

**GREATER BRIDGEPORT
REGIONAL COUNCIL OF GOVERNMENTS**

**d/b/a CONNECTICUT METROPOLITAN
COUNCIL OF GOVERNMENTS**

**FINANCIAL STATEMENTS
AS OF JUNE 30, 2016**

**TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT**

AND

SUPPLEMENTAL REPORTS

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COSTELLO COMPANY, LLC

Charles T. Costello, CPA *Certified Public Accountant and Consultants* www.costellocompany.com

INDEPENDENT AUDITOR'S REPORT

To the Council Board of the
Greater Bridgeport Regional Council of Governments
d/b/a Connecticut Metropolitan Council of Governments
Bridgeport, Connecticut

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities and each major fund of the Greater Bridgeport Regional Council of governments, d/b/a Connecticut Metropolitan Council of Governments (the "Council"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Council's preparation and fair presentation of the financial statements 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, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Greater Bridgeport Regional Council as of June 30, 2016, 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.

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 2A-2C and page 8 be presented to supplement the basic financial statements. Such information, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The Schedule of Revenues, Expenditures and Changes in Fund Balance by Project, Schedule of Direct and Indirect Costs, Determination of Indirect Cost Rate and Financial Summary Report-Conn DOT are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and schedule of expenditures of state financial assistance are presented for the purpose of additional analysis as required by the uniform Guidance, *Audits of State, Local Governments, and non-profit Organizations*, and by the State Single Audit Act and are also not a required part of the basic financial statements.

The Schedule of Revenues, Expenditures and Changes in Fund Balance by Project, Schedule of Direct and Indirect Costs, Determination of Indirect Cost Rate and Financial Summary Report-Conn DOT are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Revenues, Expenditures and Changes in Fund Balance by Project, Schedule of Direct and Indirect Costs, Determination of Indirect Cost Rate and Financial Summary Report-Conn DOT, schedule of expenditures of federal awards 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*, I have also issued my report dated June 15, 2017, on my consideration of the Council's internal control over financial reporting and on my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Council's internal control over financial reporting and compliance.



Hebron, Connecticut
June 15, 2017

**GREATER BRIDGEPORT REGIONAL COUNCIL OF GOVERNMENTS
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

This section of the Greater Bridgeport Regional Council of Governments, d/b/a Connecticut Metropolitan Council of Governments (the Council) annual financial report presents our discussion and analysis of the Council's financial performance during the fiscal year ended June 30, 2016.

Financial Highlights

- Net position of our governmental activities decreased by \$61,191
- During the year, the Council had revenues that were \$61,191 less than the \$1,631,463 incurred in expenses for governmental programs.
- The General Fund reported a fund balance of \$154,150.

Overview of the Financial Statements

This report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (pages 3-4) provide information about the activities of the Council as a whole and present a longer term view of the Council's finances. Fund financial statements start on page 5. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending.

Government-Wide Financial Statements

The analysis of the Council as a whole begins on pages 3-4. The Statement of Net Position and the Statement of Activities report information about the Council as a whole and about its activities for the current period. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Council's net position and changes in net position. The Council's net position, the difference between assets and liabilities, is one way to measure the Council's financial health, or financial position. Over time, increases or decreases in the Council's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, the Council reports its activities:

Governmental activities – The Council's basic services are reported here, including planning, pension and insurance, and general administration. Local dues and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements begin on page 5A and provide detailed information about the most significant funds – not the Council as a whole.

Governmental funds (pages 5A and 6A) – Most of the Council's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Council's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Council's programs. The relationship (or difference) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in a reconciliation on the following page.

The Council's combined net position decreased from a year ago to \$196,847 from \$258,038. The analysis below focuses on the net position and changes in net position of the Council's governmental activities. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints – changed from \$245,695 at June 30, 2015 to \$154,150 at June 30, 2016.

