	-	-	-	-	-	-	-	-	-	-	-
Due to other funds	-	152,670	-	307,349	-	15,671	116,050	-	591,740	(591,740)	-
Total Liabilities	75,185	160,355	26,953	380,413	2,561	16,778	134,847	10,840	807,933	(450,227)	357,706
DEFERRED INFLOW OF RESOURCES											
Deferred revenue	-	-	-	-	-	-	-	88,766	88,766	-	88,766
Total deferred inflows of resources	-	-	-	-	-	-	-	88,766	88,766	-	88,766
FUND BALANCE/NET ASSETS											
Fund balances:											
Unassigned	1,544,624	-	-	-	-	-	-	-	1,544,624		
Assigned	105,762	-	-	-	-	-	-	-	105,762		
Restricted	-	-	164,127	-	-	-	-	-	164,127		
Total fund balances	1,650,386	-	164,127	-	-	-	-	-	1,814,513		
Total liabilities and fund balances	\$ 1,725,571	\$ 160,355	\$ 191,080	\$ 380,413	\$ 2,561	\$ 16,778	\$ 134,847	\$ 99,606	\$ 2,711,212		

NET POSITION

Invested in capital assets, net of related liability	19,906
Restricted	164,127
Unrestricted	1,650,387
	<u>\$ 1,834,420</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, 2024

Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances												
	Department of Transportation Fed Proj #UR23(002)	Household Hazardous Waste and Recycling	US DHS Domestic Preparedness	Regional Services Grants	USEDA CARES Federal Award #01- 69-15142	Estuary Transit Funds	Department of Transportation Federal Project #000T377	Non Major Gov't Funds	Total	Adjustments (Note 7)	Gov't wide stmt of Net position	
General Fund												
REVENUES												
Federal government	\$ -	427,003	\$ -	573,482	\$ -	90,240	\$ -	\$ 148,718	\$ 19,399	\$ 1,258,842	\$ -	\$ 1,258,842
State of Connecticut	-	53,375	-	-	550,146	-	-	18,590	37,326	659,437	-	659,437
Other governmental agencies	166,019	53,375	204,807	-	-	-	-	18,590	13,527	456,319	-	456,319
Miscellaneous	84,886	-	-	-	-	-	123,221	-	68,687	276,794	-	276,794
Total revenues	<u>250,905</u>	<u>533,754</u>	<u>204,807</u>	<u>573,482</u>	<u>550,146</u>	<u>90,240</u>	<u>123,221</u>	<u>185,898</u>	<u>138,939</u>	<u>2,651,392</u>	<u>-</u>	<u>2,651,392</u>
EXPENDITURES/EXPENSES												
Current:												
Direct Costs:												
Salaries	1,204	237,161	15,051	31,651	227,952	9,261	54,977	10,963	49,371	637,591	-	637,591
Consultants	-	-	-	3,660	-	37,798	-	158,557	13,329	213,344	-	213,344
Sub recipients	-	-	-	-	-	-	-	-	9,750	9,750	-	9,750
Equipment	-	-	-	274,504	-	-	-	-	(902)	273,602	26,562	300,164
Contingency	-	-	-	-	-	-	-	-	-	-	-	-
Other	8,663	2,200	153,475	243,524	39,428	28,427	-	2,770	6,858	485,345	(1,265)	484,080
Depreciation and amortization												
Indirect	1,495	294,392	18,683	39,289	282,961	11,496	68,244	13,608	61,285	791,455	12,775	791,455
Total Expenditures/expenses	<u>11,362</u>	<u>533,754</u>	<u>187,209</u>	<u>592,629</u>	<u>550,341</u>	<u>86,981</u>	<u>123,221</u>	<u>185,898</u>	<u>139,691</u>	<u>2,411,087</u>	<u>38,072</u>	<u>2,449,159</u>
Excess (deficiency) of revenues over expenditures	239,543	-	17,598	(19,147)	(195)	3,259	-	-	(752)	240,305	(38,072)	202,233
OTHER FINANCING SOURCES (USES)												
Transfers in	-	-	-	19,147	195	-	-	-	752	20,094	(20,094)	-
Transfers out	(16,835)	-	-	-	-	(3,259)	-	-	-	(20,094)	20,094	-
Total other financing sources (uses)	<u>(16,835)</u>	<u>-</u>	<u>-</u>	<u>19,147</u>	<u>195</u>	<u>(3,259)</u>	<u>-</u>	<u>-</u>	<u>752</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses												
Change in net assets	222,708	-	17,598	-	-	-	-	-	-	240,306	-	-
Fund balance/net assets - beginning of year	1,427,677	-	146,530	-	-	-	-	-	-	1,574,207	-	1,632,187
Fund balance/net assets - end of year	<u>\$ 1,650,385</u>	<u>\$ -</u>	<u>\$ 164,128</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,814,513</u>	<u>\$ -</u>	<u>\$ 1,834,420</u>

