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# **Naugatuck Valley Council of Governments**

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Annual Financial Statements

For the Year Ended June 30, 2023

# Naugatuck Valley Council of Governments

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June 30, 2023

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Naugatuck Valley Council of Governments

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, and each major fund of the Naugatuck Valley Council of Governments (the "Council"), as of and for the year ended June 30, 2023, 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, and each major fund of the Council, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 4-8 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

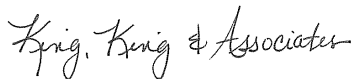
information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not 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 Statement of Connecticut Department of Transportation Project Expenditures is presented for purposes of additional analysis 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 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 Statement of Connecticut Department of Transportation Project Expenditures 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 December 11, 2023, on our consideration of the Council's internal control over financial reporting and or 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 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.



King, King & Associates, CPAs  
Winsted, CT  
December 11, 2023

**Naugatuck Valley Council of Governments**  
Management Discussion and Analysis  
June 30, 2023

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As management of the Naugatuck Valley 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, 2023.

**Financial Highlights**

- The assets of the Council exceeded its liabilities at the close of the most recent fiscal year by \$621,431 (*net position*). Of this amount, \$748,391 (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net position increased by \$45,124. The increase is attributable in part to timing of project completions.
- As of the close of the current fiscal year, the NVCOG governmental funds reported combined ending fund balances of \$958,057.

**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.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad overview of the 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 whether the financial position of the Council is improving or deteriorating.

The statement of activities presents information showing how the government's net position has 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 periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements present functions of the Council that are principally supported by intergovernmental revenues (governmental activities).

The governmental activities of the Council include regional planning, highway planning and administration of various regional programs, e.g. EPA and FTA. The government-wide financial statements can be found on pages 9-10 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council can be divided into two categories: governmental funds and fiduciary funds.

## Naugatuck Valley Council of Governments

### Management Discussion and Analysis

June 30, 2023

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**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 a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government'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 twenty 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, Planning UPWP Fund, Highway Projects Fund, FTA Fund, EPA Fund, and the OPM Fund, which are considered to be major funds. The remaining eleven funds are combined into a single aggregated presentation in the financial statements. Individual fund data for each of these nonmajor funds is reported as supplementary information to the financial statements.

The Council adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 11-14 of this report.

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to provide services to the Council. The Council maintains one pension trust fund.

The basic fiduciary fund financial statements can be found on pages 15-16 of this report.

**Notes to the financial statements.** The notes 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 17-25 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Council, assets exceeded liabilities by \$621,431 at the close of the most recent fiscal year.



**Naugatuck Valley Council of Governments**  
Management Discussion and Analysis  
June 30, 2023

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Net Position

	<u>2023</u>	<u>2022</u>
Current and other assets	\$ 2,214,406	\$ 2,074,385
Capital Assets	<u>675,496</u>	<u>703,182</u>
Total Assets	<u>\$ 2,889,902</u>	<u>\$ 2,777,567</u>
 Deferred Outflows of Resources	 <u>-</u>	 <u>-</u>
 Long-Term Liabilities	 \$ 765,277	 \$ 802,546
Other Liabilities	<u>1,503,194</u>	<u>1,398,804</u>
Total Liabilities	<u>2,268,471</u>	<u>2,201,350</u>
 Deferred Inflows of Resources	 <u>-</u>	 <u>-</u>
 Net Position:		
Invested in capital assets, net of related debt	(126,960)	(134,293)
Unrestricted	<u>748,391</u>	<u>710,600</u>
Total Net Position	<u>\$ 621,431</u>	<u>\$ 576,307</u>

*Unrestricted net position* may be used to meet the government's ongoing obligations to citizen and creditors.

At the end of the current fiscal year, the Council is reporting a positive balance in unrestricted net position, for the government as a whole, as well as for its separate governmental activities. For the prior fiscal year, all activities had a positive balance.

The government's net position increased by \$45,124 during this fiscal year.

**Governmental activities.** Governmental activities increased the Council net position by \$45,124. Key elements of this increase are as follows:

- Filling vacant staff positions
- Additional funding sources awarded during the year, most notably an increase in UPWP funding of IIJA funds, EPA RLF 2022, NOAA grant, and a DEEP grant for a pilot program.

**Naugatuck Valley Council of Governments**  
Management Discussion and Analysis  
June 30, 2023

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Change in Net Position

<b>Revenues</b>	<u>2023</u>	<u>2022</u>
<i>Program Revenues:</i>		
Operating grants and contributions	\$ 4,343,534	\$ 3,432,936
<i>General Revenues:</i>		
Municipal Assessments	294,338	266,532
Miscellaneous	1,301	800
Interest Income	<u>412</u>	<u>308</u>
Total Revenues	<u>4,639,585</u>	<u>3,700,576</u>
 <b>Expenses</b>		
Regional Planning	2,597,143	2,073,706
Highway Planning	1,948,022	1,659,164
Interest on Long-term Debt	<u>49,296</u>	<u>51,330</u>
Total Expenses	<u>4,594,461</u>	<u>3,784,200</u>
 Change in net position	45,124	(83,624)
 Beginning Net position, as restated	<u>576,307</u>	<u>659,931</u>
Ending Net position	<u>\$ 621,431</u>	<u>\$ 576,307</u>

**Financial Analysis of the Government's Funds**

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Council governmental fund reported ending fund balance of \$958,057, an increase of \$79,335 in comparison with the prior year. 100% of this total amount constitutes unassigned fund balance, which is available for spending at the government's discretion.

The general fund is the chief operating fund of the Council. At the end of the current fiscal year, total fund balance of the general fund was \$958,057.

The fund balance of the Council's general fund increased by \$79,335 during the current fiscal year. A key factor in this increase is:

- Current year grant activity
- Deferment of capital expenditures for Leasehold Improvements and IT related improvements until the next fiscal year

## Naugatuck Valley Council of Governments

### Management Discussion and Analysis

June 30, 2023

#### **General Fund Budgetary Highlights**

Actual results produced a budget surplus of \$79,335 compared to a budget surplus of \$30,749 in the prior year. The budget was approved with a budgeted revenues of \$5,126,915 and expenditures each totaling \$5,126,915. In addition:

- Actual revenues for UPWP, NOAA, EPA RLF 2022, and DEEP Pilot Program were higher than what was budgeted
- Unanticipated project completion
- Deferment of capital expenditures for leasehold improvements and IT related improvements until the next fiscal year

#### **Capital Assets and Debt Administration**

**Capital Assets.** The Council's investment in capital assets for its governmental activities as of June 30, 2023, amounts to \$675,496 (net of accumulated depreciation). The investment in capital assets includes computers, office furniture and equipment, and vehicles.