	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 690,347	\$ 479,872
Capital Assets	<u>42,697</u>	<u>12,343</u>
Total Assets	<u>733,044</u>	<u>492,215</u>
Liabilities	<u>526,197</u>	<u>234,177</u>
Total Liabilities	<u>526,197</u>	<u>234,177</u>
Net Position:		
Invested in Capital Assets, net of debt	42,697	12,343
Unrestricted	<u>154,150</u>	<u>245,695</u>
Total Net Position	<u>\$ 196,847</u>	<u>\$ 258,038</u>
Changes in Net Position:		
Revenues:		
Program Revenues:		
Operating Grants	\$ 1,485,343	\$ 1,743,625
General Revenues:		
Unrestricted Investment Earnings	18	19
Other General Revenues	4,696	9,000
Local Cash Contributions	<u>80,215</u>	<u>80,215</u>
Total Revenues	<u>1,570,272</u>	<u>1,832,859</u>
Program Expenses:		
US DOT	642,090	783,291
Others	905,774	1,037,549
General Administration	<u>113,953</u>	<u>11,515</u>
Total Program Expenses	<u>1,661,817</u>	<u>1,832,355</u>
Increase (Decrease) in Net Position	<u>\$ (91,545)</u>	<u>\$ 504</u>

The Council's total revenues were \$1,570,272. The total cost of all programs and services was \$1,661,817. The analysis which follows, considers the operations of governmental activities.

Council Funds Financial Analysis

Governmental Funds

As the Council completed the year, its governmental funds reported a combined fund balance of \$154,150, which is a decrease from last year's total of \$245,695. The primary reason for the General Fund's increase is the increase of matching grants.

General Fund Budgetary Highlights

The Council's general fund revenues were \$1,570,272 less than the budgeted amount, and expenditures were \$1,631,463 less than the budget, due primarily to incomplete programs.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2016 the Council had \$42,697 (net of depreciation) invested in a broad range of capital assets. This represents a net increase (including additions and deductions) of \$30,354 over last year.

Long-Term Debt

There was no long-term debt as of June 30, 2016.

Economic Factors and Next Year's Budget

The Council anticipates an adequate budget during the 2016-2017 fiscal year.

Request for Information:

This financial report is designed to provide citizens, grantors, and creditors with a general overview of the Council's finances, and to show the Council's accountability for the money it receives. If you have questions about this report or need additional financial information, contact

The Executive Director
Greater Bridgeport Regional Council
525 Water Street
Bridgeport, CT 06604

Exhibit A

**GREATER BRIDGEPORT REGIONAL COUNCIL OF GOVERNMENTS
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2016**

ASSETS**Current Assets:**

Cash and Cash Equivalents	\$ 381,571
Accounts Receivable	290,236
Security deposit	<u>18,540</u>
Total Current Assets	<u><u>690,347</u></u>

Non Current Assets:

Capital Assets	110,958
Accumulated Depreciation	<u>68,261</u>
Net Capital Assets	<u><u>42,697</u></u>

TOTAL ASSETS

\$ 733,044

LIABILITIES:

Account Payable	\$ 2,825
Deferred Revenue	512,123
Accrued Expenses	<u>11,249</u>
Total Liabilities	<u><u>526,197</u></u>

NET POSITION:

Invested in Capital Assets	42,697
Unrestricted Net Position	<u> </u>

TOTAL NET POSITION

\$ 196,847

The accompanying notes to the basic financial statements are an integral part of this statement

Exhibit B

**GREATER BRIDGEPORT REGIONAL COUNCIL OF GOVERNMENTS
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) or Revenue & Changes in Net Position</u>
			Government Activities
Governmental Activities:			
Regional planning	\$ <u>1,631,463</u>	<u>1,485,343</u>	<u>(146,120)</u>
General Revenues:			
Municipal assessments			80,215
Miscellaneous			4,698
Interest Income			<u>18</u>
Total General Revenues			<u>84,929</u>
Change In Net Position			(61,191)
Net Position - Beginning			<u>258,038</u>
Net Position - Ending			\$ <u>196,847</u>

The accompanying notes to the basic financial statements are an integral part of this statement

Exhibit C

**GREATER BRIDGEPORT REGIONAL COUNCIL OF GOVERNMENTS
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2016**

	<u>GENERAL FUND</u>
ASSETS	\$ 381,571
Cash & Cash Equivalents	290,236
Accounts Receivable	18,540
Security Deposit	<u> </u>
 TOTAL ASSETS	 \$ <u>690,347</u>
 LIABILITIES AND FUND BALANCES	 \$ 2,825
Accounts Payable	512,123
Deferred Revenue	11,249
Accrued Expenses	<u> </u>
 TOTAL LIABILITIES	 <u>526,197</u>
 FUND BALANCES	 <u>154,150</u>
Undesignated	<u> </u>
 TOTAL FUND BALANCES	 <u>154,150</u>
 TOTAL LIABILITIES & FUND BALANCE	 \$ <u>680,347</u>

The accompanying notes to the basic financial statements are an integral part of this statement