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, 2024**

	<u>Pension Trust Fund</u>
Assets:	
Investments:	
Equity mutual funds	\$ 1,614,284
Outstanding loan balance	<u>-</u>
Total assets	<u><u>\$ 1,614,284</u></u>
Net Position:	
Restricted for Pension Benefits	<u><u>\$ 1,614,284</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, 2024**

	Pension Trust Fund
Additions:	
Employer contributions	46,598
Employee Contributions	174,831
Investment income (loss):	
Dividends, interest, and net increase in the fair value of investments	183,420
Total additions	404,849
Expenses and fees	(1,031)
Distributions	(3,290)
Change in Net Position	400,528
Net Position at the beginning of year	1,213,756
Net Position at the end of year	\$ 1,614,284

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, 2024

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, 2024

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 #UR23(002) - 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

Department of Transportation Federal Project #000T377 - This fund is used for funding the Airline Trail – Farmington Heritage Canal Trail connector study

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

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of

the current period. For this purpose, RiverCOG considers revenues pertaining to member municipality assessments, grants and contracts, and interest associated with the current period to be susceptible to accrual.

All other revenue items are considered to be measurable and available only when the cash is received by RiverCOG. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported 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 \$1,283,506 as of June 30, 2024.

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, 2024

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, 2024, 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, 2024.

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, 2024, RiverCOG had \$164,128 of restricted net assets.

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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, 2024, unrestricted net position was \$1,650,387.

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, 2024, RiverCOG's bank reported a balance of \$39,541, 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, 2024 consisted of cash deposits of \$39,541 and investments in STIF totaling \$1,283,506. 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, 2024

INVESTMENTS

As of June 30, 2024, 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)	\$ 1,283,506	\$ 1,283,506	-	-	-

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, 2024, 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, 2024, 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, 2024

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, 2024 consisted of the following:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital assets, being depreciated:				
Furniture & Equipment	\$ 166,568	\$ -	\$(42,542)	\$ 124,026
Less accumulated depreciation and amortization for:				
Furniture & Equipment	<u>(107,154)</u>	<u>-</u>	<u>3,204</u>	<u>(103,950)</u>
Total capital assets, being depreciated, net	<u>59,414</u>	<u>-</u>	<u>(39,338)</u>	<u>20,076</u>
Governmental activities capital assets, net	<u>\$ 59,414</u>	<u>\$ -</u>	<u>\$(39,338)</u>	20,076
Right to use assets (Notes 11 & 12)				141,343
Less related Lease Liability				<u>(141,513)</u>
Total capital assets, net				<u>\$ 19,906</u>

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

General government activities	\$12,775
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NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

Interfund receivable and payable balances at June 30, 2024 were as follows:

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

	Due from other funds	Due to other funds
<u>Receivable Fund</u>		
Governmental Funds		
General Fund	\$ 365,453	\$ -
Department of Transportation #UR23(002)	-	152,670
Domestic Preparedness	-	307,349
Household Hazardous Waste	151,607	-
Regional Services Grant	2,561	-
Estuary Transit District	-	15,671
Department of Transportation Federal Project #000T377	-	116,050
Non Major Gov Funds	72,119	-
	\$ 591,740	\$ 591,740

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, 2024.