##### Capital Assets

	2023	2022
Office Equipment	\$ 90,722	\$ 90,722
Computer Equipment	254,680	223,665
Leasehold Improvements	205,646	205,646
Website	38,385	38,385
Right of Use Building	981,337	981,337
Total Assets to be Depreciated	1,570,770	1,539,755
Total Accumulated Depreciation	(895,274)	(836,573)
Total	<u>\$ 675,496</u>	<u>\$ 703,182</u>

Additional information on the Council's fixed assets can be found in Note 2 on Page 22 of this report.

**Long-term Liabilities.** At the end of the current fiscal year, the long-term liabilities the Council has are leases payable and compensated absences outstanding.

	<u>2023</u>	<u>2022</u>
Lease Payable	\$ 802,456	\$ 837,475
Compensated Absences	209,666	168,122
Total	<u>\$ 1,012,122</u>	<u>\$ 1,005,597</u>

#### **Economic Factors and Next Year's Budgets and Rates**

- Government uncertainty surrounding existing funding sources
- Uncertainty in direct funding sources

## **Naugatuck Valley Council of Governments**

### **Management Discussion and Analysis**

June 30, 2023

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#### **Request for Information**

This financial report is designed to provide a general overview of the Council finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Executive Director, Naugatuck Valley Council of Governments, 49 Leavenworth St., 3rd Floor, Waterbury, CT 06702.

**NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS**

## Statement of Net Position

June 30, 2023

	<b><u>Primary Government</u></b>
	<b><u>Governmental Activities</u></b>
<b>Assets</b>	
<i>Current Assets:</i>	
Cash and Cash Equivalents	\$ 596,699
Accounts Receivable	1,603,245
Prepaid Expenses	14,462
Total Current Assets	<u>2,214,406</u>
<i>Noncurrent Assets:</i>	
Capital Assets, Net of Depreciation	<u>675,496</u>
Total Noncurrent Assets	<u>675,496</u>
Total Assets	<u>\$ 2,889,902</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	\$ 368,561
Grant Prepayments	806,878
Accrued Expenses	209,666
Refundable Allowance	80,910
Lease Payable - Current Portion	<u>37,179</u>
Total Current Liabilities	<u>1,503,194</u>
<i>Noncurrent Liabilities:</i>	
Lease Payable - Long-term Portion	<u>765,277</u>
Total Long-term Liabilities	<u>765,277</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>
<b>Net Position</b>	
Net Investment in Capital Assets	(126,960)
Unrestricted	<u>748,391</u>
Total Net Position	<u>\$ 621,431</u>

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

**NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS**

Statement of Activities  
For the Year Ended June 30, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating Grants</u>	<u>Capital Grants and</u>	<u>Revenue and Change</u>
		<u>Services</u>	<u>and Contributions</u>	<u>Contributions</u>	<u>in Net Position</u>
<b>Primary Government:</b>					<b>Primary Government</b>
					<u>Total</u>
Governmental Activities:					
Regional Planning	\$ 2,597,143	\$ -	\$ 2,395,512	\$ -	\$ (201,631)
Highway Planning	1,948,022	-	1,948,022	-	-
Interest on Long-term Debt	49,296	-	-	-	(49,296)
Total Governmental Activities	<u>4,594,461</u>	<u>-</u>	<u>4,343,534</u>	<u>-</u>	<u>(250,927)</u>
<b>Total Primary Government</b>	<b>\$ <u>4,594,461</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>4,343,534</u></b>	<b>\$ <u>-</u></b>	<b>\$ <u>(250,927)</u></b>
General Revenues:					
Municipal assessments					294,338
Miscellaneous					1,301
Interest Income					<u>412</u>
Total general revenues					296,051
Change in net position					45,124
Beginning Net Position, as restated					<u>576,307</u>
Ending Net Position					<u>\$ 621,431</u>

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

# NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS

## Governmental Funds Balance Sheet

June 30, 2023

	General Fund	Planning UPWP Fund	Highway Projects Fund	EPA Fund	FTA Fund	OPM Fund	Nonmajor Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 596,699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 596,699
Accounts Receivable	138,111	592,610	96,191	341,089	154,015	-	281,229	1,603,245
Due From Other Funds	1,133,036	-	97,254	-	-	920	192,905	1,424,115
Prepaid Expenses	14,462	-	-	-	-	-	-	14,462
<b>Total Assets</b>	<b>\$ 1,882,308</b>	<b>\$ 592,610</b>	<b>\$ 193,445</b>	<b>\$ 341,089</b>	<b>\$ 154,015</b>	<b>\$ 920</b>	<b>\$ 474,134</b>	<b>\$ 3,638,521</b>
<b>LIABILITIES</b>								
Accounts Payable	\$ 69,869	\$ -	\$ 96,003	\$ 159,704	\$ 1,480	\$ 920	\$ 40,585	\$ 368,561
Grant Prepayments	482,393	14,526	97,442	7,195	-	-	205,322	806,878
Refundable Allowance	80,910	-	-	-	-	-	-	80,910
Due To Other Funds	291,079	578,084	-	174,190	152,535	-	228,227	1,424,115
<b>Total Liabilities</b>	<b>924,251</b>	<b>592,610</b>	<b>193,445</b>	<b>341,089</b>	<b>154,015</b>	<b>920</b>	<b>474,134</b>	<b>2,680,464</b>
<b>FUND BALANCES/NET POSITION</b>								
Fund Balances:								
Unassigned	958,057	-	-	-	-	-	-	958,057
<b>Total Fund Balances</b>	<b>958,057</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>958,057</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,882,308</b>	<b>\$ 592,610</b>	<b>\$ 193,445</b>	<b>\$ 341,089</b>	<b>\$ 154,015</b>	<b>\$ 920</b>	<b>\$ 474,134</b>	<b>\$ 3,638,521</b>

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds (See Note 2)

675,496

Long-term liabilities, including compensated absences, are not due or payable in the current period and therefore are not reported in the funds

(1,012,122)

Net Position of governmental activities

\$ 621,431

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

**NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS**  
Statement of Revenues, Expenditures, and Changes in Fund Balance  
All Governmental Fund Types  
For the Year Ended June 30, 2023

