



**Subject:** Audit Certification  
Northeastern Connecticut Council of  
Governments  
Fiscal Year Ended June 30, 2024

**Date:** May 15, 2025

## MEMORANDUM

**To:**  
Ms. Kimberly Lesay  
Bureau Chief  
Bureau of Policy and Planning

**From:**  
Lorraine G. Paris  
Director, Office of External Audits  
Bureau of Finance and Administration

We have completed our desk review of the single audit report of the Northeastern Connecticut Council of Governments for the Fiscal Year Ended June 30, 2024. The report was prepared by Mahoney Sabol & Company, LLP, Certified Public Accountants, based on an audit made in accordance with auditing standards generally accepted in the United States of America, *Government Auditing Standards* issued by the Comptroller General of the United States and the State Single Audit Act.

Our review was made to determine if the report meets the State Single Audit Act requirements. In conducting our review, we utilized the Cognizant Agency Desk Review Check List for Governmental and Non-Profit Entities, Rev. 1/6/2025, issued by the State of Connecticut, Office of Policy and Management. Based upon our review, we concluded the report meets the State Single Audit Act requirements in all material respects.

The report does not include any material compliance or material internal control system findings, which directly affect State Programs.

We have also completed our review of the subject agency's Audit of Indirect Costs for the subject period, which was prepared by Mahoney Sabol & Company, LLP as performed in accordance with *Government Auditing Standards* for compliance with the Uniform Guidance. The accepted Indirect Cost Rate is 43.99%.

jl

Attachment

cc: Jim Rivers, Executive Director [jim.rivers@neccog.org]  
Maureen Adams, Chief Finance & Operating Officer [maureen.adams@neccog.org]  
Michael J. VanDeventer, Partner, Mahoney Sabol, CPAs [mvandeventer@mahoneysabol.com]  
Pam Sucato - Jen Arienti - Mike Salter - Grayson Wright  
Maureen Kent - Sandy Infantino - Deirbhille Milloy  
DOT.ExternalAudits@ct.gov  
DOT.FedBilling@ct.gov  
DOT.Negotiations@ct.gov  
DOT.PFM@ct.gov  
Audit File  
Scanned Reports Folder  
Erik Shortell - Connecticut FHWA  
Crystal Hunter - OPM



# CONNECTICUT

## Policy and Management

### FY 2023-24 MUNICIPAL AUDIT QUESTIONNAIRE

❖ This Questionnaire is required to be submitted to OPM with the audit reports of municipalities and audited agencies (as defined under Section 7-391 of the Connecticut General Statutes).

Name of Auditee Northeastern Connecticut Council of Governments

Fiscal Period under Audit Year Ended June 30, 2024

Mahoney Sabol & Company, LLP

(Audit Firm Name)

Mahoney Sabol & Company, LLP

(Signature)

April 22, 2025

(Date)

This Questionnaire was reviewed with and a copy given to:

Jim Rivers

Name of Municipal Official

on April 22, 2025

Date

Executive Director

Title of Municipal Official

860.774.1253

Telephone

	<u>YES</u>	<u>NO</u>	<u>NA</u>
1. Did you inform the town, city or Borough clerk of that part of Section 7-394 of the General Statutes which provides that within one week after receiving the audit report he/she shall cause to be published a legal notice in a newspaper having a substantial circulation in the municipality that the report is on file in said clerk's office?	_____	_____	<u>X</u>
2. Did you obtain a letter from municipal counsel with respect to unpaid or pending judgments and as to any other legal proceeding affecting the municipality's finances?	_____	_____	<u>X</u>
3. Were financial statements and/or books and records of the entity made available within a reasonable time after the close of the fiscal year?	<u>X</u>	_____	_____
4. Did the entity issue tax anticipation notes (TANs) or revenue anticipation notes (RANs) during the fiscal year?	_____	<u>X</u>	_____
5. Was a separate management letter issued in addition to the Internal Control Report? If so, it must be submitted to the Office of Policy and Management with the audit report.	<u>X</u>	_____	_____
6. Were municipal officials (including the chief elected or executive official and governing body of the municipal entity) made aware of findings and recommendations resulting from the audit?	<u>X</u>	_____	_____
7. Did you clearly identify in the report each repeated audit Finding and identify the fiscal year in which the finding initially occurred?	_____	_____	<u>X</u>
8. Were there any audit findings repeated from both of the two most prior fiscal year ended audits? (FY2022 and FY2023)?	_____	_____	<u>X</u>
9. Were municipal officials made aware of section 2(c) of P.A. 23-197 for a public meeting to be held when the OPM Secretary makes certain findings based upon the review of the audit report?	<u>X</u>	_____	_____
10. Federal Single Audit Act as Amended, 1996; Uniform Guidance for Federal Awards (Title 2 of CFR, 12/26/13)			
(a) Did you conduct a Single Audit of Federal Financial Assistance expended by the entity for FY 2023-24?	_____	<u>X</u>	_____
(b) Is a copy of the Single Audit included in the reporting package submitted?	_____	_____	<u>X</u>

	<u>YES</u>	<u>NO</u>	<u>NA</u>
11. State Single Audit (SSA) Act as amended by P.A. 09-7; Regulations to the SSA Act as amended by P.A. 09-7			
(a) Did you conduct a Single Audit of state financial assistance expended by the entity for FY 2023-24 or a program-specific audit of the entity's sole state program?	<u>X</u>	<u>      </u>	<u>      </u>
(b) Is a copy of the State Single Audit or program-specific audit included in the reporting package submitted?	<u>X</u>	<u>      </u>	<u>      </u>
(c) If applicable, did officials prepare a Corrective Action Plan (CAP) in sufficient time for inclusion in the audit report package [C.G.S. Sec.4-233(d)] to be filed with OPM as the cognizant state agency (hardcopy and electronic)?	<u>      </u>	<u>      </u>	<u>X</u>
(d) Did you upload the corrective action plan with the audit report package on OPM's Electronic Audit Reporting System?	<u>      </u>	<u>      </u>	<u>X</u>

**NORTHEASTERN CONNECTICUT  
COUNCIL OF GOVERNMENTS**

**FINANCIAL STATEMENTS,  
SUPPLEMENTARY INFORMATION AND  
INDIRECT COST AND OVERHEAD  
RATE CALCULATION**

**AS OF AND FOR THE YEAR ENDED  
JUNE 30, 2024**

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

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# **Independent Auditor's Report**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the  
Northeastern Connecticut Council of Governments  
Dayville, Connecticut

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northeastern Connecticut Council of Governments (the Council) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Council'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, each major fund, and the aggregate remaining fund information of the Northeastern Connecticut 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 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 Council 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 Council'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 Council'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 Council'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 11 and budgetary comparison information on pages 25 through 26 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 Council's basic financial statements. The accompanying combining and individual fund financial statements and schedules and the Financial Summary for the State of Connecticut Department of Transportation on pages 27 through 29 are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The 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 April 22, 2025 on our consideration of the Council'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 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 the Council's internal control over financial reporting and compliance.



Certified Public Accountants  
Glastonbury, Connecticut  
April 22, 2025

## **Management's Discussion and Analysis**

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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As management of the Northeastern Connecticut Council of Governments (the Council) we offer readers of the Council's financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended June 30, 2024.