Exhibit C

**GREATER BRIDGEPORT REGIONAL COUNCIL OF GOVERNMENTS
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS
Reconciliation of Fund Balance
to Net Position of Governmental Activities
June 30, 2016**

The amounts reported for Governmental Activities in the Statement of Net Position (Exhibit A) are different from the Governmental Fund Balances. The details of this difference are as follows:

Total Fund Balances (Exhibit C, page 5A)	\$ 154,150
Capital assets used in Governmental Activities are not financial resources and so are not reported in the funds.	
Capital Assets net of Depreciation	<u>42,697</u>
TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES (Exhibit A, page 3)	<u>\$ 196,847</u>

See accompanying notes to the financial statements.

Exhibit D

**GREATER BRIDGEPORT REGIONAL COUNCIL OF GOVERNMENTS
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

	<u>GENERAL FUND</u>
REVENUES:	
US DOT	\$ 642,090
US EPA	131,140
US Interior	49,478
Conn DOT	138,997
Conn OPM	497,282
Other grants	26,356
Local dues	80,215
Other income	4,696
Interest income	18
TOTAL REVENUES	<u>1,570,272</u>
 EXPENDITURES	
Salaries	692,684
Payroll Taxes	54,647
Group Insurance	103,718
Pension	31,402
Consultants	331,527
Postage	618
Printing and supplies	7,167
Office and equipment	39,952
Telephone	12,063
Professional fees	51,752
Meetings and seminars	10,973
Insurance	9,480
Rent	58,627
Travel	69,431
Advertising and marketing	17,709
Dues, fees and training	24,552
Educational expenses	103,101
Capital outlay:	-
Equipment acquisitions	42,414
TOTAL EXPENDITURES	<u>1,661,817</u>
 EXCESS OF REVENUES OVER EXPENDITURES	<u>(91,545)</u>
 NET CHANGE IN FUND BALANCES	(91,545)
 FUND BALANCE JULY 1 (Beginning)	<u>245,695</u>
 FUND BALANCE JUNE 30 (Ending)	<u>\$ 154,150</u>

The accompanying notes to the basic financial statements are an integral part of this statement

Exhibit D

**GREATER BRIDGEPORT REGIONAL COUNCIL OF GOVERNMENTS
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS
Reconciliation of Changes in Fund Balance
to Changes in Net Position of Governmental Activities
June 30, 2016**

The changes reported for Governmental Activities in the Statement of Activities (Exhibit B) are different from the changes in Governmental Fund Balances. The details of these differences are as follows:

NET CHANGE IN FUND BALANCE (Exhibit D, page 6A) \$ (91,545)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their useful lives and reported as depreciation expense.

Capital Outlay	42,414
Loss on disposed assets	(7,415)
Depreciation Expense	<u>(4,645)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES
(Exhibit B) \$ (61,191)

See accompanying notes to the financial statements.

Exhibit E

**GREATER BRIDGEPORT REGIONAL COUNCIL OF GOVERNMENTS
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS
Notes to Financial Statements
June 30, 2016**

1. Summary of Significant Accounting Policies

The Greater Bridgeport Regional Council d/b/a Connecticut Metropolitan Council of Governments (the Council) is operating under the applicable laws and regulations of the State of Connecticut. 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.

A. Reporting Entity

The Greater Bridgeport Regional Council (the Council) is a non-taxable association of the municipalities of Bridgeport, Easton, Fairfield, Monroe, Stratford, and Trumbull. 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 ISTEA/TEA-21 Transportation Legislation. There are no component units included within the reporting entity.

B. Council-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are council-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 Council has no business type activities that rely, to a significant extent, on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include grants and contributions that are restricted to meeting operational or capital requirements of a particular function.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The Council-wide financial statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current asset, current liabilities and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets (i.e. revenue and other financing sources and expenditures and other financing uses).

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable.

Exhibit E

**GREATER BRIDGEPORT REGIONAL COUNCIL OF GOVERNMENTS
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS
Notes to Financial Statements
June 30, 2016**

1. Summary of Significant Accounting Policies, continued

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. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as deferred revenues until related and authorized expenditures have been made.

D. Fund Accounting

The Council reports the following major governmental fund:

The General Fund – The general fund is the Council’s primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

Budget

Budgets are prepared for individual grant programs, and not for the Council as a whole. Therefore, it is neither practical nor meaningful to present a combined budgetary statement. However, budget and actual data for specific grant programs is presented in the supplementary information.