	<b>General Fund</b>	<b>Planning UPWP Fund</b>	<b>Highway Projects Fund</b>	<b>EPA Fund</b>	<b>FTA Fund</b>	<b>OPM Fund</b>	<b>Nonmajor Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>								
Federal Grants	\$ 47,433	\$ 1,453,192	\$ 170,285	\$ 645,554	\$ 184,872	\$ -	\$ 568,262	\$ 3,069,598
State Grants	148,545	72,301	26,863	-	39,934	491,756	236,254	1,015,653
Other Governmental Agencies	390,461	519	56	3,838	-	-	157,747	552,621
Miscellaneous	1,713	-	-	-	-	-	-	1,713
<b>Total Revenue</b>	<b>588,152</b>	<b>1,526,012</b>	<b>197,204</b>	<b>649,392</b>	<b>224,806</b>	<b>491,756</b>	<b>962,263</b>	<b>4,639,585</b>
<b>EXPENDITURES</b>								
Direct Costs:								
Salaries	-	803,382	6,818	81,061	71,261	221,847	101,169	1,285,538
Contractors/Subcontractors	172,872	60,000	181,841	468,579	51,860	-	555,170	1,490,322
Contingency	150	-	-	-	-	-	-	150
Other	13,792	29,917	673	24,877	19,393	2,764	175,089	266,505
Indirect Costs:	16,286	927,770	7,872	93,602	82,292	256,164	133,749	1,517,735
<b>Total Expenditures</b>	<b>203,100</b>	<b>1,821,069</b>	<b>197,204</b>	<b>668,119</b>	<b>224,806</b>	<b>480,775</b>	<b>965,177</b>	<b>4,560,250</b>
Excess (Deficiency) of Revenue Over Expenses	385,052	(295,057)	-	(18,727)	-	10,981	(2,914)	79,335
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	10,981	295,057	-	18,727	-	-	2,914	327,679
Transfers Out	(316,698)	-	-	-	-	(10,981)	-	(327,679)
<b>Total Other Financing Sources (Uses)</b>	<b>(305,717)</b>	<b>295,057</b>	<b>-</b>	<b>18,727</b>	<b>-</b>	<b>(10,981)</b>	<b>2,914</b>	<b>-</b>
<b>Revenues over/(under) Expenditures</b>	<b>79,335</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>79,335</b>
Beginning of Year Fund Balance, As Restated	878,722	-	-	-	-	-	-	878,722
<b>End of Year Fund Balance</b>	<b>\$ 958,057</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 958,057</b>

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



## NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS

### Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2023

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Net change in fund balances-total governmental funds \$ 79,335

Amounts reported for governmental activities in the statement of  
activities are different because:

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 as depreciation  
expense.

<i>Capital Outlay</i>	31,015
<i>Depreciation Expense</i>	(58,701)

Changes in accrued compensated absences payable are not reflected in the  
governmental funds, but affect the expenses reported in the statement of  
activities. (41,544)

Debt proceeds provide current financial resources to governmental funds, but  
issuing debt increases long-term liabilities in the statement of net position.  
Repayment of debt principal is an expenditure in the governmental funds, but  
the repayment reduces long-term liabilities in the Statement of Net Position.

<i>Principal payments on long-term debt - leases payable</i>	<u>35,019</u>
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**Change in net position of governmental activities** **\$ 45,124**

**NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS**

General Fund

Budgetary Comparison Statement

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Over/ (Under)
<b>REVENUES</b>				
PL Carry Over	\$ 1,469,664	\$ 1,577,281	\$ 1,526,012	\$ (51,269)
Transportation Projects	445,146	438,216	197,204	(241,012)
EPA	905,755	937,688	649,392	(288,296)
FTA	780,180	790,834	224,806	(566,028)
LOTICIP	170,000	196,103	133,040	(63,063)
DECD	-	-	71,740	71,740
DEHMS	20,790	25,410	15,707	(9,703)
CERT	4,000	4,000	4,708	708
RSG	490,642	490,642	491,756	1,114
Resilient CT	-	-	754	754
DEEP	13,600	20,000	147,791	127,791
Regional Election Monitor	2,000	2,000	-	(2,000)
Regional Municipal Services	99,645	94,012	96,123	2,111
Fish & Wildlife	66,000	67,700	-	(67,700)
Landbank	41,580	43,102	-	(43,102)
Shelton GIS	3,000	3,000	-	(3,000)
Household Hazardous Waste	125,410	130,030	114,862	(15,168)
Municipal Dues	241,339	241,339	241,338	(1)
Brownfield Dues	25,000	23,000	45,000	22,000
Brownfield RLF	-	-	195,224	195,224
Capital Purchasing Program	7,000	7,000	8,000	1,000
CTB Land Bank	-	-	32,121	32,121
HRR Hous. River Rest-O'Sullivan	-	-	213,559	213,559
SMM	-	34,558	42,238	7,680
NOAA Kinneytown Dam	-	-	186,497	186,497
Non-Recurring Funds	-	-	1,301	1,301
Interest	1,000	1,000	412	(588)
<b>Total Revenues</b>	<b>4,911,751</b>	<b>5,126,915</b>	<b>4,639,585</b>	<b>(487,330)</b>
<b>EXPENDITURES</b>				
Salaries	1,724,585	1,769,563	1,511,564	(257,999)
Payroll Taxes	131,931	135,372	135,507	135
Pension	119,539	114,921	111,518	(3,403)
Benefits	513,877	487,801	636,393	148,592
Contractors	1,894,044	1,935,520	1,490,322	(445,198)
Advertising	11,000	16,000	9,437	(6,563)
Capital Equipment	40,738	54,738	37,364	(17,374)
Computer Software & Maintenance	166,998	227,000	95,832	(131,168)
Dues/Professional/Conferences	3,000	4,000	-	(4,000)
Insurance	18,000	20,000	22,321	2,321
Lease Expense	1,000	1,000	-	(1,000)
Professional Services	63,100	103,100	273,686	170,586
Printing	4,000	8,000	6,309	(1,691)
Office Supplies	23,924	29,000	37,673	8,673
Rent	84,315	84,315	84,872	557
Repairs/Renovations	8,000	20,000	-	(20,000)
Telephone/Internet Service	14,600	16,600	17,589	989
Training/Professional Development	18,000	18,000	11,975	(6,025)
Travel/Meetings	41,000	44,885	42,005	(2,880)
Utilities	23,000	26,000	29,061	3,061
Website	6,000	10,000	5,109	(4,891)
Bank Fees	100	100	46	(54)
Miscellaneous	-	-	1,667	1,667
Contingency	1,000	1,000	-	(1,000)
<b>Total Expenditures</b>	<b>4,911,751</b>	<b>5,126,915</b>	<b>4,560,250</b>	<b>(566,665)</b>
Revenues and Other Financing Sources over/(under)				
Expenditures and Other Financing Uses	\$ -	\$ -	\$ 79,335	\$ 79,335

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

**NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS**

Statement of Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2023

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	Pension Trust Fund
<b>Assets</b>	
Investments - Mutual Funds	<u>\$ 1,507,287</u>
Total Assets	<u>\$ 1,507,287</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>
<b>Liabilities</b>	<u>\$ -</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>
<b>Net Position</b>	
Restricted for Pension Benefits	<u>\$ 1,507,287</u>

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

**NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS**

## Statement of Changes in Fiduciary Net Position

## Fiduciary Funds

For the Year Ended June 30, 2023

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	<u>Pension Trust Fund</u>
<b>Additions</b>	
Contributions	\$ 91,192
Investment Income	<u>174,416</u>
Total Additions	<u>265,608</u>
<b>Deductions</b>	<u>\$ -</u>
 Change in Net Position	 265,608
 Net Position - Beginning	 <u>1,241,679</u>
Net Position - Ending	<u><u>\$ 1,507,287</u></u>