**FINANCIAL HIGHLIGHTS**

- The assets of the Council exceeded its liabilities at the close of the most recent fiscal year by \$315,607 (net position). Of this amount, \$65,654 (unrestricted net position) may be used to meet the Council's ongoing obligations.
- The Council's total net position increased by \$90,859.
- As of the close of the current fiscal year, the Council's governmental funds reported a combined ending fund balance of \$113,720, an increase of \$29,859 in comparison with the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council'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 Council 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 Council has no business-type activities. Rather than presenting government-wide financial statements along with separate governmental fund financial statements, the Council has chosen to combine the two types of financial statements. Accordingly, the accompanying financial statements of the Council 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 Council's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Council'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 Council is improving or deteriorating.

## **OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)***

### **Government-wide Financial Statements *(Continued)***

The statement of activities presents information showing how the Council'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 Council's governmental activities, which consists of regional services. The Council does not have any business-type activities.

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

The government-wide financial statements can be found on pages 12 and 13 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 Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council 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 Council'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 Council'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 Council maintains a number of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, the State Grant-in-Aid Program Fund, the Animal Control Fund, the Paramedic Intercept Services Fund, the Regional Revaluation Program Fund, and the SPR Transportation Planning Fund, all of which are considered to be major funds. Data from the remaining governmental fund is reported as a nonmajor governmental fund.

The basic governmental fund financial statements can be found on pages 12 and 13 of this report.

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

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**OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)**

**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 14 through 24 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information and combining and individual fund statements and schedules other than this management's discussion and analysis that can be found on pages 25 through 28 of this report.

Other supplementary information can be found on page 29 of this report.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

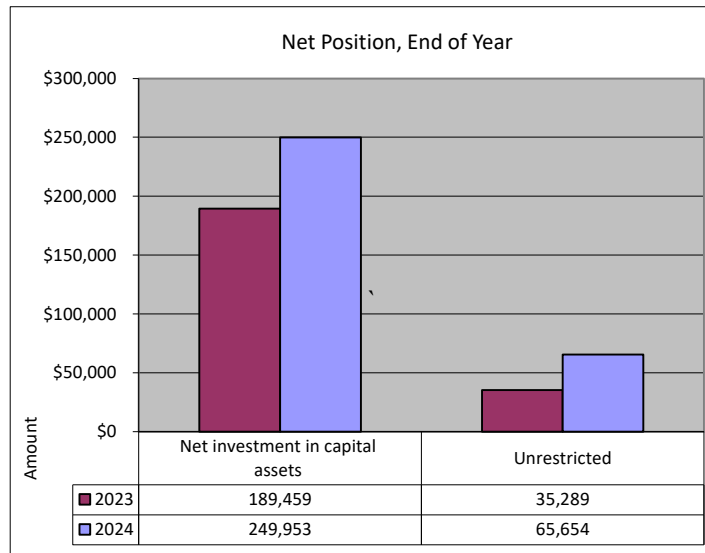
Over time, net position may serve as one measure of a government's financial position. The net position of the Council totaled \$315,607 and \$224,748 as of June 30, 2024 and 2023, respectively, and are summarized as follows:

	Governmental Activities			
	2024	2023	\$ Variance	% Variance
Assets:				
Current and other assets	\$ 318,521	\$ 314,807	\$ 3,714	1.2%
Capital assets, net	460,732	433,629	27,103	6.3%
Total assets	<u>779,253</u>	<u>748,436</u>	<u>30,817</u>	4.1%
Liabilities:				
Long-term liabilities	258,845	292,742	(33,897)	-11.6%
Other liabilities	204,801	230,946	(26,145)	-11.3%
Total liabilities	<u>463,646</u>	<u>523,688</u>	<u>(60,042)</u>	-11.5%
Net position:				
Net investment in capital assets	249,953	189,459	60,494	31.9%
Unrestricted	65,654	35,289	30,365	86.0%
Total net position	<u>\$ 315,607</u>	<u>\$ 224,748</u>	<u>\$ 90,859</u>	40.4%

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

**Net Position (Continued)**



Approximately 79.2% of the Council's net position reflects its net investment in capital assets. The Council uses these capital assets to provide services to its member towns; consequently, these assets are not available for future spending.

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

**Changes in Net Position**

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

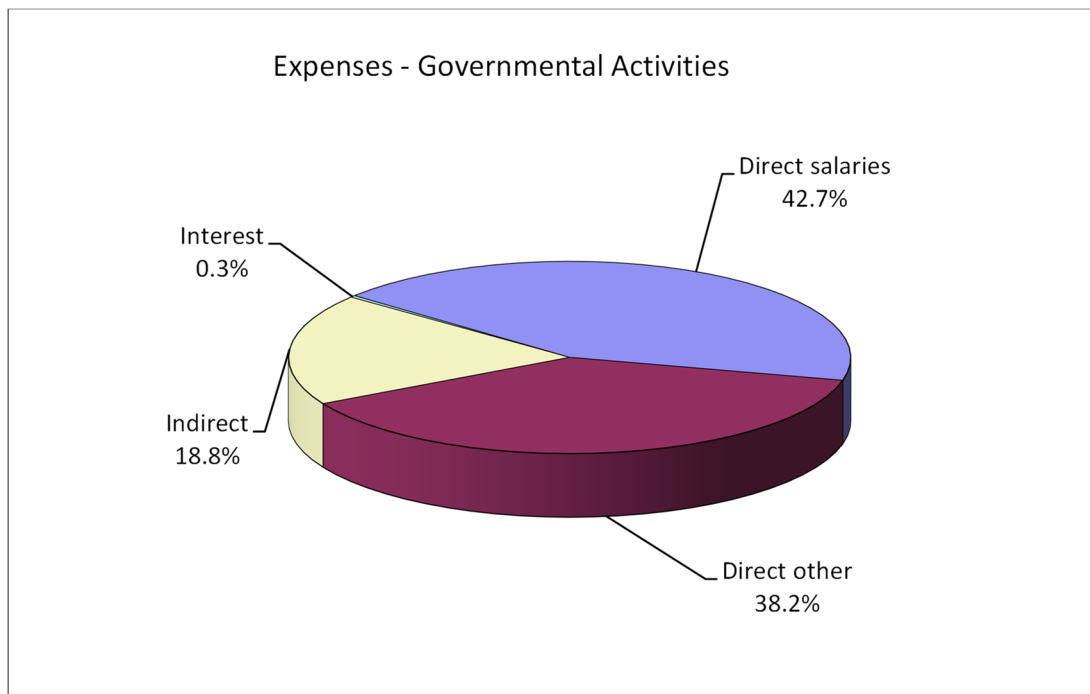
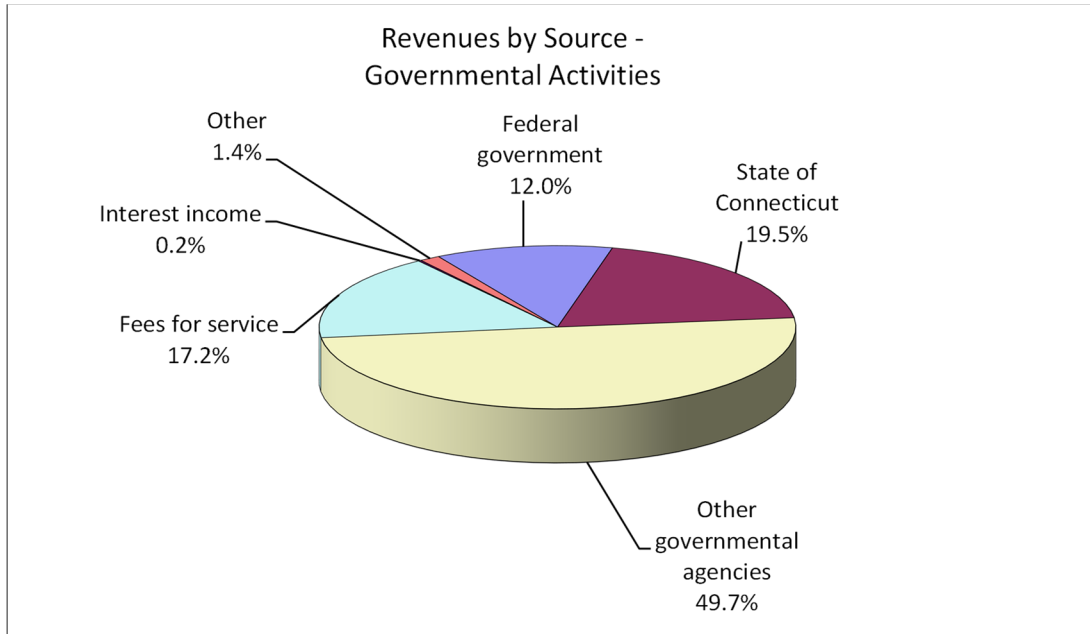
	Governmental Activities			
	2024	2023	\$ Variance	% Variance
Revenues:				
Federal government	\$ 320,572	\$ 194,228	\$ 126,344	65.0%
State of Connecticut	518,121	273,691	244,430	89.3%
Other governmental agencies	1,323,885	1,046,191	277,694	26.5%
Fees for service	457,115	318,974	138,141	43.3%
Interest income	5,164	2,991	2,173	72.7%
Other	36,977	42,415	(5,438)	-12.8%
Total revenues	<u>2,661,834</u>	<u>1,878,490</u>	<u>783,344</u>	41.7%
Expenses:				
Direct salaries	1,098,584	903,827	194,757	21.5%
Direct other	981,031	609,712	371,319	60.9%
Indirect	483,499	426,818	56,681	13.3%
Interest	7,861	10,430	(2,569)	-24.6%
Total expenses	<u>2,570,975</u>	<u>1,950,787</u>	<u>620,188</u>	31.8%
Change in net position	90,859	(72,297)	<u>\$ 163,156</u>	-225.7%
Net position - beginning	<u>224,748</u>	<u>297,045</u>		
Net position - ending	<u>\$ 315,607</u>	<u>\$ 224,748</u>		