E. 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 Council cost of \$500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed.

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.

Leasehold improvements, furniture and equipment of the Council are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Leasehold Improvements	10
Vehicle	5
Furniture	5-7
Other Equipment	7

F. Liability for Compensated Absences

Employees are not allowed to accrue personal days, sick leave, and vacation days beyond the end of each fiscal year. Therefore there is no liability as of June 30, 2016.

Exhibit E

**GREATER BRIDGEPORT REGIONAL COUNCIL OF GOVERNMENTS
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS
Notes to Financial Statements
June 30, 2016**

1. Summary of Significant Accounting Policies, continued

- G. Long-Term Debt
In the Council-wide financial statements, long-term debt is reported as a liability in the applicable governmental activities statement of net position.

- H. 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.

- I. Net Position and Fund Balance

Council-Wide Financial Statements

When the Council incurs an expense for which it may use either restricted or unrestricted net assets, it uses restricted net assets first unless unrestricted net assets have to be returned because they were not used. Net assets on the Statement of Net Position include the following:

Investment in Capital Assets, Net of Related Debt – The component of net assets that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unspent proceeds, that is directly attributable to the acquisition, construction, or improvement of these capital assets.

Unrestricted – The difference between the assets and liabilities that is not reported in Net Assets Invested in Capital Assets, net of Related Debt

Governmental Fund Financial Statements

In the fund financial statements, governmental funds report fund balances as either a reserved fund balance or an unreserved fund balance.

2. Deposits and Investments

The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with a qualified public depository, as defined by Statute, or, in amounts not exceeding the Federal Insurance Corporation limit in an “out of state bank”, as defined by the Statutes, which is not a qualified public depository.

- A. Cash
The following is a summary of cash at June 30, 2016:

Demand Accounts	\$ 263,360
Interest Bearing Accounts	<u>118,211</u>
	<u>\$ 381,571</u>

Exhibit E

**GREATER BRIDGEPORT REGIONAL COUNCIL OF GOVERNMENTS
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS
Notes to Financial Statements
June 30, 2016**

2. Deposits and Investments, continued

B. Deposits

At June 30, 2016, the carrying amount of the Council's deposits was \$381,571 and the bank balance was \$459,702. Of the bank balance \$250,000 was covered by Federal Depository Insurance.

The cash deposits held at financial institutions can be categorized according to three levels of risk. These three levels of risk are as follows:

Category 1 Deposits which are insured or collateralized with securities held by the Council or by its agent in the Council's name.

Category 2 Deposits which are collateralized with securities held by the pledging financial institution's trust department or agent in the Council's name.

Based on these three levels of risk, all of the Council's cash deposits are classified as Category 1.

3. Accounts Receivable

Receivables as of year-end for the Council's general fund, including any applicable allowances for uncollectible accounts, are as follows:

State and Federal Grants \$290,236

4. Capital Assets

Capital Asset activity for the year ended June 30, 2016 is as follows:

	<u>Beginning Balance</u>	<u>Additions Reclassification</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
Traffic Monitoring	\$ 18,300	\$ -	\$ -	\$ 18,300
Leasehold Improvements	10,651	-	10,651	-
Furniture and Equipment	<u>153,288</u>	<u>42,414</u>	<u>103,044</u>	<u>92,658</u>
Total at Historic Cost	<u>182,239</u>	<u>42,414</u>	<u>113,695</u>	<u>110,958</u>
Less Accumulated Depreciation				
Traffic Monitoring	18,300	-	-	18,300
Leasehold Improvements	10,651	-	10,651	-
Furniture and Equipment	<u>140,945</u>	<u>4,645</u>	<u>95,629</u>	<u>49,961</u>
Total Accumulated Depreciation	<u>169,896</u>	<u>4,645</u>	<u>106,280</u>	<u>68,261</u>
Governmental Activities				
Capital Assets, net	<u>\$ 12,343</u>	<u>\$ 37,769</u>	<u>\$ (7,415)</u>	<u>\$ 42,697</u>

Exhibit E

**GREATER BRIDGEPORT REGIONAL COUNCIL OF GOVERNMENTS
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS
Notes to Financial Statements
June 30, 2016**

5. General Fund Federal Source Revenues

During the current year, general fund federal source revenues consisted of the following:

Program or Source	CFDA	
	<u>Number</u>	<u>Amount</u>
US DOT – Transportation Planning	20.205/20.208	642,090
Environmental Protection Agency	66.818	131,140
Department of the Interior	15.153	49,478
		<u>\$ 822,708</u>

6. Lease Agreement

On July 25, 2015 the Council entered into a five year office space in Bridgeport Connecticut. The commencement date for the lease was December 1, 2015. Under the terms of the agreement, the annual base rent ranges from \$74,160 per year during the first year of the agreement to \$83,455 during the last year of the agreement. The Council has two option to renew the lease each for a term of five years.