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities for the year ended June 30, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance	Due within One Year
Governmental Activities					
Compensated Absences	\$ 54,566	\$ 64,229	\$ (54,566)	\$ 64,229	\$ 64,229
Lease Liability	51,208	137,514	(47,209)	141,513	48,100
Total	\$ 105,774	\$ 201,743	\$ (101,775)	\$ 205,742	\$ 112,329

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, 2024:

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, 2024

Furniture & Equipment	\$ 124,026
Less: accumulated depreciation and amortization	(103,950)
Right of use asset	275,347
Less: Accumulated Amortization	(134,004)
Less: Lease Liability	(141,513)
	\$ 19,906

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, 2024:

Depreciation - General Planning and Administration	\$ 12,775
Other	(1,265)
Capital Expenditure	26,562
	\$ 38,072

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, 2024 was \$928,075, of which \$776,642 was covered by the plan. The total contribution made by RiverCOG was

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

\$46,598. Participants elect how their contributions are invested.

At June 30, 2024, the participants had a balance of \$693,929.

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 \$174,831 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, 2024, the participants had a balance of \$920,355 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 2023-2024 policy year, reinsurance covered all claims in excess of \$1,000,000 per occurrence without limitation on the excess.

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

The Agency continues to carry commercial insurance coverage for all other risks of loss, including

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

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. On May 29, 2024, RiverCog signed a fourth lease extension that extends the lease through July 31, 2027. 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 \$141,343 as of June 30, 2024.

The future minimum lease obligation (principal and interest) as of June 30, 2024, were as follows:

Fiscal Year Ending	Principal	Interest	Total
<u>June 30</u>			
2025	\$ 44,723	\$ 3,377	\$ 48,100
2026	45,707	2,393	48,100
2027	47,094	1,006	48,100
2028	3,989	19	4,008
Total:	<u>\$ 141,513</u>	<u>\$ 6,795</u>	<u>\$ 148,308</u>

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, 2024, was as follows:

LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2024

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decrease s</u>	<u>Ending Balance</u>
Right-to-use asset				
Leased office space	\$ 137,833	\$ 137,514	\$ -	\$ 275,347
Total right-to-use asset	<u>137,833</u>	<u>137,514</u>	<u>-</u>	<u>275,347</u>
Less accumulated amortization for:				
Leased office space	<u>88,060</u>	<u>45,944</u>	<u>-</u>	<u>134,004</u>
Total accumulated amortization	<u>88,060</u>	<u>45,944</u>	<u>-</u>	<u>134,004</u>
Right-to-use asset, net	<u>\$ 49,773</u>	<u>\$ 91,570</u>	<u>\$ -</u>	<u>\$ 141,343</u>

NOTE 13 – SUBSEQUENT EVENTS

The CT Department of Energy & Environmental Protection (DEEP) approved the closure and transfer of responsibility of the facility back to the Town of Essex. The Town of Essex accepted the facility back from RiverCOG and indemnified RiverCOG in July 2024.

REQUIRED SUPPLEMENTARY INFORMATION

**LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
BUDGETARY COMPARISON SCHEDULE
GENERAL AND SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