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS *(Continued)***

**Changes in Net Position *(Continued)***



Governmental activities increased the Council's net position by \$90,859.



**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
MANAGEMENT'S DISCUSSION AND ANALYSIS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**FINANCIAL ANALYSIS OF THE COUNCIL'S FUNDS**

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

**Governmental Funds**

The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council's financing requirements.

***General Fund***

As of the end of the current fiscal year, the General Fund reported an ending fund balance of \$113,720, an increase of \$29,859 in comparison with the prior year. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$107,526, while total fund balance was \$113,720.

***Other Major Funds***

The other major funds of the Council are comprised of the State Grant-in-Aid Program Fund, the Animal Control Fund, the Paramedic Intercept Services Fund, the Regional Revaluation Program Fund, and the SPR Transportation Planning Fund. All of these funds provide various regional services in the northeastern region and are primarily operated on a cost reimbursement basis.

**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 all Special Revenue Funds on a combined basis.

There were no additional appropriations for the annual budget for the year ended June 30, 2024.

The Paramedic program expenditures are budgeted based on the number of calls for paramedic services, which can change from year to year and are often difficult to predict.

The Regional Revaluation expenditures are budgeted based on the estimated number of revaluations to be performed annually. Revenues are determined by contract over the contract period. Expenditures are incurred when the revaluation work services are performed.

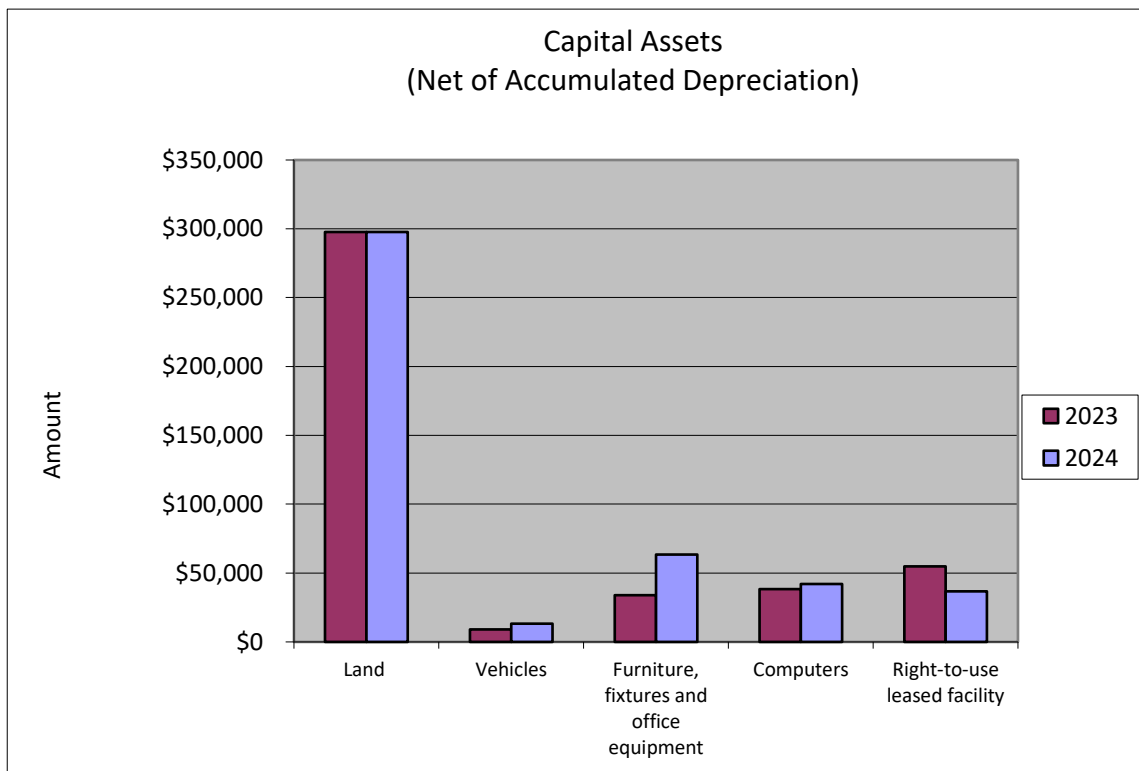
**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

**CAPITAL ASSETS**

The Council's net investment in capital assets totaled \$460,732 as of June 30, 2024. This investment in capital assets includes land, vehicles, furniture, fixtures and office equipment and computers. The total increase in the Council's investment in capital assets for the current fiscal year was \$27,103.

The following table is a two-year comparison of the Council's investment in capital assets, net of accumulated depreciation and amortization:

	Governmental Activities	
	2024	2023
Land	\$ 297,621	\$ 297,621
Vehicles	13,230	9,110
Furniture, fixtures and office equipment	63,290	33,796
Computers	41,973	38,238
Right-to-use leased facility	36,556	54,864
Totals	<u>\$ 452,670</u>	<u>\$ 433,629</u>



Additional information on the Council's capital assets can be found in Note 3 to the basic financial statements.

