

**NORTHEASTERN CONNECTICUT
TRANSIT DISTRICT**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**AS OF AND FOR THE YEAR ENDED
JUNE 30, 2022**

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT

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Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the
Northeastern Connecticut Transit District
Dayville, Connecticut

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Northeastern Connecticut Transit District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Northeastern Connecticut Transit District as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the District 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

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 the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 generally accepted auditing standards and *Government Auditing Standards* 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 generally accepted auditing standards and *Government Auditing Standards*, 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 the District's 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 the District's 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 on pages 4 through 10 and budgetary comparison information on pages 21 through 22 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 District's basic financial statements. The financial summary for the State of Connecticut Department of Transportation is presented for purposes of additional analysis and is not a required part of the basic financial statements. The financial summary for the State of Connecticut Department of Transportation is the responsibility of management and was derived from and relates 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, such information is 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 May 12, 2023, on our consideration of the District's 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 the District's 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 the District's internal control over financial reporting and compliance.



Certified Public Accountants
Glastonbury, Connecticut
May 12, 2023

Management's Discussion and Analysis

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

As management of the Northeastern Connecticut Transit District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2022.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by \$1,007,478 as of June 30, 2022. Of this amount, \$544,581 is considered unrestricted and may be used to meet the District's ongoing obligations.
- The District's total net position decreased by \$138,439.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$544,581, an increase of \$5,617 in comparison with the prior year. The entire fund balance is available for spending at the District's discretion (unassigned fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District'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

The District is considered a single-program governmental organization for financial reporting purposes. Accounting guidance issued by the Governmental Accounting Standards Board (GASB) requires 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, while the governmental funds financial statements consist of the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. The District has no business-type activities. Rather than presenting government-wide financial statements along with separate governmental fund financial statements, the District has chosen to combine the two types of financial statements. Accordingly, the accompanying financial statements of the District 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 the District's finances, in a manner similar to a private-sector business.

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

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)*

Government-wide Financial Statements *(Continued)*

The statement of activities presents information showing how the District's net position 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 the District's governmental activities, which consists of regional transit operations. The District does not have any business-type activities.

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

The government-wide financial statements can be found on pages 11 and 12 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. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are classified as governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District'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 the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District reports two individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Operating Assistance Grant Fund are considered to be major funds. The District does not have any nonmajor governmental funds.

The basic governmental fund financial statements can be found on pages 11 and 12 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 through 20 of this report.

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Other Information

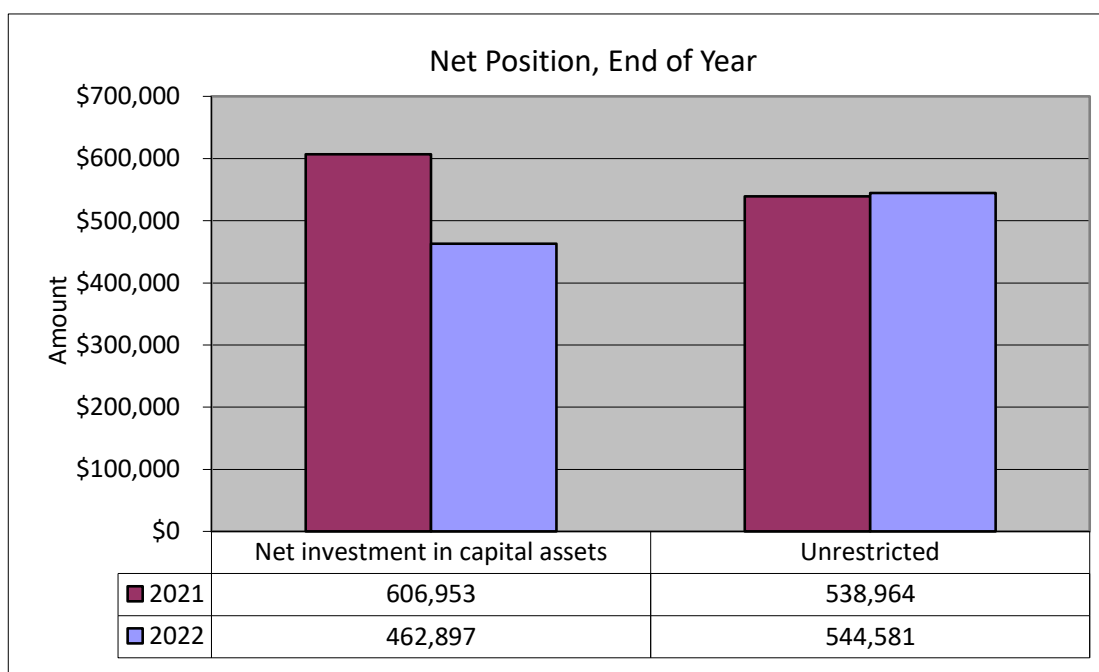
In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information, other than this management's discussion and analysis, on pages 21 and 22 as well as other supplementary information that can be found on pages 23 through 24 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position

