

NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS

SCHEDULE OF INDIRECT COSTS

JUNE 30, 2018



NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS

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*indicates retired

INDEPENDENT AUDITORS' REPORT

Board of Directors of
Naugatuck Valley Council of Governments
Waterbury, Connecticut 06702

We have audited the schedule of indirect costs of the Naugatuck Valley Council of Governments for the year ended June 30, 2018. This schedule is the responsibility of the Naugatuck Valley Council of Governments management. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the schedule is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying schedule was prepared on a basis of accounting practices prescribed by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Subpart E, Cost Principles, as discussed in Note 2, and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the schedule referred to above presents fairly, in all material respects, the direct labor, fringe benefits and general overhead of the Naugatuck Valley Council of Governments for the year ended June 30, 2018 on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 23, 2017 on our consideration of the Naugatuck Valley Council of Governments internal control over financial reporting and its compliance with laws and regulations.

This report is intended for the information and use of the Board of Directors and management of the Naugatuck Valley Council of Governments and the State of Connecticut Department of Transportation and is not intended to be and should not be used by anyone other than these specified parties.

Michaud Accavallo Woodbridge & Cusano, LLC

Killingworth, Connecticut
December 28, 2018

**NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS
SCHEDULE OF INDIRECT COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

INDIRECT COSTS

Salaries	\$ 200,665
Compensated absences	141,689
Fringe benefits	320,545
Rent	76,650
Professional fees	40,942
Office expense	15,978
Insurance	16,226
Printing	4,233
Dues, books and subscriptions	6,348
Computer maintenance	26,253
Utilities	11,307
Telephone	12,525
Repairs and maintenance	3,564
Training	395
Travel	9,764
Total indirect costs	<u>\$ 887,084</u>
TOTAL PAYROLL	1,007,821
LESS: Compensated absences	141,689
LESS: Indirect payroll	<u>200,665</u>
Payroll base	<u>\$ 665,467</u>
 Overhead rate	 <u><u>133.30%</u></u>

See notes to schedule of indirect costs

**NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF INDIRECT COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 - DESCRIPTION OF ENTITY

Naugatuck Valley Council of Governments ("NVCOG") was established on January 1, 2015 by the merger of the Council of Governments of the Central Naugatuck Valley and Valley Council of Governments, and organized under the laws of the State of Connecticut in accordance with General Statutes Sections 4-124i through 4-124p and Special Act No. 73-79 of the Connecticut General Assembly.

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

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

NOTE 2 - BASIS OF ACCOUNTING AND DESCRIPTION OF ACCOUNTING SYSTEMS

Naugatuck Valley Council of Governments policy is to prepare its schedule of indirect costs (the Schedule) on the basis of accounting practices prescribed by Cost Principles under Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Subpart E. Accordingly, the Schedule is not intended to present the costs of the Naugatuck Valley Council of Governments in conformity with accounting principles generally accepted in the United States of America.

NOTE 3 - BASIS OF PRESENTATION

The Schedule presents indirect expenses and rate recalculation for the Naugatuck Valley Council of Governments for the year ended June 30, 2018.

Criteria used for determining allowable costs and the method of rate calculation are Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Subpart E, Cost Principles (Uniform Guidance).