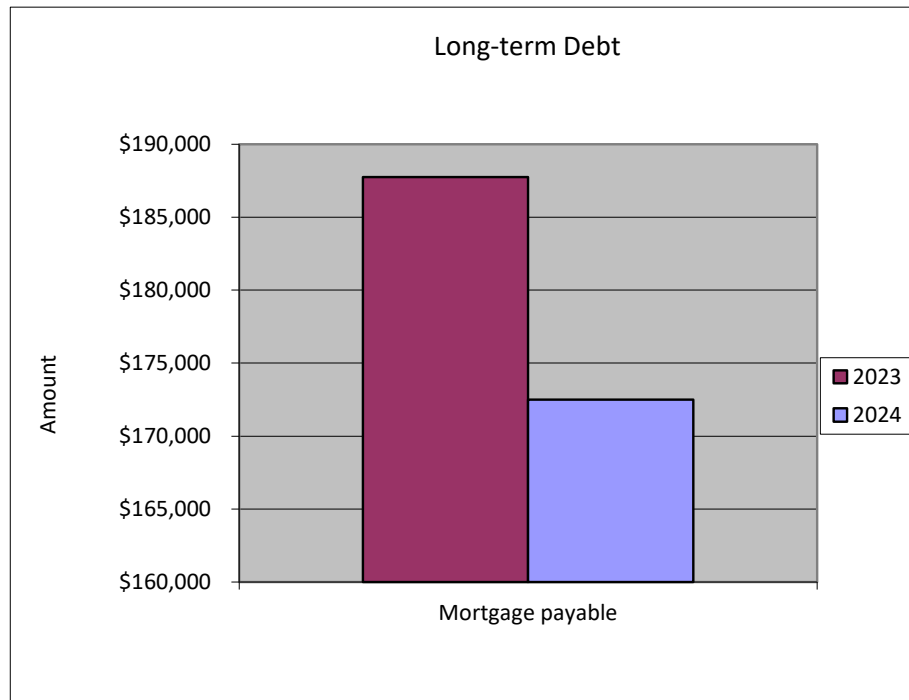
**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS** *(Continued)*  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

**LONG-TERM DEBT**

The Council's long-term debt totaled \$172,499 as of June 30, 2024 and consisted of a mortgage note payable. The Council's total long-term debt decreased during the current fiscal year due to scheduled principal repayments.

The following table is a two-year comparison of the Council's long-term debt:

	Governmental Activities	
	2024	2023
Mortgage payable	\$ 172,499	\$ 187,750



**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Council 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 Council will receive in fiscal year 2025 and thereafter.

This was considered in preparing the Council's budget for fiscal year 2025.

During the current fiscal year, unassigned fund balance of the General Fund totaled \$107,526. The Council has not appropriated any of this unassigned fund balance amount for spending in the 2025 fiscal year budget.

**REQUESTS FOR INFORMATION**

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

# **Basic Financial Statements**

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2024**

	<b>Governmental Funds Balance Sheets</b>								<b>Adjustments (See Note 8)</b>	<b>Government- Wide Statement of Net Position</b>
	General Fund	State Grant-in-Aid Program Fund	Animal Control Fund	Paramedic Intercept Services Fund	Regional Revaluation Program Fund	SPR Transportation Planning Fund	Nonmajor Governmental Funds	Total		
<b>ASSETS</b>										
Cash and cash equivalents	\$ 26,188	\$ -	\$ 17,656	\$ -	\$ -	\$ -	\$ -	\$ 43,844	\$ -	\$ 43,844
Receivables:										
State of Connecticut	-	-	-	-	-	78,253	-	78,253	-	78,253
Federal government	-	-	-	-	-	-	5,091	5,091	-	5,091
Other governmental agencies	15,846	-	8,303	53,355	33,909	-	8,000	119,413	-	119,413
Other	-	-	-	62,946	-	-	-	62,946	-	62,946
Due from other funds	105,767	-	14,019	11,499	-	-	-	131,285	(131,285)	-
Other assets	6,194	-	2,780	-	-	-	-	8,974	-	8,974
Capital assets, net	-	-	-	-	-	-	-	-	460,732	460,732
Total assets	<u>\$ 153,995</u>	<u>\$ -</u>	<u>\$ 42,758</u>	<u>\$ 127,800</u>	<u>\$ 33,909</u>	<u>\$ 78,253</u>	<u>\$ 13,091</u>	<u>\$ 449,806</u>	<u>329,447</u>	<u>779,253</u>
<b>LIABILITIES</b>										
Current liabilities:										
Accounts payable	\$ 13,701	\$ -	\$ 42,758	\$ 127,800	\$ 19,486	\$ -	\$ -	\$ 203,745	-	203,745
Accrued liabilities	1,056	-	-	-	-	-	-	1,056	-	1,056
Due to other funds	25,518	-	-	-	14,423	78,253	13,091	131,285	(131,285)	-
Noncurrent liabilities:										
Due within one year	-	-	-	-	-	-	-	-	40,804	40,804
Due in more than one year	-	-	-	-	-	-	-	-	218,041	218,041
Total liabilities	<u>40,275</u>	<u>-</u>	<u>42,758</u>	<u>127,800</u>	<u>33,909</u>	<u>78,253</u>	<u>13,091</u>	<u>336,086</u>	<u>127,560</u>	<u>463,646</u>
<b>FUND BALANCES / NET POSITION</b>										
Fund balances:										
Nonspendable	6,194	-	-	-	-	-	-	6,194	(6,194)	-
Unassigned	107,526	-	-	-	-	-	-	107,526	(107,526)	-
Total fund balances	<u>113,720</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>113,720</u>	<u>(113,720)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 153,995</u>	<u>\$ -</u>	<u>\$ 42,758</u>	<u>\$ 127,800</u>	<u>\$ 33,909</u>	<u>\$ 78,253</u>	<u>\$ 13,091</u>	<u>\$ 449,806</u>		
Net position:										
Net investment in capital assets									249,953	249,953
Unrestricted									65,654	65,654
Total net position									<u>\$ 315,607</u>	<u>\$ 315,607</u>