Over time, net position may serve as one measure of a government's financial position. The net position of the District totaled \$1,007,478 and \$1,145,917 as of June 30, 2022 and 2021, respectively, and are summarized as follows:

	Governmental Activities		\$ Variance	% Variance
	2022	2021		
Assets:				
Current and other assets	\$ 595,663	\$ 571,223	\$ 24,440	4.3%
Capital assets, net	462,897	606,953	(144,056)	-23.7%
Total assets	1,058,560	1,178,176	(119,616)	-10.2%
Liabilities	51,082	32,259	18,823	58.3%
Net position:				
Net investment in capital assets	462,897	606,953	(144,056)	-23.7%
Unrestricted	544,581	538,964	5,617	1.0%
Total net position	\$ 1,007,478	\$ 1,145,917	\$ (138,439)	-12.1%



NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

Net Position (Continued)

Approximately 45.9% of the District's net position reflects its investment in capital assets. The District uses these capital assets to provide services to member towns; consequently, these assets are not available for future spending.

The remainder of the District's net position is considered unrestricted and may be used to meet the District's ongoing obligations.

Changes in Net Position

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

	Governmental Activities			
	2022	2021	\$ Variance	% Variance
Revenues:				
Federal government	\$ 357,035	\$ 315,452	\$ 41,583	13.2%
State of Connecticut	238,176	241,507	(3,331)	-1.4%
Assessments	122,820	114,919	7,901	6.9%
Local	10,292	6,027	4,265	70.8%
Fare	13,775	11,452	2,323	20.3%
Total revenues	<u>742,098</u>	<u>689,357</u>	<u>52,741</u>	<u>7.7%</u>
Expenses:				
Direct salaries	266,422	232,945	33,477	14.4%
Direct other	175,411	130,135	45,276	34.8%
Depreciation	144,056	144,701	(645)	-0.4%
Indirect costs	294,648	312,022	(17,374)	-5.6%
Total expenses	<u>880,537</u>	<u>819,803</u>	<u>60,734</u>	<u>7.4%</u>
Change in net position	(138,439)	(130,446)	<u>\$ (7,993)</u>	6.1%
Net position - beginning	<u>1,145,917</u>	<u>1,276,363</u>		
Net position - ending	<u>\$ 1,007,478</u>	<u>\$ 1,145,917</u>		