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

**Naugatuck Valley Council of Governments**  
Notes to Financial Statements

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**NOTE 1 – Summary of Significant Accounting Policies**

The accounting policies of the Naugatuck Valley Council of Governments (the Council) conform to generally accepted accounting principles as applicable to governmental units. The Council prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources identified in the Statement on Auditing Standards No. 69 of the American Institute of Certified Public Accountants and it complies with the requirements of contracts and grants of agencies from which it receives funds. The following is a summary of the more significant policies:

***Governmental Reporting Entity***

The Council is a non-taxable association of the municipalities of Ansonia, Beacon Falls, Bethlehem, Bristol, Cheshire, Derby, Middlebury, Naugatuck, Oxford, Plymouth, Prospect, Seymour, Shelton, Southbury, Thomaston, Waterbury, Watertown, Wolcott, and Woodbury. The Council's primary responsibility is to provide planning services for the region's land use management, and transportation planning under Connecticut State Statute Chapter 127 section 3-31 through 8-37B and Federal Transportation Legislation. There are no component units included with the reporting entity.

***Government-Wide and Fund Financial Statements***

The Statement of Net Position and the Statement of Activities are Government-Wide financial statements. They report information on all of the Council's non-fiduciary activities. Governmental activities include programs supported primarily by grants and local contributions. The effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter is excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The various funds included in the financial statements are described below:

**Governmental Funds** are those through which most governmental functions typically are financed. The major governmental funds are as follows:

The General Fund is the primary operating fund of the Council. It accounts for all financial resources of the Council, except those not accounted for and reported in another fund.

Planning UPWP Fund is used to account for revenues and expenditures incurred in providing comprehensive urban and rural transportation planning for its member municipalities.

Highway Project Fund is used to account for revenues and expenditures incurred in the development of contract plans, specifications and estimates for highway projects.

**Naugatuck Valley Council of Governments**  
Notes to Financial Statements

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FTA Projects Fund is used to account for revenues and expenditures incurred in providing comprehensive urban and rural transportation planning for its member municipalities.

The EPA Assessment Fund and Revolving Loan Fund is used to account for revenues and expenditures incurred in for assessment of petroleum and hazardous sites. Depending on environmental conditions and history, a site may qualify for petroleum grants, hazardous grants or both. This funding can be used to develop environmental information for a site in order to better understand the existing conditions. This data is leveraged to develop cleanup strategies with the goal of remediation and reuse.

The OPM Fund is used to account for revenues and expenditures incurred in for planning purposes and to achieve efficiencies in the delivery of municipal services by regionalizing such services, including, but not limited to, region-wide consolidation of such services.

***Measurement focus, basis of accounting, and financial statements presentation***

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available. Available means collectable within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Council considers revenues to be available if collected within 60 days of the end of the current fiscal period. Exceptions to this general rule include: voluntary non-exchange transactions when all eligibility requirements have been met. Expenditures are generally recorded when a liability is incurred. Exceptions to this general rule include: compensated absences, debt service, and claims and judgements that are recorded only when payment is due. All other revenue items are considered to be measurable and available only when cash is received by the government, or specifically identified.

Revenues from local sources consist primarily of local dues. Local dues and revenues received from the state are recognized under the susceptible-to-accrual concept.

Investments – In general, State of Connecticut Statutes allow the Council to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust, in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund. Trust funds are able to invest in a wider range of investments. Investments are stated at fair value, based on quoted market prices. Certificates of Deposit are reported at cost.

**Naugatuck Valley Council of Governments**  
Notes to Financial Statements

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Fair Value of Financial Instruments – In accordance with GASB Statement No. 72, the Council is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

Level 1: Quoted market prices for identical assets or liabilities to which an entity has access to at the measurement date.

Level 2: Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets in markets that are not active;
- c. Observable inputs other than quoted prices for the assets or liability;
- d. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

Level 3: Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

Observable inputs reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and unobservable inputs reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Investments carried at fair value are presented in Note 2.

***Budgetary Data***

The Naugatuck Valley Council of Governments budget is in conformity with Generally Accepted Accounting Principles (GAAP). The Council operates under a management budget that is approved by the Council prior to the beginning of the fiscal year. The Board may amend the budget during the year. Encumbrance accounting is not used.

The Statement of General Fund Revenues and Expenditures – Budget (Non-GAAP Budgetary Basis) and Actual presents comparisons of the legally adopted budget with actual data on a budgetary basis.

***Capital Assets***

Capital assets, which include a vehicle, leasehold improvements, furniture and equipment are reported in the applicable governmental activities column in the Council-wide financial statements. Capital assets are defined by the Council as assets with an initial, individual cost of more than \$1,000 or a related group of assets whose cost exceed the threshold and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

**Naugatuck Valley Council of Governments**  
Notes to Financial Statements

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Assets	Years
Computer Equipment	3
Leasehold Improvements	3
Office Equipment	5

Right of Use Lease Asset – The Council has recorded right of use lease assets as a result of implementing GASB 87, Leases. The right of use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives and plus ancillary charges necessary to place the lease into service. The right of use assets are amortized on a straight-line basis over the life of the related lease.

***Liability for Compensated Absences***

Employees may accrue vacation earned until termination of their employment, at which time they are paid for accumulated vacation. All employees can accrue up to 175 hours. Compensated absences are accrued when incurred in the government-wide financial statements. There are seven current employees grandfathered in from the agency merger in 2015 who are able to accrue up to 210 hours.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

***Net Position and Fund Balance***

In the government-wide financial statements, net position is classified in the following categories:

*Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

*Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – This category represents the net position of the Council, which is not restricted for any project or other purpose.

When both restricted and unrestricted net position are available, the Council first applies restricted resources when an expense is incurred.

In the fund financial statements, fund balances of governmental funds are classified in the following five separate categories:



**Naugatuck Valley Council of Governments**  
Notes to Financial Statements

---

*Nonspendable Fund Balance* – Indicates amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash including prepaid expenditures and permanent fund principal.

*Restricted Fund Balance* – Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Indicates amounts that can be used only for specific purposes pursuant to constraints imposed by formal budgetary action of the Board of Directors in accordance with provisions of the Connecticut General Statutes.

*Assigned Fund Balance* – Indicates amounts that are constrained by the Council's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by formal action of the Board of Directors.

*Unassigned Fund Balance* – Represents the remaining fund balance after amounts are set aside for all other classifications.

The Council has not established a formal policy for its use of restricted and unrestricted (committed, assigned, unassigned) fund balance; however, the Council generally used restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts.

The Council has not formally enacted legislation or Board policies requiring it to maintain a minimum fund balance.