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

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**STATEMENTS OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Governmental Funds Statements of Revenues, Expenditures and Changes in Fund Balances</b>								<b>Adjustments</b>	<b>Government- Wide Statement of Activities</b>
	General Fund	State Grant-in-Aid Program Fund	Animal Control Fund	Paramedic Intercept Services Fund	Regional Revaluation Program Fund	SPR Transportation Planning Fund	Nonmajor Governmental Funds	Total	(See Note 8)	
<b>REVENUES</b>										
Federal government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 301,342	\$ 19,230	\$ 320,572	\$ -	\$ 320,572
State of Connecticut	4,375	470,852	-	-	-	41,127	1,767	518,121	-	518,121
Other governmental agencies	491,201	-	582,244	-	190,508	25,165	34,767	1,323,885	-	1,323,885
Fees for services	-	-	88,043	369,072	-	-	-	457,115	-	457,115
Interest income	4,676	-	488	-	-	-	-	5,164	-	5,164
Other	35,445	-	5,078	-	-	-	-	40,523	(3,546)	36,977
Total revenues	535,697	470,852	675,853	369,072	190,508	367,634	55,764	2,665,380	(3,546)	2,661,834
<b>EXPENDITURES/EXPENSES</b>										
Current:										
Direct costs:										
Wages	146,849	305,556	374,296	-	-	253,252	18,631	1,098,584	-	1,098,584
Other	6,685	37,130	364,822	370,715	190,508	6,373	4,798	981,031	-	981,031
Indirect costs	58,206	121,111	148,357	-	-	100,380	7,384	435,438	48,061	483,499
Debt service:										
Principal	15,351	-	18,040	-	-	-	-	33,391	(33,391)	-
Interest	5,901	-	1,960	-	-	-	-	7,861	-	7,861
Capital outlays	-	61,543	-	-	-	-	17,673	79,216	(79,216)	-
Total expenditures/expenses	232,992	525,340	907,475	370,715	190,508	360,005	48,486	2,635,521	(64,546)	2,570,975
Excess (deficiency) of revenues over expenditures	302,705	(54,488)	(231,622)	(1,643)	-	7,629	7,278	29,859	61,000	90,859
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	18,906	121,111	231,622	1,643	-	-	3,999	377,281	(377,281)	-
Transfers out	(291,752)	(66,623)	-	-	-	(7,629)	(11,277)	(377,281)	377,281	-
Total other financing sources (uses)	(272,846)	54,488	231,622	1,643	-	(7,629)	(7,278)	-	-	-
Excess (deficiency) of revenues and transfers in over expenditures and transfers out	29,859	-	-	-	-	-	-	29,859	(29,859)	-
Change in net position									\$ 90,859	90,859
Fund balances/net position - beginning	83,861	-	-	-	-	-	-	83,861		224,748
Fund balances/net position - ending	\$ 113,720	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 113,720		\$ 315,607

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

## **NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

### **NOTES TO THE FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

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#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Northeastern Connecticut Council of Governments (the Council) 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 Council's significant accounting policies are described below.

#### **FINANCIAL REPORTING ENTITY**

The Northeastern Connecticut Council of Governments was organized in 1987. The Council consists of the following member towns: Ashford, Brooklyn, Canterbury, Chaplin, Eastford, Hampton, Killingly, Plainfield, Pomfret, Putnam, Scotland, Sterling, Thompson, Union, Voluntown and Woodstock. The chief elected official of each member town comprises the Council's Board of Directors. The Council provides regional planning services for its member towns and is primarily funded 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 Council (the primary government) as no other component units exist based on operational or financial relationships with the Council.

#### **BASIS OF PRESENTATION**

The Council 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 Council has no business-type activities. Rather than presenting government-wide financial statements along with separate governmental fund financial statements, the Council has chosen to combine the two types of financial statements. Accordingly, the accompanying financial statements of the Council consist of the governmental funds balance sheet/government-wide statement of net position and the governmental funds statement of revenues, expenditures and changes in fund balances/government-wide 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 Council. Eliminations have been made to minimize the double-counting of internal activities. The Council'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 Council's expenses are offset by revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. For the Council's purposes, all revenue and expenses are related to a single program, regional services.

#### **Fund Financial Statements**

The fund financial statements provide information about the Council's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
NOTES TO THE FINANCIAL STATEMENTS *(Continued)*  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

**BASIS OF PRESENTATION *(Continued)***

**Fund Financial Statements *(Continued)***

The Council reports the following major governmental funds:

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

*State Grant-in-Aid Program Fund* - This fund is used to account for the annual state grant-in-aid to support the Council's various planning activities.

*Animal Control Fund* - This fund accounts for revenues and expenditures incurred in providing animal placement, animal law enforcement, and animal rescue services for certain member towns served by the Council.

*Paramedic Intercept Services* - This fund accounts for revenues and expenditures incurred in providing emergency response paramedic personnel for certain member towns served by the Council.

*Regional Revaluation Program Fund* - This fund accounts for revenues and expenditures incurred in providing revaluation services to certain member towns served by the Council.

*SPR Transportation Planning Fund* - This fund is used to account for revenues and expenditures relating to urban and rural transportation planning in the northeastern planning region.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The accounting and financial reporting treatment is determined by the applicable measurement focus and 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. Revenues from member towns are recognized as revenues in the year for which they are collected. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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 both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Council considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.



**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

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

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (Continued)**

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. Issuance of long-term debt and 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.

**Capital Assets**

Capital assets include vehicles, computer equipment, office furniture and equipment, and right-to-use leased assets and are reported in the statement of net position column of the accompanying financial statements. Capital assets are defined by the Council 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 estimated acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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.

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

<u>Assets</u>	<u>Years</u>
Vehicles	5
Computers	3
Furniture, fixtures and office equipment	7
Right-to-use leased asset	5

**Unearned Revenue**

Unearned revenue consists of grant proceeds received before eligibility and/or performance criteria have been met.

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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

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

**Long-term Obligations**

***Long-term Debt***

The applicable accounting standards define debt as a liability that arises from a contractual obligation to pay cash, or other assets that may be used in lieu of cash, in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. For disclosure purposes, debt does not include accounts payable or leases, except for contracts reported as financed purchase of the underlying assets.

In the government-wide financial statements, long-term debt is reported as liabilities in the statement of net position.

***Lease (as lessee)***

The Council recognizes a lease liability and an intangible right-to-use lease asset (lease asset) for a noncancellable lease in the government-wide financial statements. The Council recognizes lease liabilities with an initial, individual value of \$20,000 or more. At the commencement of a lease, the Council initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Council determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments. The Council uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Council generally uses its estimated incremental borrowing rate as the discount rate for leases. The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Council reasonably certain to exercise. The Council monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt and other long-term obligations on the statement of net position.

**Compensated Absences**

All compensated absences are accrued when incurred in the government-wide financial statements. 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.

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**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 Council'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 amortization and reduced by outstanding balances for bonds, notes and other debt that is attributed to the acquisition, construction or improvement of those assets.

*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 that does not meet the definition of the two preceding categories.

The Council'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 the amounts 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 Council) and cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same formal action.

*Assigned* - This category consists of amounts that are constrained by the Council'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 a 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 Council does not have a formal policy over the use of fund balance. In accordance with the applicable accounting guidance, the Council uses restricted resources first, then unrestricted resources as needed. Unrestricted resources are used in the following order: committed; assigned; then unassigned.

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**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 Council 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 Council does not have a deposit policy for custodial credit risk. As of June 30, 2024, the Council's bank balance of \$150,366 was fully insured.

All of the Council'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 COUNCIL OF GOVERNMENTS**

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

**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>
<b>Governmental Activities</b>				
Capital Assets, not being depreciated:				
Land	\$ 297,621	\$ -	\$ -	\$ 297,621
Capital Assets, being depreciated:				
Vehicles	68,958	-	-	68,958
Furniture, fixtures and office equipment	213,134	55,273	(17,726)	250,681
Computers	87,415	23,943	-	111,358
Right-to-use leased facility	88,429	-	-	88,429
Total capital assets, being depreciated	<u>457,936</u>	<u>79,216</u>	<u>(17,726)</u>	<u>519,426</u>
Less accumulated depreciation and amortization for:				
Vehicles	(59,848)	(10,060)	14,180	(55,728)
Furniture, fixtures and office equipment	(179,338)	(8,053)	-	(187,391)
Computers	(49,177)	(12,146)	-	(61,323)
Right-to-use leased facility	(33,565)	(18,308)	-	(51,873)
Total accumulated depreciation and amortization	<u>(321,928)</u>	<u>(48,567)</u>	<u>14,180</u>	<u>(356,315)</u>
Total capital assets, being depreciated, net	<u>136,008</u>	<u>30,649</u>	<u>(3,546)</u>	<u>163,111</u>
Governmental activities capital assets, net	<u>\$ 433,629</u>	<u>\$ 30,649</u>	<u>\$ (3,546)</u>	<u>\$ 460,732</u>

**NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>Governmental Funds</b>		
General Fund	Regional Revaluation Program Fund	\$ 14,423
	SPR Transportation Planning Fund	78,253
	Nonmajor Governmental Funds	<u>13,091</u>
		<u>105,767</u>
Animal Control Fund	General Fund	<u>14,019</u>
Paramedic Intercept Services Fund	General Fund	<u>11,499</u>
		<u>\$ 131,285</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.