REVENUES	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
Town Dues	\$ 218,515	\$ 218,515	\$ 218,515	\$ -
General Fund	6,500	6,500	5,500	(1,000)
Connecticut River Gateway Commission	35,000	70,000	68,687	(1,313)
DOT Transportation Planning	685,504	685,504	480,379	(205,125)
DECD-EDA	75,569	75,569	90,240	14,671
DoAG-No Till	1,996	1,996	6,897	4,901
LOTICIP	8,000	8,000	6,431	(1,569)
DEMHS	550,000	550,000	573,482	23,482
Regional Planning-RSG	303,973	303,973	303,973	-
RSG Add'l Funding	-	246,173	246,173	(0)
Estuary Transit District	130,832	130,832	123,221	(7,611)
Airline to Farmington Corridor Study	175,000	175,000	167,308	(7,692)
UCONN/CIRCA	18,783	18,783	374	(18,409)
DEEP-AIS	20,950	20,950	14,248	(6,702)
SS4A (FHWA)	112,500	112,500	19,399	(93,101)
Regional Election Advisor	-	25,000	-	(25,000)
CPRG (CRCOG)	-	-	8,182	8,182
DOT Active Transp. Microgrant	-	-	9,750	9,750
Recycling & HHW Operations/Other	243,951	243,951	308,633	64,682
	<u>\$ 2,587,072</u>	<u>\$ 2,893,245</u>	<u>\$ 2,651,391</u>	<u>\$ (241,853)</u>
EXPENDITURES				
Current:				
Salaries	\$ 900,000	\$ 960,000	\$ 928,075	\$ (31,925)
Payroll taxes	76,500	81,600	72,236	(9,364)
Employee benefits	320,099	353,101	271,540	(81,561)
DOT Transportation Planning	50,000	50,000	2,200	(47,800)
DECD-EDA	65,370	65,370	66,224	854
DoAG-No Till	20,057	20,057	2,830	(17,227)
LOTICIP	50	50	84	34
DEMHS	480,000	480,000	521,688	41,688
Regional Planning-RSG	40,000	40,000	-	(40,000)
RSG Add'l Funds	-	150,496	39,428	(111,068)
Airline to Farmington Corridor Study	148,750	148,750	161,327	12,577
DEEP-AIS	5,200	5,200	2,297	(2,903)
SS4A (FHWA)	95,625	95,625	12,500	(83,125)
Regional Election Advisor	-	23,000	-	(23,000)
DOT Active Transp. Microgrant	-	-	9,750	9,750
Recycling & HHW/Other expenses	209,683	244,258	160,549	(83,709)
Maintenance & improvements	1,500	1,500	1,284	(216)
Dues, books & subscriptions	4,949	4,949	4,372	(577)
Service contracts/fees	9,000	9,000	6,660	(2,340)
Insurance	13,090	13,090	12,301	(789)
Bank charges/misc.	800	800	692	(108)
Office rent	48,100	48,100	48,100	-
Pension Administration	1,000	1,000	1,000	-
Postage	600	600	326	(274)
Audit & legal	25,000	25,000	20,270	(4,730)
Reproduction & printing	2,000	2,000	799	(1,201)
Equipment, software	7,500	7,500	8,707	1,207
Supplies	6,000	6,000	6,875	875
I.T. Services/Licenses	34,000	34,000	29,885	(4,115)
Travel	3,500	3,500	3,269	(231)
Utilities	18,700	18,700	15,819	(2,881)
Total expenditures	<u>\$ 2,587,072</u>	<u>\$ 2,893,245</u>	<u>\$ 2,411,086</u>	<u>\$ (482,159)</u>
Excess(Deficiency) of Revenues over Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 240,306</u>	<u>\$ 240,306</u>
Net Position at June 30, 2023			<u>\$ 1,574,207</u>	
Net Position at June 30, 2024			<u>\$ 1,814,513</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, 2024**

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 amended its originally adopted budget. Original adoption was May 24, 2023, and the amended adoption was on June 28, 2023. 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, 2024, expenditures exceeded appropriations for the following objects:

DECD-EDA	\$	854
LOTICIP	\$	34
DEMHS	\$	41,688
Airline to Farmington Corridor Study	\$	12,577
DOT Active Transp. Microgrant	\$	9,750
Equipment, software	\$	1,207
Supplies	\$	875

RiverCOG does not typically amend their budget during the fiscal year, and there is no legal ramification for exceeding the budget. Budgets are adopted in May or June prior to the new fiscal year, using the best estimates of needs for the new year, including remaining grant fund availability as projected through the end of the prior fiscal year. The DECD grant exceeded its budget as less funds were used in FY 2023 than was anticipated, so more was spent in FY 2024 to finalize the grant. The LOTICIP grant needed less than an hour’s more time to complete the necessary work than was estimated. 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 Airline to Farmington Corridor Study is a 2-year grant and the FY 2024 estimate was calculated as the balance of grant funding after calculating the projected amount needed for FY 2023. The DOT Active Transportation grant was a new grant implemented by the State of CT after the FY 2024 budget was developed, so no budget was set for the grant. Equipment, software exceeded its budget due to a decision to purchase another laptop and due to the accounting software being forced into a more expensive, subscription-based plan, instead of an outright purchase. Supplies exceeded its budget due to a celebration for the Deputy Director’s retirement.