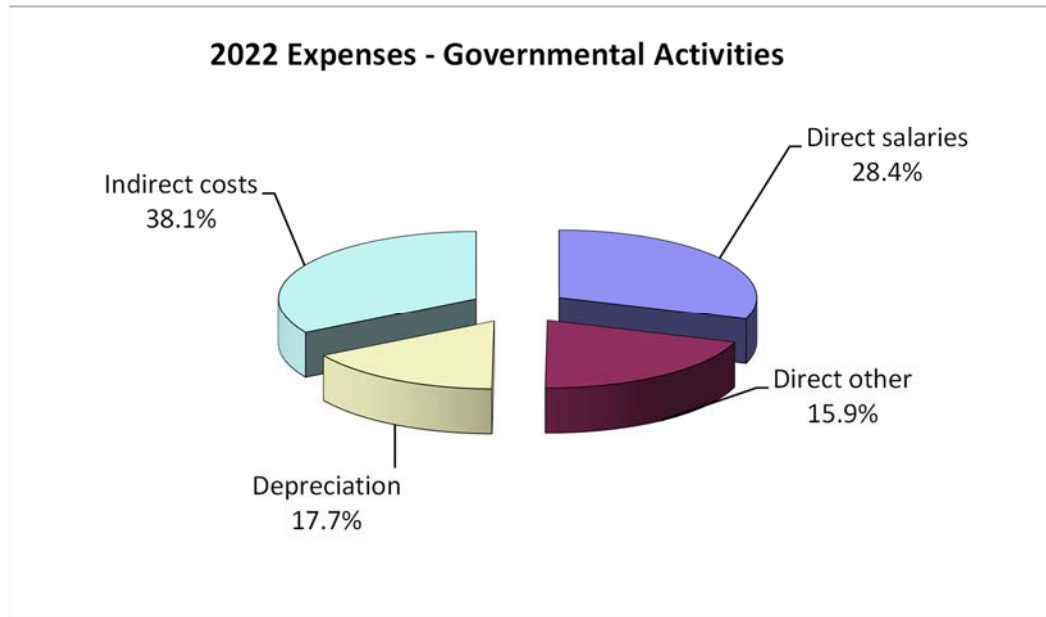
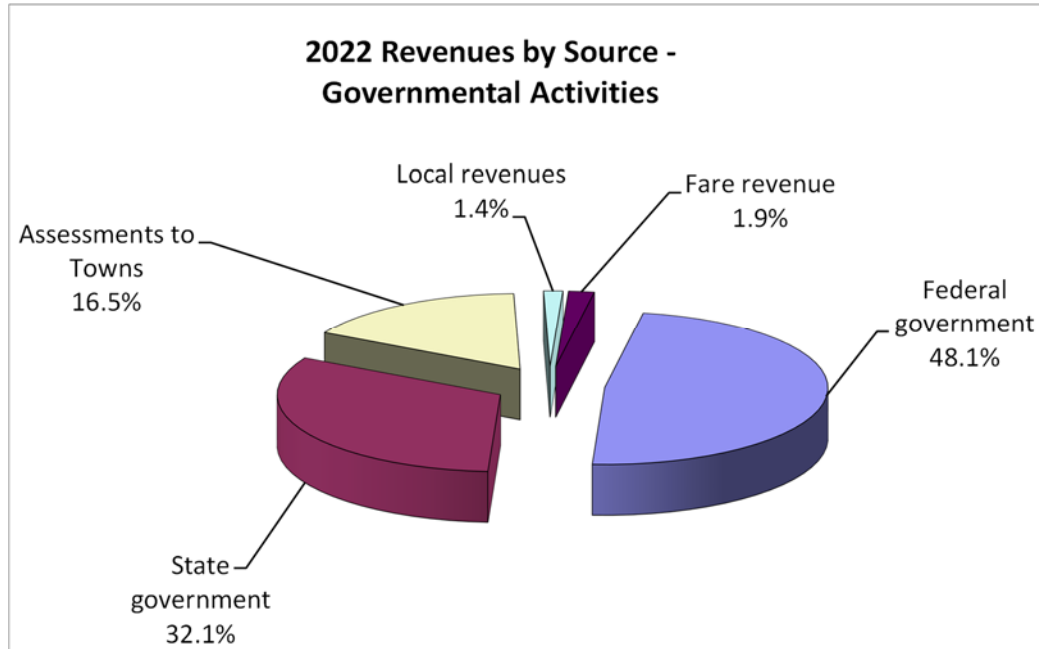
Overall, net position decreased by \$138,439. This decrease primarily represents a decrease in the District's net investment in capital assets, which was driven by current year depreciation on the District's transit buses. Significant variances over prior year were as follows:

- Federal grant revenues increased by \$41,583 or 13.2% primarily due to an increase in maximum financial assistance and availability of federal subsidies provided to the District.
- Direct salaries increased over the prior year due to increases in driver wages associated with new bus routes as well as an increase in driver hourly rates.
- Other direct expenses increased by \$45,276 or 34.8% primarily due to an increase in fuel costs associated with the new bus routes in addition to an increase in the overall average fuel price per gallon.

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)*

Changes in Net Position *(Continued)*



NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

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

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$544,581, an increase of \$5,617 in comparison with the prior year. The entire balance constitutes unassigned fund balance, which is available for spending at the District's discretion.

General Fund

The General Fund is the chief operating fund of the District. The entire fund balance of the governmental funds of \$544,581 is recorded in the General Fund.

Operating Assistance Grant Fund

The Operating Assistance Grant Fund provides various transit services in the northeastern Connecticut region. This fund is operated on a cost-reimbursement basis with any surplus from local revenues transferred to the General Fund.

BUDGETARY HIGHLIGHTS

Budgets are adopted by the Board of Directors on a modified accrual basis of accounting. The adopted annual budget covers the General Fund and the Operating Assistance Grant Fund on a combined basis.