**NOTE 2 – Assets, Liabilities, and Fund Equity**

**Cash**

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Council does not have a deposit policy for custodial credit risk. At year-end, the Council's carrying amount of deposits was \$596,699, and the bank balance was \$691,262, of which the Federal Depository Insurance Corporation covered \$250,000. As of June 30, 2023, \$441,262 of the Council's bank balance of \$691,262 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 397,136
Uninsured and Collateral held by pledging bank's Trust department not in the Council's name	<u>44,126</u>
	\$ 441,262

Credit Risk – The Council has no investment policy that limits the investment choices further than the State Statutes.

**Investments**

The following is a summary of investments at June 30, 2023:

Mutual Funds	<u>\$ 1,507,287</u>
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**Naugatuck Valley Council of Governments**  
Notes to Financial Statements

**Custodial Credit Risk – Investments** – This is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Council does not have a policy for custodial credit risk. The Pension Trust Fund investments consist of Mutual Funds and are not exposed to custodial credit risk because they are direct contractual investments and are not securities.

**Credit Risk** – The Council does not have an investment policy that limits investment choices further than the Connecticut General Statutes. Generally, credit risk is defined as the risk that an issuer of a debt type investment will not fulfill its obligation to the holder. This is measured by assignment of a rating by a nationally recognized rating organization.

**Concentrations of Credit Risk** – The Council has no policy limiting an investment in any one issuer that is in excess of 5% of the Council's total investments.

**Interest Rate Risk** – The Council does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The following is a schedule of assets measured at Fair Value:

<u>Description</u>	<u>June 30, 2023</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Mutual Funds	\$ 1,507,287	\$ 1,507,287	\$ -	\$ -

### **Capital Assets**

Capital Asset activity for the year ended June 30, 2023 is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities				
Capital Assets being Depreciated:				
Office Equipment	\$ 90,722	\$ -	\$ -	\$ 90,722
Computer Equipment	223,665	31,015	-	254,680
Leasehold Improvements	205,646	-	-	205,646
Website	38,385	-	-	38,385
Right of Use Building	981,337	-	-	981,337
Total Capital Assets being Depreciated:	<u>\$ 1,539,755</u>	<u>\$ 31,015</u>	<u>\$ -</u>	<u>\$ 1,570,770</u>
Less Accumulated Depreciation for:				
Office Equipment	\$ 87,952	\$ 1,292	\$ -	\$ 89,244
Computer Equipment	180,858	24,040	-	204,898
Leasehold Improvements	200,944	1,159	-	202,103
Website	23,351	7,677	-	31,028
Right of Use Building	343,468	24,533	-	368,001
Total Accumulated Depreciation	<u>\$ 836,573</u>	<u>\$ 58,701</u>	<u>\$ -</u>	<u>\$ 895,274</u>
Total Capital Assets, being Depreciated, Net	<u>\$ 703,182</u>	<u>\$ (27,686)</u>	<u>\$ -</u>	<u>\$ 675,496</u>

**Naugatuck Valley Council of Governments**  
Notes to Financial Statements

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Depreciation expense for June 30, 2023 is \$58,701.

**NOTE 3 – Interfund Receivables and Payables**

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Highway Projects Fund	General Fund	\$ 97,254
OPM Fund	General Fund	920
Nonmajor Funds	General Fund	192,905
General Fund	Planning UPWP Fund	578,084
General Fund	EPA Fund	174,190
General Fund	FTA Fund	152,535
General Fund	Nonmajor Funds	228,227
Total due from/to other funds		<u>\$ 1,424,115</u>

The above balances resulted from the time lag between the dates that transactions are recorded in the accounting system and payments between funds are made.

Interfund transfers at June 30, 2023 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
<b>Governmental Funds</b>		
Planning UPWP Fund	General Fund	\$ 295,057
EPA Fund	General Fund	18,727
Non-major Funds	General Fund	2,914
General Fund	OPM Fund	10,981
		<u>\$ 327,679</u>

**NOTE 4 – Risk Management**

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the government carries commercial insurance. There has been no significant reduction in insurance coverage from the prior year.

**NOTE 5 – Lease Agreement**

The Council has entered into an agreement to lease office space. The lease qualifies as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of their inception.

**Naugatuck Valley Council of Governments**  
Notes to Financial Statements

The agreement was entered into in December 2015, to lease office space in Waterbury, Connecticut and requires monthly payments that change per annum. The Council has two options to renew the lease each for a term of five years. In 2020 the Council renewed the lease for another five year term. The lease liability is measured at a discount rate of 6%, which is the available rate determined by the Council if they were to finance office space. As a result of the lease, the Council has recorded a right of use asset with a net book value of \$613,336 at June 30, 2023. The annual debt service requirements of the Council's lease payable is as follows:

<u>Year(s)</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	37,179	47,136	84,315
2025	39,472	44,843	84,315
2026	50,574	42,173	92,747
2027	53,693	39,053	92,746
2028	57,005	35,741	92,746
2029-2035	564,533	131,066	695,599
	<u>\$ 802,456</u>	<u>\$ 340,012</u>	<u>\$ 1,142,468</u>

Interest paid and expensed on the lease payable for the year ended June 30, 2023, totaled \$49,296.

Long-term liability activity for the year ended June 30, 2023 was as follows:

	<u>Restated Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Leases Payable	\$ 837,475	\$ -	\$ 35,019	\$ 802,456	\$ 37,179
Total Long-Term Liabilities	<u>\$ 837,475</u>	<u>\$ -</u>	<u>\$ 35,019</u>	<u>\$ 802,456</u>	<u>\$ 37,179</u>

#### **NOTE 6 - Pension Plan**

##### **Council Employees**

The Council adopted and administers a defined contribution pension plan (NVCOG Employees Retirement Plan) to provide benefits at retirement to employees of the Council. All employees age 20½ that are normally scheduled to work 29 or more hours per week are eligible to participate in the plan on the first of July nearest the completion of twenty-four months of service.

An eligible employee is one who has worked a minimum of 1,000 hours during the plan year, and who is actively employed as of the annual plan valuation date.

NVCOG makes discretionary contributions that are allocated across employees based on W-2 compensations excluding post-severance compensation. Separate discretionary contributions may be made to individual participants.

**Naugatuck Valley Council of Governments**  
Notes to Financial Statements

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Vesting percentages, based on years of services, are as follows:

<u>Years of Service</u>	<u>Vesting %</u>
1	20%
2	40%
3	60%
4	80%
5 or more	100%

The Council contributions were \$91,192, net of an employee forfeiture of \$0.

At June 30, 2023, membership in the Plan consisted of:

Current employees:

Fully or partially vested:

Active	16
Non-Active	12
Ineligible	<u>1</u>
Total	<u>29</u>

Contributions are placed into individual participant accounts, where the funds are invested in mutual funds at the employees' discretion. Each participant has ownership of his or her respective accounts. Plan provisions and contribution requirements are established and may be amended by the Council.

**Significant Accounting Policies**

**Basis of Accounting.** Financial statements are prepared using the accrual basis of accounting. Employer and plan member contributions are recognized in the period that the contributions are due.