Other Supplementary Information

**LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Connecticut River Gateway Commission		DEEP - Aquatic Invasive Species	UCONN/CIRCA	Safe Streets and Roads for All Grant	CRCOG- CPRG	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables:							
Due from Federal government	-	-	-	-	13,320	-	13,320
Due from State of Connecticut	-	-	-	-	-	-	-
Due from other funds	-	78,094	981	10,721	-	-	89,796
Other receivables	11,439	-	-	-	-	2,728	14,167
Security deposit	-	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	-	-	-	-	-	-	-
Total assets	<u>\$ 11,439</u>	<u>\$ 78,094</u>	<u>\$ 981</u>	<u>\$ 10,721</u>	<u>\$ 13,320</u>	<u>\$ 2,728</u>	<u>\$ 117,283</u>
LIABILITIES							
Current liabilities							
Accounts payable	\$ 5	\$ -	\$ -	\$ -	\$ 9,068	\$ -	\$ 9,072
Due to state of Connecticut	-	-	80	-	-	-	80
Accrued payroll & taxes	685	49	528	-	146	280	1,688
Accrued compensated absences	-	-	-	-	-	-	-
Non current liabilities							
Obligation under capital lease	-	-	-	-	-	-	-
Due to other funds	10,749	-	374	-	4,107	2,448	17,677
Total liabilities	<u>11,439</u>	<u>49</u>	<u>981</u>	<u>-</u>	<u>13,320</u>	<u>2,728</u>	<u>28,517</u>
DEFERRED INFLOW OF RESOURCES							
Deferred revenue	-	78,045	-	10,721	-	-	88,766
Total deferred inflows of resources	<u>-</u>	<u>78,045</u>	<u>-</u>	<u>10,721</u>	<u>-</u>	<u>-</u>	<u>88,766</u>
FUND BALANCES/NET ASSETS							
Fund Balances:							
Unassigned	-	-	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 11,439</u>	<u>\$ 78,094</u>	<u>\$ 981</u>	<u>\$ 10,721</u>	<u>\$ 13,320</u>	<u>\$ 2,728</u>	<u>\$ 117,283</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, 2024

	Connecticut River Gateway Commission	LOTICIP	DEEP - Aquatic Invasive Species	DoAG No Till	UCONN/CIRCA	CTRC&D	Safe Streets and Roads for All Grant	CRCOG- CPRG	Transportation State Project #DOT0170373 0	Total
REVENUES										
Federal government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 19,399	\$ -	\$ -	\$ 19,399
State of Connecticut	-	6,431	14,248	6,897	-	-	-	-	9,750	37,326
Other governmental agencies	-	-	(229)	-	374	350	4,850	8,182	-	13,527
Miscellaneous	68,687	-	-	-	-	-	-	-	-	68,687
Total revenues	68,687	6,431	14,019	6,897	374	350	24,248	8,182	9,750	138,939
EXPENDITURES/EXPENSES										
Current:										
Direct Costs:										
Salaries	31,795	2,832	5,230	527	167	-	5,242	3,578	-	49,371
Consultants	-	-	-	829	-	-	12,500	-	-	13,329
Sub recipients	-	-	-	-	-	-	-	-	9,750	9,750
Equipment	-	-	(1,103)	201	-	-	-	-	-	(902)
Contingency	-	-	-	-	-	-	-	-	-	-
Other	1,361	84	3,399	1,800	-	50	-	163	-	6,858
Depreciation and amortization	-	-	-	-	-	-	-	-	-	-
Indirect	39,468	3,515	6,492	655	207	-	6,507	4,441	-	61,285
Total Expenditures/expenses	72,624	6,431	14,019	4,012	374	50	24,248	8,182	9,750	139,691
Excess (deficiency) of revenues over expenditures	(3,937)	-	0	2,885	-	300	-	-	-	(752)
OTHER FINANCING SOURCES (USES)										
Transfers in	3,937	-	-	-	-	-	-	-	-	3,937
Transfers out	-	-	(0)	(2,885)	-	(300)	-	-	-	(3,185)
Total other financing sources (uses)	3,937	-	(0)	(2,885)	-	(300)	-	-	-	752
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, 2024**