CAPITAL ASSETS

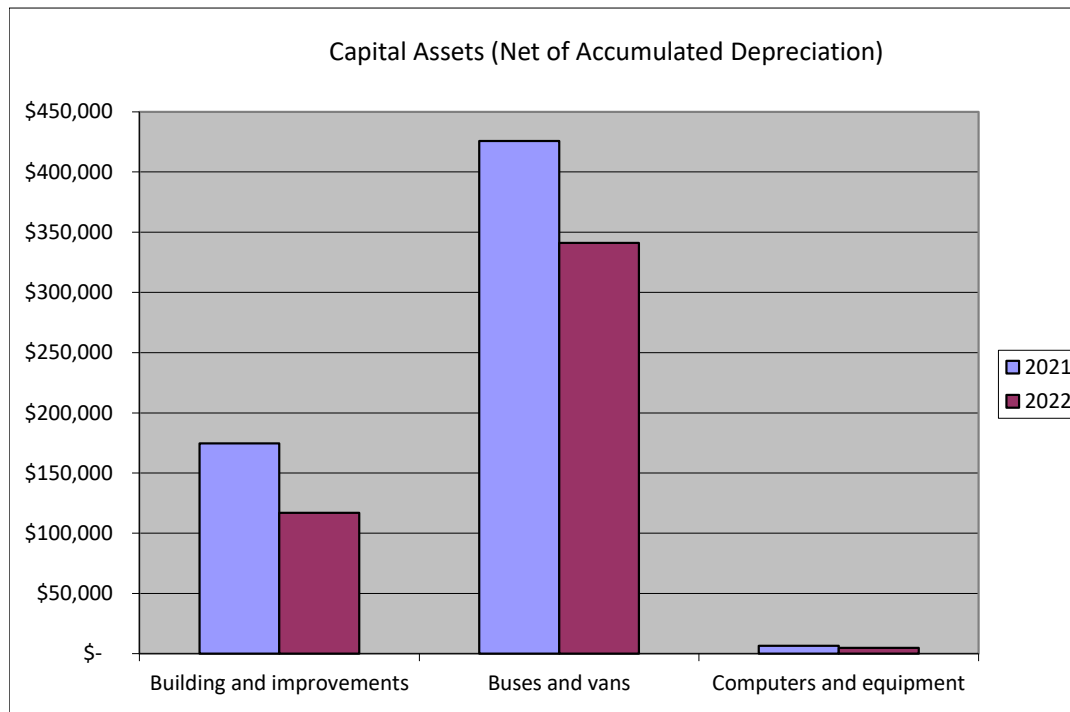
The District's net investment in capital assets as of June 30, 2022 totaled \$462,897. This investment in capital assets includes building and improvements, buses and vans and equipment. No significant capital investments were made during the year ended June 30, 2022.

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

	Governmental Activities	
	2022	2021
Building and improvements	\$ 116,952	\$ 174,679
Buses and vans	341,150	425,710
Computers and equipment	4,795	6,564
Totals	<u>\$ 462,897</u>	<u>\$ 606,953</u>

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

CAPITAL ASSETS *(Continued)*



Additional information on the District's capital assets can be found in Note 3 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District 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, which may affect the amount of intergovernmental revenues the District will receive in fiscal year 2023 and thereafter. This was considered in preparing the District's budget for fiscal year 2023.

During the current fiscal year, unassigned fund balance of the General Fund increased to \$544,581. The District has not appropriated any of this fund balance amount for spending in the 2023 fiscal year budget.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, John Filchak, Northeastern CT Transit District, P.O. Box 759, 125 Putnam Pike, Dayville, CT 06241.

Basic Financial Statements

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

	Governmental Funds Balance Sheets				Government- Wide Statement of Net Position
	General Fund	Operating Assistance Grant Fund	Total	Adjustments (See Note 7)	
ASSETS					
Cash	\$ 431,471	\$ -	\$ 431,471	\$ -	\$ 431,471
Receivables:					
Due from State of Connecticut	-	159,395	159,395	-	159,395
Other	-	3,257	3,257	-	3,257
Due from other fund	124,777	-	124,777	(124,777)	-
Prepays	-	1,540	1,540	-	1,540
Capital assets, net	-	-	-	462,897	462,897
Total assets	<u>\$ 556,248</u>	<u>\$ 164,192</u>	<u>\$ 720,440</u>	<u>338,120</u>	<u>1,058,560</u>
LIABILITIES					
Accounts payable and accrued liabilities	\$ -	\$ 39,415	\$ 39,415	-	39,415
Due to related party	11,667	-	11,667	-	11,667
Due to other fund	-	124,777	124,777	(124,777)	-
Total liabilities	<u>11,667</u>	<u>164,192</u>	<u>175,859</u>	<u>(124,777)</u>	<u>51,082</u>
FUND BALANCES/NET POSITION					
Fund Balances:					
Unassigned	544,581	-	544,581	(544,581)	-
Total fund balances	<u>544,581</u>	<u>-</u>	<u>544,581</u>	<u>(544,581)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 556,248</u>	<u>\$ 164,192</u>	<u>\$ 720,440</u>		
Net Position:					
Net investment in capital assets				462,897	462,897
Unrestricted				544,581	544,581
Total Net Position				<u>\$ 1,007,478</u>	<u>\$ 1,007,478</u>