**Method Used to Value Investments.** Plan investments are reported at fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on national exchanges are valued at the last reported sales price. Investments that do not have an established market are reported at estimated fair values.

**NOTE 7 – Additional Information**

Based on the final audited indirect cost rate the Naugatuck Valley Council of Governments anticipates returning \$80,910 in unspent funds from the Connecticut Department of Transportation in the subsequent year.

**NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023

Page 1 of 2

	<b>DEMHS Homeland Security</b>	<b>Citizen Emergency Response</b>	<b>FEMA Pre-Disaster Mitigation</b>	<b>DEEP Greenway</b>	<b>HRR Hous. Rvr Rest-Osull</b>	<b>DECD Fund</b>	<b>LOTICIP Fund</b>	<b>COVID Relief</b>
<b>Assets</b>								
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	14,100	-	3,844	153,923	-	91,735	-	-
Due From General Fund	3,018	341	-	-	12,654	-	162,362	1,027
<b>Total Assets</b>	<u>\$ 17,118</u>	<u>\$ 341</u>	<u>\$ 3,844</u>	<u>\$ 153,923</u>	<u>\$ 12,654</u>	<u>\$ 91,735</u>	<u>\$ 162,362</u>	<u>\$ 1,027</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>								
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 12,654	\$ 26,083	\$ 669	\$ 1,027
Grant Prepayments	17,118	341	-	1,707	-	1,891	161,693	-
Due To General Fund	-	-	3,844	152,216	-	63,761	-	-
<b>Total Liabilities</b>	<u>\$ 17,118</u>	<u>\$ 341</u>	<u>\$ 3,844</u>	<u>\$ 153,923</u>	<u>\$ 12,654</u>	<u>\$ 91,735</u>	<u>\$ 162,362</u>	<u>\$ 1,027</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>								
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 17,118</u>	<u>\$ 341</u>	<u>\$ 3,844</u>	<u>\$ 153,923</u>	<u>\$ 12,654</u>	<u>\$ 91,735</u>	<u>\$ 162,362</u>	<u>\$ 1,027</u>

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

**NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2023

Page 2 of 2

	<b>GIS Shelton</b>	<b>Hazardous Waste</b>	<b>Regional Incentive Grant Program</b>	<b>CTB Land Bank</b>	<b>NOAA Kinneytown Dam Fund</b>	<b>SMM Grant Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Assets</b>							
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts Receivable	3,000	6,117	-	8,510	40,598	35,438	281,229
Due From General Fund	3,630	3,139	6,734	-	-	-	192,905
<b>Total Assets</b>	<u>\$ 6,630</u>	<u>\$ 9,256</u>	<u>\$ 6,734</u>	<u>\$ 8,510</u>	<u>\$ 40,598</u>	<u>\$ 35,438</u>	<u>\$ 474,134</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Liabilities</b>							
Accounts Payable	\$ -	\$ 48	\$ -	\$ 104	\$ 23,677	\$ 13,697	\$ 40,585
Grant Prepayments	6,630	9,208	6,734	-	315	-	205,322
Due To General Fund	-	-	-	8,406	16,606	21,741	228,227
<b>Total Liabilities</b>	<u>\$ 6,630</u>	<u>\$ 9,256</u>	<u>\$ 6,734</u>	<u>\$ 8,510</u>	<u>\$ 40,598</u>	<u>\$ 35,438</u>	<u>\$ 474,134</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance</b>							
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Fund Balance</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities and Fund Balance</b>	<u>\$ 6,630</u>	<u>\$ 9,256</u>	<u>\$ 6,734</u>	<u>\$ 8,510</u>	<u>\$ 40,598</u>	<u>\$ 35,438</u>	<u>\$ 474,134</u>

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

**NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2023

Page 1 of 2

	<b>DEMHS Homeland Security</b>	<b>Citizen Emergency Response</b>	<b>FEMA Pre-Disaster Mitigation</b>	<b>DEEP Greenway</b>	<b>HRR Hous. Rvr Rest-Osull</b>	<b>DECD Fund</b>	<b>LOTICIP Fund</b>	<b>COVID Relief</b>
<b>Revenues</b>								
Federal Grants	\$ 15,707	\$ 4,708	\$ -	\$ 147,791	\$ 213,559	\$ -	\$ -	\$ -
State Grants	-	-	-	-	-	71,740	133,040	-
Other Governmental Agencies	-	-	-	-	-	-	-	-
Total Revenues	<u>15,707</u>	<u>4,708</u>	<u>-</u>	<u>147,791</u>	<u>213,559</u>	<u>71,740</u>	<u>133,040</u>	<u>-</u>
<b>Expenditures</b>								
Direct Costs:								
Salaries and Fringe Benefits	7,289	2,185	-	2,744	2,573	-	52,205	-
Contractors/Subcontractors	-	-	-	141,681	210,909	71,657	20,350	-
Equipment	-	-	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	-	-
Other	-	-	-	198	21	83	205	-
Indirect Costs	<u>8,418</u>	<u>2,523</u>	<u>-</u>	<u>3,168</u>	<u>2,970</u>	<u>-</u>	<u>60,280</u>	<u>-</u>
Total Expenditures	<u>15,707</u>	<u>4,708</u>	<u>-</u>	<u>147,791</u>	<u>216,473</u>	<u>71,740</u>	<u>133,040</u>	<u>-</u>
Excess/(Deficiency) of Revenues Over Expenditures	-	-	-	-	(2,914)	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers In	-	-	-	-	2,914	-	-	-
Transfers Out	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,914</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	-	-	-	-	-	-
<b>Fund Balance - Beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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



**NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2023

Page 2 of 2

	<b>GIS Shelton</b>	<b>Hazardous Waste</b>	<b>Regional Incentive Grant Program Fund</b>	<b>CTB Land Bank</b>	<b>NOAA Kinneytown Dam Fund</b>	<b>SMM Grant Fund</b>	<b>Total Nonmajor Governmental Funds</b>
<b>Revenues</b>							
Federal Grants	\$ -	\$ -	\$ -	\$ -	\$ 186,497	\$ -	\$ 568,262
State Grants	-	-	-	-	-	31,474	236,254
Other Governmental Agencies	-	114,862	-	32,121	-	10,764	157,747
Total Revenues	-	114,862	-	32,121	186,497	42,238	962,263
<b>Expenditures</b>							
Direct Costs:							
Salaries and Fringe Benefits	-	9,423	-	14,868	-	9,882	101,169
Contractors/Subcontractors	-	91,213	-	-	-	19,360	555,170
Equipment	-	-	-	-	-	-	-
Contingency	-	-	-	-	-	-	-
Other	-	3,342	-	79	169,575	1,586	175,089
Indirect Costs	-	10,884	-	17,174	16,922	11,410	133,749
Total Expenditures	-	114,862	-	32,121	186,497	42,238	965,177
Excess/(Deficiency) of Revenues Over Expenditures	-	-	-	-	-	-	(2,914)
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	-	-	-	-	-	-	2,914
Transfers Out	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	2,914
Net Change in Fund Balances	-	-	-	-	-	-	-
<b>Fund Balance - Beginning</b>	-	-	-	-	-	-	-
<b>Fund Balance - Ending</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

**NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS**  
Statement of Connecticut Department of Transportation Project Expenditures  
For the Year Ended June 30, 2023

	COGCNV FHWA/FTA PL DOT07229996PL	COGCNV FHWA/FTA IIJA DOT07229996PL	VCOG FHWA/FTA PL DOT07229996PL	
State Project number	UR22 (001)	UR22 (001)	UR22 (001)	
Federal project number	5.09-04(17)	5.09-04(17)	5.09-02(17)	
Master Agreement number	20.505	20.505	20.505	
CFDA number				<b>Total</b>
<b>Maximum Funds Authorized</b>				
FHWA/FTA	\$ 870,079	\$ 227,497	\$ 355,616	\$ 1,453,192
ConnDOT - FHWA/FTA	108,760	-	44,451	153,211
Local	113,174	58,359	46,815	218,348
<b>TOTAL</b>	<b>\$ 1,092,013</b>	<b>\$ 285,856</b>	<b>\$ 446,882</b>	<b>\$ 1,824,751</b>
<b>Audited Expenditures</b>				
Direct Salaries	\$ 434,144	\$ 120,449	\$ 191,755	\$ 746,348
Indirect Costs @ 118.6%	514,808	142,828	227,383	885,019
Direct Charges	85,016	6,475	2,107	93,598
<b>TOTAL</b>	<b>\$ 1,033,968</b>	<b>\$ 269,752</b>	<b>\$ 421,245</b>	<b>\$ 1,724,965</b>
<b>Distribution of Audited Costs</b>				
FHWA/FTA	\$ 827,174	\$ 215,801	\$ 336,996	\$ 1,379,971
ConnDOT - FHWA/FTA	103,397	-	42,125	145,522
Local	103,397	53,950	42,125	199,472
<b>TOTAL</b>	<b>\$ 1,033,968</b>	<b>\$ 269,751</b>	<b>\$ 421,246</b>	<b>\$ 1,724,965</b>
<b>ConnDOT Responsibility</b>				
FHWA/FTA	\$ 827,174	\$ 215,801	\$ 336,996	\$ 1,379,971
ConnDOT - FHWA/FTA	103,397	-	42,125	145,522
<b>TOTAL</b>	<b>\$ 930,571</b>	<b>\$ 215,801</b>	<b>\$ 379,121</b>	<b>\$ 1,525,493</b>
Payments Received to June 30, 2023	679,412	-	334,380	1,013,792
Payments Received after June 30, 2023	299,426	227,497	65,688	592,611
<b>TOTAL PAYMENTS RECEIVED</b>	<b>978,838</b>	<b>227,497</b>	<b>400,068</b>	<b>1,606,403</b>
Due From/(To) CONNDOT	\$ (48,267)	\$ (11,696)	\$ (20,947)	\$ (80,910)

See accountant's report

## **INDEPENDENT AUDITOR'S REPORT ON THE SCHEDULE OF OVERHEAD EXPENDITURES**

To the Board of Directors of  
Naugatuck Valley Council of Governments  
Waterbury, CT

### **Opinion**

We have audited the accompanying schedule of indirect costs and overhead rate calculation of the Naugatuck Valley Council of Governments as of and for the year ended June 30, 2023, 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 of the Naugatuck Valley Council of Governments as of and for the year ended June 30, 2023 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**

The accompanying schedule of indirect costs and overhead rate calculation includes the allowable fringe, burden and overhead expenses of the Naugatuck Valley 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.

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

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 Indirect Overhead Rate**

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 schedule based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Focus' compliance with the requirements of each major state program as a whole.

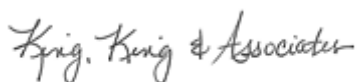
In performing an audit in accordance with GAAS and Government Auditing Standards, we:

- 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.

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.

### **Restriction on Use**

Our report is intended solely for the information and use of the Naugatuck Valley 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.



King, King & Associates, CPAs  
Winsted, Connecticut  
December 11, 2023

**NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS**

Schedule of Overhead Expenditures - General Fund

For the Year Ended June 30, 2023

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ACTUAL

**OVERHEAD, BURDEN, AND FRINGE EXPENDITURES:**

Salaries	\$ 231,684
Compensated Absences	234,604
Employee Benefits	648,814
Rent	84,315
Professional Fees	86,262
Office Expense	36,277
Insurance	22,321
Printing	10,872
Dues, Books & Subscriptions	4,697
Computer Maintenance	98,670
Utilities	18,414
Telephone, Fax & Internet	17,589
Repairs and Maintenance	-
Training	5,119
Travel	<u>18,097</u>
Total	\$ 1,517,735

Overhead	\$ 1,517,735
Divided by Direct Labor, excluding paid leave	<u>1,279,880</u>

Actual Overhead Rate	<u>118.6%</u>
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See accountant's report.

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

To the Board of the  
Naugatuck Valley Council of Governments

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States the financial statements of the governmental activities, and each major fund and the aggregate remaining fund information of the Naugatuck Valley Council of Governments (the "Council") which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated December 11, 2023.

**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 opinion 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 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.

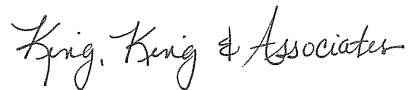
Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the 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 result 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.



King, King & Associates, CPAs  
Winsted, CT  
December 11, 2023

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

Independent Auditor's Report

To the Board of the  
Naugatuck Valley Council of Governments

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

We have audited the Naugatuck Valley 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, 2023. The Council's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

**Basis for Opinion on each Major State Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 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 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.



## **Auditors' Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 GAAS, Government Auditing Standards, and the State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Council's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the State Single Audit Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 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 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.

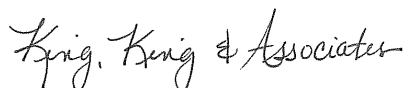
Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance 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 Council as of and for the year ended June 30, 2023, and have issued our report thereon dated December 11, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the financial statements as a whole.