	FHWA/FTA PL DOT07249996PL *	FHWA/FTA SPR/PL Carryover Funds DOT07249996PL	FHWA STPH DOT01703688PL	Total
State Project Number	UR23 (002)	UR23 (002)	000T377	
Federal Project Number	5.09-03(17)	5.09-03(17)	5.09-03(17)	
Master Agreement Number	20.505	20.505	20.205	
Assisted Listing Number				
<u>Maximum Funds Authorized</u>				
FHWA/FTA	\$ 520,711	\$ 177,253	\$ 280,000	\$ 977,964
ConnDOT - FHWA/FTA	65,089	22,157	35,000	\$ 122,246
Local	65,089	22,157	35,000	\$ 122,246
TOTAL	\$ 650,889	\$ 221,567	\$ 350,000	\$ 1,222,456
<u>Audited Expenditures</u>				
Direct Salaries	\$ 138,746	\$ 98,415	\$ 10,963	\$ 248,124
Indirect Costs @ 124.13%	172,229	122,163	13,608	\$ 308,000
Direct Charges	1,212	989	161,327	\$ 163,527
TOTAL	\$ 312,187	\$ 221,567	\$ 185,898	\$ 719,652
<u>Distribution of Audited Costs</u>				
FHWA/FTA	249,750	\$ 177,254	\$ 148,718	\$ 575,721
ConnDOT - FHWA/FTA	31,219	22,157	18,590	\$ 71,965
Local	31,219	22,157	18,590	\$ 71,965
TOTAL	\$ 312,187	\$ 221,567	\$ 185,898	\$ 719,652
<u>ConnDOT Responsibility</u>				
FHWA/FTA	249,750	\$ 177,254	\$ 148,718	\$ 575,721
ConnDOT - FHWA/FTA	31,219	22,157	18,590	\$ 71,965
TOTAL	\$ 280,968	\$ 199,410	\$ 167,308	\$ 647,687
Payments Received to June 30, 2024	\$ 120,613	\$ 199,410	\$ 51,051	\$ 371,074
Payments Received after June 30, 2024	92,384	-	99,890	\$ 192,274
TOTAL PAYMENTS RECEIVED	\$ 212,997	199,410	150,940	\$ 563,348
Due From/(To) ConnDOT	\$ 67,971	\$ -	\$ 16,368	\$ 84,338

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

Federal Single Audit



**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, 2024, 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, 2024.

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.

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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.

HRT Advisors, LLC

HRT Advisors, LLC
South Windsor, CT
November 27, 2024



**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, 2024. 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, 2024.

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.

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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.

HRT Advisors, LLC

HRT Advisors, LLC
South Windsor, CT
November 27, 2024

**LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass Through Grantor/ Program or Cluster Title	Federal ALN	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 2021	97.042	12060-DPS32160-21881	\$ 15
DEMHS EMPG 2023	97.042	12060-DPS32160-21881	32,995
DEMHS HSGP 2019	97.067	12060-DPS32160-21877	15,000
DEMHS HSGP 2020	97.067	12060-DPS32160-21877	39,147
DEMHS HSGP 2021	97.067	12060-DPS32160-21877	129,505
DEMHS HSGP 2022	97.067	12060-DPS32160-21877	256,345
DEMHS HSGP 2023	97.067	12060-DPS32160-21877	96,475
DEMHS HSGP CCP Cat. C FY 2023	97.067	12060-DPS32160-21877	4,000
Total Department of Homeland Security			<u>\$ 573,482</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	\$ 90,240
Total Department of Commerce			<u>\$ 90,240</u>
Department of Transportation:			
Regional Transportation Planning Agreement# DOT072499961	20.505	12062-DOT57551-22108	\$ 427,003
Regional Transportation Planning Agreement# DOT017036881	20.205	12062-DOT57521-22108	148,718
Safe Streets and Roads for All Grant #693JJ32340163	20.939		19,399
Total Department of Transportation			<u>\$ 595,120</u>
		Total expenditures of federal awards	<u><u>\$ 1,258,842</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, 2024**

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, 2024. 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, 2024**

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>	
97.067	DEMHS HSPG Grants	\$540,472

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



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, 2024. 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, 2024.