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

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

	Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances			Adjustments (See Note 7)	Government- Wide Statement of Activities
	General Fund	Operating Assistance Grant Fund	Total		
REVENUES					
Grants:					
Federal government	\$ -	\$ 357,035	\$ 357,035	\$ -	\$ 357,035
State of Connecticut	-	238,176	238,176	-	238,176
Assessments	-	122,820	122,820	-	122,820
Local	10,292	-	10,292	-	10,292
Fare	-	13,775	13,775	-	13,775
Total revenues	<u>10,292</u>	<u>731,806</u>	<u>742,098</u>	<u>-</u>	<u>742,098</u>
EXPENDITURES/EXPENSES					
Current:					
Direct costs:					
Wages	-	266,422	266,422	-	266,422
Other	-	175,411	175,411	-	175,411
Depreciation	-	-	-	144,056	144,056
Indirect costs	-	294,648	294,648	-	294,648
Total expenditures / expenses	<u>-</u>	<u>736,481</u>	<u>736,481</u>	<u>144,056</u>	<u>880,537</u>
Excess (deficiency) of revenues over expenditures	10,292	(4,675)	5,617	(144,056)	-
OTHER FINANCING SOURCES (USES)					
Transfers in	-	4,675	4,675	-	-
Transfers out	<u>(4,675)</u>	<u>-</u>	<u>(4,675)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(4,675)</u>	<u>4,675</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues and transfers in over expenditures and transfers out	5,617	-	5,617	<u>5,617</u>	-
Change in net position	-	-	-	<u>\$ (138,439)</u>	(138,439)
Fund balances/net position - beginning of year	<u>538,964</u>	<u>-</u>	<u>538,964</u>		<u>1,145,917</u>
Fund balances/net position - end of year	<u>\$ 544,581</u>	<u>\$ -</u>	<u>\$ 544,581</u>		<u>\$ 1,007,478</u>

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

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Northeastern Connecticut Transit District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

FINANCIAL REPORTING ENTITY

The District was organized in 1970 in accordance with Chapter 103A of the Connecticut General Statutes. The District is operated by the member towns of Brooklyn, Killingly, Plainfield, Putnam, and Thompson. The District serves, in addition to its member towns, the towns of Eastford, Pomfret, Woodstock, Union, Hampton and Sterling. One representative of each member town makes up the District's Board of Directors. The District provides transit services for its member towns and is funded primarily by assessments to member towns and federal and state grants. As required by accounting principles generally accepted in the United States of America, the basic financial statements of the reporting entity include only the funds of the District (the primary government) as no other component units exist based on operational or financial relationships with the District.

BASIS OF PRESENTATION

The District is considered a single program governmental organization for financial reporting purposes. Accounting guidance issued by the Governmental Accounting Standards Board (GASB) requires 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, 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. The District has no business-type activities. Rather than presenting government-wide financial statements along with separate governmental fund financial statements, the District has chosen to combine the two types of financial statements. Accordingly, the accompanying financial statements of the District 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 position column and in the government-wide statement of activities column of the accompanying financial statements includes all financial activities of the District. Eliminations have been made to minimize the double-counting of internal activities. The District's activities are financed through member town assessments, intergovernmental revenues and other nonexchange transactions.

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

Fund Financial Statements

Information presented in the fund financial statements provides information about the District's governmental funds. The emphasis of fund financial statements is on major governmental funds, each of which is displayed in a separate column.

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

BASIS OF PRESENTATION *(Continued)*

Fund Financial Statements *(Continued)*

The District reports the following major governmental funds:

General Fund - This fund is the District's primary operating fund. It accounts for all financial resources, except those required to be accounted for in another fund.

Operating Assistance Grant Fund - This fund is used to account for the District's transportation services.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and the accrual basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the 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 towns are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are susceptible to accrual, that is, when they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues pertaining to member town assessments, grants and contracts, and interest associated with the current period to be susceptible to accrual if they are collected within 60 days of the end of the current period. All other revenue items are considered to be measurable and available only when the cash is received by the District.

Expenditures in the governmental fund financial statements generally are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. General capital acquisitions under capital leases are reported as other financing sources.

ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE

Cash and Cash Equivalents

Cash and cash equivalents include short-term, highly liquid investments with original maturities of three months or less when purchased.

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE (Continued)

Capital Assets

Capital assets include building and improvements, buses and vans, equipment and computers, and are reported in the statement of net position column of the accompanying financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of 3 years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and improvements	10-30
Buses and vans	7-8
Equipment	7
Computers	3

Unearned Revenues

This liability represents resources that have been received but not yet earned.

Compensated Absences

Employees of the District are entitled to vacation and sick leave based on the length of their employment. Sick leave can be accumulated to a maximum of 60 days, but is not paid upon termination. Earned vacation must be used within one year of being accrued. The liability for accrued vacation pay at June 30, 2022 has been recorded in the Operating Assistance Grant Fund since the benefits are expected to be funded from expendable available financial resources.

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

ASSETS, LIABILITIES AND NET POSITION/FUND BALANCE (*Continued*)

Net Position and Fund Balances

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

Net investment in capital assets - This category consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets. The District had no capital related debt as of June 30, 2022 that would reduce this net asset category.

Restricted net position - This category consists of the portion of net position 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.

Unrestricted net position - This category consists of the portion of net position, which does not meet the definition of the two preceding categories.

The District's governmental funds report the following fund balance categories:

Nonspendable - This category consists of amounts that cannot be spent because they are not in spendable form or they are legally or contractually required to be maintained intact.

Restricted - This category consists of amounts for which constraints are placed on the use of resources that are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through enabling legislation.

Committed - This category consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board (the highest level of decision making authority of the District) and cannot be used for any other purpose unless the District removes or changes the specified use by taking the same formal action.

Assigned - This category consists of amounts that are constrained by the District's intent to be used for specific purposes, but are not restricted or committed. The Board of Directors is the body authorized to assign fund balance via majority vote of the Board of Directors.

Unassigned - This category consists of the residual classification for the General Fund or amounts necessary in other governmental funds to eliminate otherwise negative fund balance amounts in the other four categories.

The District does not have a formal policy over the use of fund balance. In accordance with the applicable accounting guidance, the District uses restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

INTERFUND ACTIVITIES

Interfund activities are reported as follows:

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds" (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds".

Interfund Transfers

Interfund transfers represent flows of assets without equivalent flows of assets in return and without a requirement for repayment. Transfers are reported as other financing uses in the funds making transfers and other financing sources in the funds receiving transfers.

Interfund Reimbursements

Interfund reimbursements represent repayments from the funds responsible for particular expenditures or expenses to the funds that initially paid for them.

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 - CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that, in the event of a bank failure, the District 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. The District does not have a deposit policy for custodial credit risk. As of June 30, 2022, \$250,000 of the District's bank balance of \$476,699 was insured, \$22,670 was collateralized, and \$204,029 was uninsured and uncollateralized.

All of the District'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.

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

NOTE 3 - CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets, being depreciated:				
Building and improvements	\$ 1,727,946	\$ -	\$ -	\$ 1,727,946
Buses and vans	1,016,066	-	-	1,016,066
Equipment	100,059	-	-	100,059
Computers	720	-	-	720
Total capital assets, being depreciated	<u>2,844,791</u>	<u>-</u>	<u>-</u>	<u>2,844,791</u>
Less accumulated depreciation and amortization for:				
Building and improvements	(1,553,267)	(57,727)	-	(1,610,994)
Buses and vans	(590,356)	(84,560)	-	(674,916)
Equipment	(93,815)	(1,556)	-	(95,371)
Computers	(400)	(213)	-	(613)
Total accumulated depreciation and amortization	<u>(2,237,838)</u>	<u>(144,056)</u>	<u>-</u>	<u>(2,381,894)</u>
Governmental activities capital assets, net	<u>606,953</u>	<u>(144,056)</u>	<u>-</u>	<u>462,897</u>
Total capital assets, being depreciated, net	<u>\$ 606,953</u>	<u>\$ (144,056)</u>	<u>\$ -</u>	<u>\$ 462,897</u>

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Operating Assistance Grant Fund	<u>\$ 124,777</u>

The above balance resulted from the time lag between the dates that (1) transactions are recorded in the accounting system and (2) payments between funds are made.

NOTE 5 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2022 consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Governmental Funds:		
Operating Assistance Grant Fund	General Fund	<u>\$ 4,675</u>

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

NOTE 6 - RELATED PARTY TRANSACTIONS

The District is party to an annual agreement with the Northeastern Connecticut Council of Governments (the Council), an affiliated governmental organization. Pursuant to the agreement, the Council provides management and administrative services for the District. The District recognized expenses for these services in the amount of \$140,000 for the year ended June 30, 2022. Amounts payable for these services totaled \$11,667 as of June 30, 2022.