King, King & Associates, CPAs  
Winsted, CT 06098  
December 11, 2023

**NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS**  
Schedule of Expenditures of State Financial Assistance  
June 30, 2023

State Grantor/Pass-Through Grantor/ <u>Program Title</u>	STATE GRANT PROGRAM CORE-CT <u>NUMBER</u>	<u>EXPENDITURES</u>
<b>Department of Economic and Community Development</b>		
O'Sullivan's Island - Derby	12052-ECD46260-43403	\$ 71,740
<b>Department of Energy and Environmental Protection</b>		
CT Trail Census	12052-DEP43000-43314	6,022
Sustainable Materials Management	11000-DEP44920-12488	31,474
<b>Department of Transportation</b>		
Regional Transportation Planning	12062-DOT57551-22108	176,996
FTA Capital Grants	12062-DOT57191-22108	39,934
Local Transportation Planning Improvement Program - VCOG	13033-DOT57000-43584	133,040
<b>Office of Policy and Management</b>		
Regional Service Grant	12060-OPM20600-35457	491,756
	<b>Total State Financial Assistance</b>	<b>\$ 950,962</b>

**Naugatuck Valley Council of Governments**  
**Notes to Schedule of Expenditures of State Financial Assistance**  
**For the Year Ended June 30, 2023**

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The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Naugatuck Valley Council of Governments under programs of the State of Connecticut for the fiscal year ended June 30, 2023. 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 including the transportation, US Fish and Wildlife, and DECD – Main Street.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Naugatuck Valley Council of Governments conform to accounting principles generally accepted in the United States of America as applicable to Governments.

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.

***Basis of Accounting***

The fund financial statements contained in the Naugatuck Valley Council of Governments' annual report are prepared on the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when they become both measurable and available while expenditures are recognized in the accounting period in which the fund liability is incurred.

The government-wide financial statements are prepared on the accrual basis of accounting. Under this basis of accounting, revenues are recorded when earned and expenses are recorded when a liability is incurred.

The expenditures reported on the Schedule of Expenditures of State Financial Assistance are reported on the modified accrual basis of accounting. 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's column of the Schedule of Expenditure of State Financial Assistance.

**Naugatuck Valley Council of Governments  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2023**

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

*Financial Statements*

We audited the basic financial statements of the Naugatuck Valley Council of Governments as of and for the year ended June 30, 2023 and issued our unmodified report thereon dated December 11, 2023.

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?        Yes   X   None Reported

Noncompliance material to financial statements noted?

       Yes   X   No

*State Financial Assistance*

Internal control over major programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified?        Yes   X   None Reported

We have issued an unmodified opinion relating to compliance for major State programs.

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?

       Yes          X   No

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

<b>State Grantor and Program</b>	<b>State Core - CT Number</b>	<b><u>Expenditures</u></b>
<b>Office of Policy and Management</b>		
Regional Services Grant	12060-OPM20600-35457	\$ 491,756
<b>Department of Economic and Community Development</b>		
O'Sullivan's Island - Derby	12052-ECD46260-43403	\$ 71,740

- Dollar threshold used to distinguish between type A and type B programs \$ 100,000

## **II. FINANCIAL STATEMENT FINDINGS**

- We issued reports, dated December 11, 2023, on internal control over financial reporting and on compliance and other matters based on our audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no significant deficiencies.

## **III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

- No findings or questioned costs are reported related to State Financial Assistance Programs.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY UNIFORM GUIDANCE**

To the Board of the  
Naugatuck Valley Council of Governments  
Waterbury, Connecticut

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

***Opinion on Each Major Federal Program***

We have audited the Naugatuck Valley Council of Governments ("Council") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Council's major federal programs for the year ended June 30, 2023. The Council's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Council, 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 federal programs for the year ended June 30, 2023.

***Basis for Opinion on Each Major Federal Program***

We conducted our audit of compliance in accordance with the 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 Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements* for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 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 federal 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 federal programs.

## ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on the compliance about the Council's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding 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 Uniform Guidance, 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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



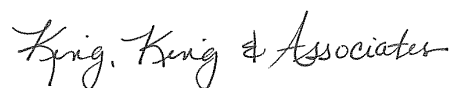
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance**

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, 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements. We have issued our report thereon dated December 11, 2023, which contained unmodified opinions on those financial statements. 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



King, King & Associates, CPAs  
Winsted, CT  
December 11, 2023

**NAUGATUCK VALLEY COUNCIL OF GOVERNMENTS**

Schedule of Expenditures of Federal Awards

June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal AL Number	Pass-Through Entity's Identifying Number	Passed Through to Subrecipients	Federal Grant Expenditures
<b>Department of Environmental Protection</b>				
Revolving Loan Fund	66.818			195,224
Brownfields Assessment and Cleanup	66.818			645,554
<b>Department of Commerce</b>				
Kinneytown Dam	11.463			186,497
<b>Department of Interior</b>				
Natural Resource Damage Assessment and Restoration	15.658			213,558
<b>Passed Through the Connecticut Department of Energy and Environmental Protection</b>				
<i>Fish and Wildlife Cluster</i>				
Sport Fish Restoration - O'Sullivan's Island Fishing and Viewing Platform	15.605	12060-DEP44140-23139		141,769
<b>Department of Transportation:</b>				
<b>Passed Through the Connecticut Department of Transportation</b>				
Transportation Planning UPWP	20.205	12062-DOT57551-22108		1,453,192
Transportation Projects	20.205	12062-DOT57551-22108		170,285
<i>Federal Transit Cluster</i>				
FTA Projects	20.507	12062-DOT57191-22108		184,872
<b>Department of Homeland Security:</b>				
<b>Passed Through CT Department of Emergency Service and Public Protection</b>				
Homeland Security Regional Collaboration Program	97.067	12060-DPS32161-21877		15,707
Citizen Corps/CERT	97.053	12060-DPS32161-21877		4,708
<b>Department of Housing and Urban Development</b>				
<i>CDBG - Disaster Recovery Grants Cluster</i>				
Natural Disaster Resilience Competition	14.272			754
<b>Total Financial Assistance</b>				<b>\$ 3,212,120</b>

**Naugatuck Valley Council of Governments**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

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**Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Council under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Council.

**Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements included in the Council's annual audit report.

The Council did not elect to use the 10% de minimis indirect cost rate.

**Naugatuck Valley Council of Governments  
Schedule of Findings and Questioned Costs  
Federal Awards  
For the Year Ended June 30, 2023**

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

*Financial Statements*

We audited the basic financial statements of Naugatuck Valley Council of Governments (the Council) as of and for the year ended June 30, 2023 and issued our unmodified report thereon dated December 11, 2023.

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes      X   None Reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes      X   No

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes      X   None Reported

We have issued an unmodified opinion relating to compliance for major Federal programs.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)

\_\_\_\_\_ Yes      X   No

**Identification of Major Programs**

U.S. Department of Environmental Protection:

66.818 – Brownfields

U.S. Department of Interior

15.658 – Natural Resource Damage Assessment and Restoration

**Dollar Threshold**

Dollar threshold used to distinguish between type A and type B programs: \$750,000.

**Low-Risk Auditee**

The Naugatuck Valley Council of Governments did qualify as a low-risk auditee.

**II. FINANCIAL STATEMENT FINDINGS**

- We issued reports, dated December 11, 2023, on internal control over financial reporting and on compliance and other matters based on our audit of financial statements performed in accordance with *Government Auditing Standards*.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no significant deficiencies.

**III. FEDERAL AWARD - FINDINGS AND QUESTIONED COSTS**

- No findings or questioned costs are reported relating to federal award programs.