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

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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, 2024, and have issued our report thereon dated November 27, 2024, 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.

HRT Advisors, LLC

HRT Advisors, LLC
South Windsor, CT
November 27, 2024

**LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2024**

State Grantor/Pass-through Grantor/Program Title	State Grant Program Core - CT Number	Expenditures
Department of Transportation		
Regional Transportation Planning Agreement# DOT07249996P1	12062-DOT57551-22108	\$ 53,375
Regional Transportation Planning Agreement# DOT01703688P1	12062-DOT57521-22108	18,590
Regional Transportation Planning Agreement# DOT01703730G	13033-DOT57551-43778	9,750
LOTICIP Grant# DOT01703280GR	13033-DOT57197-43584	6,431
Total Department of Transportation		\$ 88,146
Department of Agriculture		
2021 Farm Viability Grant Program# DAG_NONPROJECT	12060-DAG42710-90456	\$ 6,897
Total Department of Agriculture		\$ 6,897
Department of Energy & Environmental Protection		
2021 Aquatic Invasive Species DEPA00003099004	12060-DEP44140-35667	\$ 14,248
Total Department of Agriculture		\$ 14,248
Office of Policy and Management		
Regional Performance Incentive OPM000000001111	12060-OPM20600-35457	\$ 550,146
Total Office of Policy & Management		\$ 550,146
Total State Financial Assistance		\$ 659,437

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, 2024**

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, 2024**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? __ yes X no
- Significant deficiency(ies) identified? __ yes X none reported
- Noncompliance material to financial statements noted __ yes X no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? __ yes X no
- Significant deficiency(ies) identified? __ yes X none reported

Type of report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? __ yes X no

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

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Regional Performance Incentive OPM000000001111	12060-OPM20600-35457	\$ 550,146

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, 2024**

II. FINANCIAL STATEMENT FINDINGS

No findings were reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No findings were reported.

**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, 2024, 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, 2024 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,

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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, 2024, 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.

HRT Advisors, LLC

HRT Advisors, LLC
November 27, 2024

**LOWER CONNECTICUT RIVER VALLEY COUNCIL OF GOVERNMENTS
STATEMENT OF DIRECT LABOR, FRINGE BENEFITS, AND GENERAL OVERHEAD
FOR THE YEAR ENDED June 30, 2024**

Description	General Ledger Balance	Portion Unallowable	2 CFR Ref.	Total Proposed Allocations
Direct Labor	\$ 637,592	\$ -		\$ 637,592
Fringe Benefits				
Indirect labor	\$ 183,141	\$ -		\$ 183,141
Vacation/Holiday/Paid Leave	107,342	-		107,342
Payroll Taxes	72,236	-		72,236
Group Insurance	224,942	-		224,942
Pension	46,598	-		46,598
Total Fringe Benefits	\$ 634,259	\$ -		\$ 634,259
General Overhead				
Administrative				
Consultants	\$ 213,344	\$ (213,344)	(a)	\$ -
Training	90,550	(90,550)	(b)	-
IT Equipment and software	16,017	(7,310)	(b)	8,707
IT Service/license contracts	175,420	(145,535)	(b)	29,885
Accounting & legal	29,073	(8,803)	(b)	20,270
Rent	48,100	-	(b)	48,100
Office	6,886	(2,049)	(b)	4,837
Repairs and maintenance	1,284	-	(b)	1,284
Travel/mileage/parking	11,871	(8,602)	(b)	3,269
Dues & subscriptions	9,777	(5,874)	(b)	3,903
Bond & insurance	12,301	-	(b)	12,301
Equipment	273,602	(273,602)	(b)	-
Utilities	15,819	-	(b)	15,819
Meetings/seminars	2,689	(2,221)	(b)	468
Service agreements	218,347	(210,687)	(b)	7,660
Food and supplies for meetings	3,537	(3,537)	(b), (c)	-
Direct Pass-Through	9,750	(9,750)	(b)	-
Miscellaneous	868	(176)	(b), (c)	692
Total General Overhead	\$ 1,139,235	\$ (982,040)		\$ 157,195
Total Indirect Costs				\$ 791,454
Percentage of Direct Labor				124.13%

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, 2024**

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, 2024**

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.