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

**NOTE 5 - INTERFUND TRANSFERS**

Interfund transfers for the year ended June 30, 2024 consisted of the following:

Transfers In	Transfers Out	Amount
<b>Governmental Funds</b>		
General Fund	SPR Transportation Planning Fund	\$ 7,629
	Nonmajor Governmental Funds	11,277
		<u>18,906</u>
State Grant-in-Aid Program Fund	General Fund	<u>121,111</u>
Animal Control Fund	General Fund	164,999
	State Grant-in-Aid Program Fund	66,623
		<u>231,622</u>
Paramedic Intercept Services Fund	General Fund	<u>1,643</u>
Nonmajor Governmental Funds	General Fund	<u>3,999</u>
		<u>\$ 377,281</u>

**NOTE 6 - RELATED PARTY TRANSACTIONS**

The Council is party to an annual agreement with the Northeastern Connecticut Transit District (the District), an affiliated governmental organization. Pursuant to the agreement, the Council provides management and administrative services for the District. The Council recognized revenues for these services in the amount of \$175,000 for the year ended June 30, 2024.

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 Council recognized \$9,450 in rental income for the year ended June 30, 2024.

**NOTE 7 - LONG-TERM LIABILITIES**

***Changes in Long-term Liabilities***

Changes in the Council's long-term liabilities for the year ended June 30, 2024, are as follows:

	Beginning Balance	Increases	Decreases	Ending Balances	Due Within One Year
<b>Governmental Activities</b>					
Mortgage payable	\$ 187,850	\$ -	\$ (15,351)	\$ 172,499	\$ 12,427
Leases	56,320	-	(18,040)	38,280	18,764
Compensated absences	48,572	67,604	(68,110)	48,066	9,613
Total long-term liabilities	<u>\$ 292,742</u>	<u>\$ 67,604</u>	<u>\$ (101,501)</u>	<u>\$ 258,845</u>	<u>\$ 40,804</u>

Long-term liabilities are typically liquidated in the General Fund.

***Mortgage Payable***

In June 2021, the Council issued a mortgage note in the amount of \$216,750. Payments of principal and interest in the amount of \$1,604 are due monthly, at an interest rate of 3.95%, through November 1, 2035, the maturity date.

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS****NOTES TO THE FINANCIAL STATEMENTS (Continued)****AS OF AND FOR THE YEAR ENDED JUNE 30, 2024****NOTE 7 - LONG-TERM LIABILITIES (Continued)*****Long-term Debt Service Requirements***

Future debt service requirements for the Council's mortgage note are as follows:

<b>Year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 12,427	\$ 6,820	\$ 19,247
2026	12,934	6,313	19,247
2027	13,462	5,785	19,247
2028	13,997	5,250	19,247
2029	14,582	4,666	19,248
2030-2034	82,326	13,911	96,237
2035-2037	22,771	787	23,558
	<u>\$ 172,499</u>	<u>\$ 43,532</u>	<u>\$ 216,031</u>

***Lease (as lessee)***

The Council is a lessee of an animal control facility located in Norwich, Connecticut. The Council makes fixed quarterly payments with an implicit interest rate of 3.95% through June 30, 2026, the maturity date. The value of the right-to-use asset as of the end of June 30, 2024 was \$36,556 and had accumulated amortization of \$51,873. As of June 30, 2024, the value of the lease liability was \$38,280.

Future principal and interest lease payments as of June 30, 2024, are as follows:

<b>Year ending June 30:</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2025	\$ 18,764	\$ 1,236	\$ 20,000
2026	19,516	484	20,000
	<u>\$ 38,280</u>	<u>\$ 1,720</u>	<u>\$ 40,000</u>

**NOTE 8 - 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, 2024:

Capital assets, net used in governmental activities	\$ 460,732
Compensated absences - current portion	(9,613)
Leases - current portion	(18,764)
Mortgage payable - current portion	(12,427)
	<u>(40,804)</u>
Compensated absences - long-term portion	(38,453)
Leases - long-term portion	(19,516)
Mortgage payable - long-term portion	(160,072)
	<u>(218,041)</u>
	<u>\$ 201,887</u>

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 8 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND FINANCIAL STATEMENTS AND THE GOVERNMENT-WIDE FINANCIAL STATEMENTS *(Continued)***

**GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION *(Continued)***

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

Land	\$ 297,621
Vehicles	68,958
Furniture, fixtures and office equipment	250,681
Computers	111,358
Right-to-use leased facilities	88,429
Less: accumulated depreciation	(356,315)
	<u>\$ 460,732</u>

Long-term liabilities applicable to the Council'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 position. The Council's long-term liabilities consists of a mortgage note payable, leases and 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 and amortization expense	\$ 48,567
Expenditures for capital assets	(75,670)
Expenditures for compensated absences	(506)
Principal payments on mortgage	(33,391)
	<u>\$ (61,000)</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 exceeded capital outlays during the current year.

Proceeds from and repayments of long-term liabilities provide or consume current financial resources of governmental funds. Whereas the proceeds and repayments serve to increase and decrease the long-term liabilities balance of governmental activities. Therefore, an adjustment is made to account for the difference in how proceeds and repayments during the current year are treated.



**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

NOTES TO THE FINANCIAL STATEMENTS *(Continued)*

AS OF AND FOR THE YEAR ENDED JUNE 30, 2024

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**NOTE 9 - RETIREMENT PLAN**

**Deferred Compensation Plan**

All regularly employed employees of the Council are offered a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The Council does not provide matching benefits. Deferred compensation is not available to participants until termination, retirement, death or unforeseeable emergency.

**NOTE 10 - 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 Council's financial position and program services.

**NOTE 11 - RISK MANAGEMENT**

The Council 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 Council 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 Council 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 Council is liable only for contributions to the pool. A separate agreement limits the Council's obligation to pay indemnification obligations and expenses should CIRMA be unable to do so.