In addition, the District's transit facility resides on land owned by the Council for which the District pays the Council an annual rent. The District recognized \$18,900 in rent expense for the year ended June 30, 2022, which included \$9,450 in retroactive rent relating to the year ended June 30, 2021.

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

GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION

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

Governmental Activities:

Capital assets, net	<u>\$ 462,897</u>
---------------------	-------------------

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

Governmental Activities:

Building and improvements	\$ 1,727,946
Buses and vans	1,016,066
Equipment	100,059
Computers	720
Less: accumulated depreciation	<u>(2,381,894)</u>
	<u>\$ 462,897</u>

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

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

Governmental Activities:

Depreciation expense	<u>144,056</u>
	<u>\$ 144,056</u>

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

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
NOTES TO THE FINANCIAL STATEMENTS (*Continued*)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

NOTE 8 - RETIREMENT PLAN

The District offers its employees a Savings Incentive Match Plan for Employees (SIMPLE) IRA retirement plan. The plan, available to all District employees, permits them to defer a portion of their salaries. The District contributes 2.0% of each participating employee's gross wages into the plan. Full-time and eligible part-time employees may voluntarily elect to waive the IRA contribution and, in lieu thereof, shall receive payment equal to 2.0% percent of their annual gross base pay. For the year ended June 30, 2022, no contributions were made by the District into the plan.

NOTE 9 - ECONOMIC DEPENDENCY

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

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to public official liability, theft or impairment of assets, injury to employees, and errors and omissions. The District has conveyed the aforementioned risks of loss, with the exception of vehicle liability and property damage, to various insurance underwriters through the purchase of insurance policies. Losses incurred from insured risks have not exceeded insurance coverage for any of the past three fiscal years.

The District currently is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), a public entity risk pool established under the provision of Connecticut General Statutes section 7-479a et. seq. for worker's compensation. The District is liable only for contributions to the pool. A separate agreement limits the District's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

NOTE 11 - CONTINGENCY

The State of Connecticut Department of Transportation is currently reviewing the District's reimbursement calculation process for the Rural Transit Operation Grant. Any recoupment by the State of Connecticut resulting from this review cannot be determined as of June 30, 2022 and no provisions have been made in the financial statements.

**Required
Supplementary
Information**

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL AND OPERATING ASSISTANCE GRANT FUND - COMBINED
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Over (Under)
REVENUES				
Federal government	\$ 274,850	\$ 274,850	\$ 357,035	\$ 82,185
State of Connecticut	271,200	271,200	238,176	(33,024)
Assessments	123,050	123,050	122,820	(230)
Fare and local revenues	31,100	31,100	24,067	(7,033)
Total revenues	<u>700,200</u>	<u>700,200</u>	<u>742,098</u>	<u>41,898</u>
EXPENDITURES				
Current:				
Wages	235,000	235,000	266,422	31,422
Fiscal operational	140,000	140,000	140,000	-
Labor and parts	80,000	80,000	74,579	(5,421)
Fuel	70,000	70,000	81,762	11,762
Insurance	30,400	30,400	22,064	(8,336)
Fringe benefits	35,000	35,000	24,089	(10,911)
Utilities	30,700	30,700	33,665	2,965
Professional services	29,500	29,500	25,890	(3,610)
Office supplies and postage	12,500	12,500	13,936	1,436
Facility maintenance	11,000	11,000	17,905	6,905
Rent	9,100	9,100	18,900	9,800
Tires	5,000	5,000	1,532	(3,468)
Snow and lawn maintenance	5,000	5,000	10,926	5,926
Advertising	4,000	4,000	3,476	(524)
License/uniforms/training	3,000	3,000	1,335	(1,665)
Total expenditures	<u>700,200</u>	<u>700,200</u>	<u>736,481</u>	<u>36,281</u>
Excess (deficiency) of revenues over expenditures	-	-	5,617	5,617
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	4,675	4,675
Transfers out	-	-	(4,675)	(4,675)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	5,617	<u>\$ 5,617</u>
Fund balances - beginning			538,964	
Fund balances - ending			<u>\$ 544,581</u>	

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

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022

NOTE 1 - BUDGETARY INFORMATION

The District establishes an organization-wide budget in accordance with the provisions of its bylaws. A preliminary annual budget is prepared on or before the first week in February each year and presented to the Board for adoption prior to July 1 of each year. The Board, as necessary, may amend the budget during the fiscal year. The budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. Any excess of expenditures over revenues will be funded by either future revenue or the respective fund balances.