**Required  
Supplementary  
Information**

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL AND SPECIAL REVENUE FUNDS - COMBINED**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance With Final Budget Over (Under)</b>
<b>REVENUES</b>				
Animal control	\$ 595,000	\$ 595,000	\$ 685,853	\$ 90,853
Regional services grant	470,852	470,852	470,852	-
Paramedic intercept program	250,000	250,000	369,072	119,072
Regional revaluation	251,818	251,818	190,508	(61,310)
EDA special grant	200,000	200,000	115,984	(84,016)
Unified Planning Work Program (UPWP)	296,487	296,487	278,789	(17,698)
FEMA Natural Hazard Mitigation Plan Grant	112,500	112,500	-	(112,500)
Transit management	175,000	175,000	184,450	9,450
Other governmental agencies	104,930	104,930	126,879	21,949
Professional fee for services	95,500	95,500	91,840	(3,660)
Engineering program	110,088	110,088	79,547	(30,541)
GIS basic services	19,561	19,561	19,561	-
Grants management	19,561	19,561	19,426	(135)
Emergency management planning	-	-	18,000	18,000
Interest income	-	-	4,676	4,676
Other	-	-	9,943	9,943
Total revenues	<u>2,701,297</u>	<u>2,701,297</u>	<u>2,665,380</u>	<u>(35,917)</u>
<b>EXPENDITURES</b>				
Current:				
Personnel, taxes and benefits	1,715,619	1,715,619	1,299,892	(415,727)
Animal control expenses	265,000	265,000	521,422	256,422
Paramedic program	250,000	250,000	370,715	120,715
Regional revaluation program	251,818	251,818	190,508	(61,310)
UPWP match	30,610	30,610	-	(30,610)
Professional fees	31,000	31,000	43,618	12,618
GIS license and maintenance	32,000	32,000	18,142	(13,858)
Insurance	27,000	27,000	32,473	5,473
Mortgage	19,250	19,250	21,391	2,141
Office supplies	15,000	15,000	69,421	54,421
Project and meeting expenses	5,000	5,000	12,496	7,496
Books, publications and software	6,500	6,500	-	(6,500)
Travel and conferences	6,000	6,000	6,623	623
Telephone and internet	5,000	5,000	4,993	(7)
Advertising	4,500	4,500	1,569	(2,931)
Membership fees	7,500	7,500	8,240	740
Postage	1,500	1,500	341	(1,159)
Website maintenance	8,000	8,000	13,677	5,677
Total expenditures	<u>2,701,297</u>	<u>2,701,297</u>	<u>2,635,521</u>	<u>(65,776)</u>
Excess of revenues over expenditures	<u>\$ -</u>	<u>\$ -</u>	29,859	<u>\$ 29,859</u>
Fund balances - beginning			83,861	
Fund balances - ending			<u>\$ 113,720</u>	

*See independent auditor's report and notes to required supplementary information.*

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 1 - BUDGETARY INFORMATION**

The Council 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. The adopted annual budget covers the General Fund and all of the Special Revenue Funds.

**NOTE 2 - COMPLIANCE - EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

For the year ended June 30, 2024, 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.

**Combining and  
Individual Fund  
Statements and Schedules**

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2024**

	<b>Nonmajor Special Revenue Funds</b>				<b>Total Nonmajor Governmental Funds</b>
	<b>Federal Transit Administration Fund</b>	<b>Safety Action Plan Fund</b>	<b>Climate Pollution Reduction Program Fund</b>	<b>WINCOG Homeland Security Fund</b>	
<b>ASSETS</b>					
Receivables:					
Federal government	\$ -	\$ 5,091	\$ -	\$ -	\$ 5,091
Other governmental agencies	-	-	-	8,000	8,000
Total assets	<u>\$ -</u>	<u>\$ 5,091</u>	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ 13,091</u>
<b>LIABILITIES</b>					
Due to other funds	\$ -	\$ 5,091	\$ -	\$ 8,000	\$ 13,091
Total liabilities	<u>-</u>	<u>5,091</u>	<u>-</u>	<u>8,000</u>	<u>13,091</u>
<b>FUND BALANCES</b>					
Unassigned	-	-	-	-	-
Total fund balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ -</u>	<u>\$ 5,091</u>	<u>\$ -</u>	<u>\$ 8,000</u>	<u>\$ 13,091</u>

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2024

	<b>Nonmajor Special Revenue Funds</b>				<b>Total Nonmajor Governmental Funds</b>
	Federal Transit Administration Fund	Safety Action Plan Fund	Climate Pollution Reduction Program Fund	WINCOG Homeland Security Fund	
<b>REVENUES</b>					
Federal government	\$ 14,139	\$ 5,091	\$ -	\$ -	\$ 19,230
State of Connecticut	1,767	-	-	-	1,767
Other governmental agencies	1,767	-	15,000	18,000	34,767
Total revenues	<u>17,673</u>	<u>5,091</u>	<u>15,000</u>	<u>18,000</u>	<u>55,764</u>
<b>EXPENDITURES</b>					
Current:					
Direct costs:					
Wages	762	2,312	10,186	5,371	18,631
Other	-	4,798	-	-	4,798
Indirect costs	302	916	4,037	2,129	7,384
Capital outlays	17,673	-	-	-	17,673
Total expenditures	<u>18,737</u>	<u>8,026</u>	<u>14,223</u>	<u>7,500</u>	<u>48,486</u>
Excess (deficiency) of revenues over expenditures	(1,064)	(2,935)	777	10,500	7,278
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	1,064	2,935	-	-	3,999
Transfers out	-	-	(777)	(10,500)	(11,277)
Total other financing sources (uses)	<u>1,064</u>	<u>2,935</u>	<u>(777)</u>	<u>(10,500)</u>	<u>(7,278)</u>
Net change in fund balances	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Other  
Supplementary  
Information**



**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**FINANCIAL SUMMARY FOR THE STATE OF CONNECTICUT**  
**DEPARTMENT OF TRANSPORTATION**  
**FOR THE PERIOD ENDED JUNE 30, 2024**

	FHWA* 5.09-09(17)	FTA** 5.09-09(17)	Total
Maximum Funds Authorized:			
FHWA	\$ 223,877	\$ -	\$ 223,877
ConnDOT - FHWA	27,985	-	27,985
FTA	-	21,000	21,000
ConnDOT - FTA	-	2,625	2,625
Local	27,985	2,625	30,610
	<u>\$ 279,847</u>	<u>\$ 26,250</u>	<u>\$ 306,097</u>
Expenditures:			
Direct costs:			
Salaries	\$ 253,252	\$ 762	\$ 254,014
Other	6,373	-	6,373
Indirect costs	100,380	302	100,682
Capital outlays	-	17,673	17,673
	<u>\$ 360,005</u>	<u>\$ 18,737</u>	<u>\$ 378,742</u>
Distribution of Costs:			
FHWA	\$ 185,359	\$ -	\$ 185,359
ConnDOT - FHWA	41,127	-	41,127
FTA	-	14,139	14,139
ConnDOT - FTA	-	1,767	1,767
Other federal awards	115,983	-	115,983
Local	25,165	1,767	26,932
	<u>\$ 367,634</u>	<u>\$ 17,673</u>	<u>\$ 385,307</u>
ConnDOT Responsibility:			
FHWA	\$ 185,359	\$ -	\$ 185,359
ConnDOT - FHWA	41,127	-	41,127
FTA	-	14,139	14,139
ConnDOT - FTA	-	1,767	1,767
	226,486	15,906	242,392
Payments received through June 30, 2024	156,108	15,906	172,014
Due from ConnDOT, June 30, 2024	70,378	-	70,378
Payments received July 1, 2024 - December 31, 2024	70,378	-	70,378
Due from ConnDOT, December 31, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

\* FHWA - Federal Highway Administration

\*\* FTA - Federal Transit Administration

*See independent auditor's report.*

**Reporting Required By  
The State of Connecticut  
Department of Transportation**

## **INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF INDIRECT COSTS AND OVERHEAD RATE CALCULATION**

To the Board of Directors of the  
Northeastern Connecticut Council of Governments  
Dayville, Connecticut

We have audited the accompanying schedule of indirect costs and overhead rate calculation of the Northeastern Connecticut Council of Governments (the Council) as of and for the year ended June 30, 2024, and the related notes to the schedule.

In our opinion, the schedule referred to above presents fairly, in all material respects, the Schedule of Indirect Costs and Overhead Rate Calculation (the Schedule) of the Northeastern Connecticut Council of Governments as of and for the year ended June 30, 2024 in accordance with the provisions prescribed by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### **Basis for Opinion**

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 Council 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 opinion.

### **Basis of Accounting**

We draw attention to Note 1 of the Schedule, which describes the basis of accounting, which describes the basis of accounting to meet the requirements of the Council's Transportation Planning Agreement with the State of Connecticut Department of Transportation. The Schedule is prepared on the basis of the provisions prescribed by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), which is a basis of accounting other than accounting principles generally accepted in the United States of America. As a result, the schedule may not be suitable for another purpose. Our opinion is not modified with respect to that matter.

### **Responsibilities of Management for the Financial Information**

Management is responsible for the preparation and fair presentation of the Schedule in accordance with the provisions prescribed by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management is also responsible for 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 Responsibilities for the Audit of the Financial Information**

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 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 schedule.

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 Schedule, 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 Schedule.
- 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 Council'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 evaluating the overall presentation of the Schedule.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council'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.

## **Restriction on Use**

Our report is intended solely for the information and use of the Northeastern Connecticut Council of Governments and the State of Connecticut Department of Transportation and is not intended and should not be used by anyone other than these specified parties.



Certified Public Accountants  
Glastonbury, Connecticut  
April 22, 2025

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF INDIRECT COSTS AND OVERHEAD RATE CALCULATION**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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INDIRECT COSTS

Fringe benefits	\$ 121,621
Payroll and related taxes	63,914
Compensated absences	113,073
Depreciation	48,567
Professional services	32,545
Insurance	32,612
Licenses and subscriptions	27,790
Website maintenance	13,677
Training and meetings	9,199
Travel	7,321
Office supplies	6,037
Telephone and internet	4,993
Membership fees	240
Postage	341
Advertising	1,569
Total indirect costs	<u>\$ 483,499</u>

TOTAL PAYROLL \$ 1,212,163

LESS: Compensated absences 113,073

Payroll base \$ 1,099,090

Overhead rate 43.99%

*The accompanying notes are an integral part of this schedule.*

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**NOTES TO THE SCHEDULE OF INDIRECT COSTS AND**  
**OVERHEAD RATE CALCULATION**  
**AS OF AND FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**FINANCIAL REPORTING ENTITY**

The Northeastern Connecticut Council of Governments was organized in 1987. The Council consists of the following member towns: Ashford, Brooklyn, Canterbury, Chaplin, Eastford, Hampton, Killingly, Plainfield, Pomfret, Putnam, Scotland, Sterling, Thompson, Union, Voluntown and Woodstock. The chief elected official of each member town comprises the Council's Board of Directors. The Council provides planning services for its member towns and is primarily funded by assessments to member towns and federal and state grants.

**BASIS OF PRESENTATION**

The accompanying schedule of indirect costs and overhead rate calculation includes the allowable fringe, burden and overhead expenses of the Northeastern Connecticut Council of Governments (the Council) and has been prepared in accordance with the provisions prescribed by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The information in the schedule excludes certain unallowable costs and, therefore, amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the Council's basic financial statements.

**NOTE 2 - COST ALLOCATION**

Costs are distributed to projects and activities in accordance with the requirements and cost principles prescribed by the Uniform Guidance. Allocation of indirect costs are based on direct labor charges associated with each program. Indirect costs charged directly to certain grants are excluded from the indirect cost pool used to calculate the Council's indirect cost rate. Direct costs incurred by a particular project are charged to that project whether the expense is reimbursable or not.

**NOTE 3 - SUBSEQUENT EVENTS**

Subsequent events were evaluated by management through April 22, 2025.

**NORTHEASTERN CONNECTICUT  
COUNCIL OF GOVERNMENTS**

**STATE SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2024**

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**

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FOR THE YEAR ENDED JUNE 30, 2024**

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## INTERNAL CONTROL AND COMPLIANCE REPORT

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**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 Council of Governments  
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, each major fund, and the aggregate remaining fund information of the Northeastern Connecticut Council of Governments, (the Council) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated April 22, 2025.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Council'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 Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council'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 or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Council'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 Council'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 Council'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  
April 22, 2025

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**STATE SINGLE AUDIT SECTION**

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

To the Board of Directors of the  
Northeastern Connecticut Council of Governments  
Dayville, Connecticut

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited the Northeastern Connecticut Council of Governments' (the Council) 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 the Council's major state programs for the year ended June 30, 2024. The Council's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Northeastern Connecticut Council of Governments, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Council 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 the Council's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Council's state 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 the Council's 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 generally accepted auditing standards, *Government Auditing Standards*, and the State Single Audit Act 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 the Council's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's 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 the Council's 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the 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 the governmental activities, each major fund, and the aggregate remaining fund information of the Council, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements. We issued our report thereon, dated April 22, 2025, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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 basic 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 basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Mahoney Sabol + Company, LLP*

Certified Public Accountants  
Glastonbury, Connecticut  
April 22, 2025

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

<b>State Grantor; Pass-Through Grantor; Program Title</b>	<b>State Grant Program Core-CT Number</b>	<b>Passed Through to Subrecipients</b>	<b>Expenditures</b>
<b>OFFICE OF POLICY AND MANAGEMENT</b>			
<b>Direct:</b>			
Regional Performance Incentive Program	12060-OPM20600-35457	\$ -	\$ 470,852
<b>DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT</b>			
<b>Direct:</b>			
Economic Development Assistance - Cash match	12060-ECD46200-30741	-	15,962
<b>DEPARTMENT OF TRANSPORTATION</b>			
<b>Direct:</b>			
Community Connectivity Grant Program	13033-DOT57551-43778	-	4,375
Regional Transportation Planning - State match	12062-DOT57551-22108	-	25,165
FTA Regional Planning Transportation Program - State match	12062-DOT57551-22101	-	1,767
<b>Total Department of Transportation</b>		-	31,307
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		\$ -	\$ 518,121

*The accompanying notes are an integral part of this schedule.*



**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Northeastern Connecticut Council of Governments (the Council) under programs of the State of Connecticut for the year ended June 30, 2024. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs of the Council. Because the schedule of expenditures of state financial assistance presents only a selected portion of the operations of the Council, it is not intended to, and does not, present the financial position, changes in fund balances, changes in net position or cash flows of the Council.

The accounting policies of the Council conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut Office of Policy and Management. 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. In accordance with Section 4-236-22 of the regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditure column of the schedule of expenditures of state financial assistance.

**NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS**  
**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2024**

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**I. SUMMARY OF AUDITOR'S RESULTS**

**FINANCIAL STATEMENTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

<input type="radio"/> Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/>	No None Reported
<input type="radio"/> Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/>	Reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes ☒ No

**STATE FINANCIAL ASSISTANCE**

Internal control over major programs:

<input type="radio"/> Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/>	No None Reported
<input type="radio"/> Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/>	Reported

Type of auditor's 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 ☒ No

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

State Grantor/ Program	State Grant Program Core-CT Number	Expenditures
Office of Policy and Management: Regional Performance Incentive Program	12060-OPM20600-35457	\$ 470,852

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

**SECTION II - FINANCIAL STATEMENT FINDINGS**

No financial statement findings were reported.

**SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

No state financial assistance findings or questioned costs were reported.

**SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS**

No audit findings were reported in the prior year schedule of state findings and questioned costs.