NOTE 2 - COMPLIANCE - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

For the year ended June 30, 2022, expenditures exceeded appropriations in certain objects. These excess expenditures were funded using unbudgeted revenue sources or unassigned fund balance and do not represent a violation of any regulatory or statutory provisions.

**Other
Supplementary
Information**

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
FINANCIAL SUMMARY FOR THE STATE OF CONNECTICUT
DEPARTMENT OF TRANSPORTATION
FOR THE YEAR ENDED JUNE 30, 2022

	Rural Transit Operations DOT04760061TR DOT04760062OP DOT04760072OP 12DOT0002AA 2022-OPR-02 12001-57000-12175	Elderly and Disabled Demand Response Program DOT01702697OP 12DOT0002AA 2022-MGP-01 12001-57000-12175	Total
Maximum Funds Authorized			
FTA - passed through ConnDot	\$ 454,571	\$ -	\$ 454,571
ConnDot	186,830	106,283	293,113
Local	106,283	-	106,283
	<u>\$ 747,684</u>	<u>\$ 106,283</u>	<u>\$ 853,967</u>
Audited Expenditures			
FTA - passed through ConnDot	\$ 341,231	\$ -	\$ 341,231
FTA - passed through ConnDot (CARES)	15,804	-	15,804
ConnDot	174,324	63,852	238,176
Local	117,385	23,885	141,270
	<u>\$ 648,744</u>	<u>\$ 87,737</u>	<u>\$ 736,481</u>
ConnDot Responsibility			
FTA - passed through ConnDot	\$ 357,035	\$ -	\$ 357,035
ConnDot	174,324	63,852	238,176
	<u>531,359</u>	<u>63,852</u>	<u>595,211</u>
Payments received through June 30, 2022	435,816	-	435,816
Due from ConnDot, June 30, 2022	95,543	63,852	159,395
Payments received through December 31, 2022	95,543	63,852	159,395
Amount due from ConnDot at December 31, 2022	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTHEASTERN CONNECTICUT TRANSIT DISTRICT
FINANCIAL SUMMARY FOR THE STATE OF CONNECTICUT
DEPARTMENT OF TRANSPORTATION
FOR THE YEAR ENDED JUNE 30, 2022

	Rural Transit Operations DOT04760061TR DOT04760062OP DOT04760072OP 12DOT0002AA 2022-OPR-02 12001-57000-12175	Elderly and Disabled Demand Response Program DOT01702697OP 12DOT0002AA 2022-MGP-01 12001-57000-12175	Total
REVENUES			
Passenger Fares	\$ 13,775	\$ -	\$ 13,775
FTA - passed through ConnDOT	341,231	-	341,231
FTA - passed through ConnDot (CARES)	15,804	-	15,804
ConnDOT	174,324	63,852	238,176
Local	98,935	23,885	122,820
	<u>644,069</u>	<u>87,737</u>	<u>731,806</u>
EXPENDITURES			
Current:			
Wages	234,684	31,738	266,422
Fiscal operational	123,322	16,678	140,000
Labor and parts	65,694	8,885	74,579
Fuel	72,022	9,740	81,762
Insurance	19,436	2,628	22,064
Fringe benefits	21,219	2,870	24,089
Utilities	29,654	4,011	33,665
Professional services	22,806	3,084	25,890
Office supplies and postage	12,276	1,660	13,936
Facility maintenance	15,772	2,133	17,905
Rent	16,648	2,252	18,900
Tires	1,349	183	1,532
Snow and lawn maintenance	9,624	1,302	10,926
Advertising	3,062	414	3,476
License/uniforms/training	1,176	159	1,335
Total expenditures	<u>648,744</u>	<u>87,737</u>	<u>736,481</u>
Deficiency of revenues over expenditures	(4,675)	-	(4,675)
OTHER FINANCING SOURCES			
Transfer to General Fund	4,675	-	4,675
Total other financing uses	<u>4,675</u>	<u>-</u>	<u>4,675</u>
Fund balances - beginning	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Supplemental Report

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

To the Board of Directors of the
Northeastern Connecticut Transit District
Dayville, Connecticut

We have audited, in accordance with the 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 and each major fund of the Northeastern Connecticut Transit District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 12, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Mahoney Sabol & Company, LLP". The signature is written in a cursive, flowing style.

Certified Public Accountants
Glastonbury, Connecticut
May 12, 2023