Future minimum lease payments are as follows:

June 30, 2017	\$ 75,282
June 30, 2018	77,538
June 30, 2019	79,890
June 30, 2020	80,254
June 30, 2021	<u>41,730</u>
	<u>\$354,694</u>

7. Pension Plan

The Council maintained a 401(a) defined contribution money purchase plan, the Greater Bridgeport Regional Council Money Purchase Plan, which covers all full time employees who have completed twelve months of service and have reached the minimum age of 21. The plan is a single-employer plan and is administered by ICMA Retirement Corporation.

The following is a summary of the funding polices, contributions methods and benefit provisions:

Employer contributions requirements	5% of the employee’s earnings for the year, not including overtime and bonuses; Employee’s may contribute up to 2% of their yearly earnings.
Plan eligibility	Twelve months of service and 21 year old.
Normal retirement benefit	Age 70 ½
Vesting	3 years

Pension expense for the year ended June 30, 2016 was \$31,401.

Exhibit E

**GREATER BRIDGEPORT REGIONAL COUNCIL OF GOVERNMENTS
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS
Notes to Financial Statements
June 30, 2016**

8. Revenue from Local and Intermediate Sources

During the current year, revenues from local and intermediate sources consisted of the following:

	<u>General Fund</u>
Local Dues	\$ 80,215
Other	4,696
Investment Income	<u>18</u>
Total	\$ <u>221,144</u>

The Council used \$67,166 of the local dues for a matching contribution for the Transportation Planning grant.

9. Risk Management

The Council is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disaster. During the year ended June 30, 2016, the Council contracted with Hartford Insurance Company for liability, property, and crime damage. Coverages provided by the company are as follows:

Business Auto Coverage Liability Combined	\$ 1,000,000
Commercial General Liability	2,000,000
Commercial Property	224,000

The Council had no significant reductions in insurance coverage from the prior year. The Council had no settlements exceeding insurance coverage in the past.

10 Economic Dependency

The Council's revenues are mostly comprised of federal and state grants from the State of Connecticut. The loss of these grants could have a significant impact on the Councils programs and operations.

11 Subsequent Events

Management has evaluated subsequent events through June 15, 2017, the date the financial statements were available to be issued, and has determined that there were no matters requiring disclosure in, or adjustment to, these financial statements. Management has acknowledge that subsequent to the year ended there was a settlement from the termination of an employee. The amount of the settlement was paid by the Council's insurance carrier and had no effect on the operations of the Council.

Schedule 1

GREATER BRIDGEPORT REGIONAL COUNCIL OF GOVERNMENTS
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2016

	<u>BUDGETED AMOUNTS</u>			VARIANCE WITH THE FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL AMOUNT</u>	
<u>REVENUE</u>				
Transportation Planning	\$ 638,423	\$ 638,423	\$ 604,492	\$ (33,931)
State Grant in Aid	284,000	284,000	284,000	-
Local dues	80,215	80,215	80,215	-
Regional TOD Program	83,500	83,500	64,347	(19,153)
Regional GIS -RPIP/ State Grant Is Aid	282,400	282,400	145,347	(137,053)
EPA Brownfields	252,960	252,960	118,486	(134,474)
EPA Brownfields - Revolving Loan Fund	890,430	890,430	12,654	(877,776)
Route 25/111	375,000	375,000	24,970	(350,030)
NFWF	75,400	75,400	49,478	(25,922)
Stratford Route 110	118,770	118,770	104,764	(14,006)
LOT/CIP	100,684	100,684	46,861	(53,823)
Other grants and income	58,500	58,500	31,070	(27,430)
Nutmeg Network	-	-	3,588	3,588
TOTAL REVENUE	\$ 3,240,282	\$ 3,240,282	\$ 1,570,272	\$ (1,670,010)
<u>EXPENDITURES</u>				
Personnel	\$ 738,810	\$ 738,810	\$ 692,684	\$ 46,126
Fringe Benefits and Payroll Taxes	340,616	340,616	189,767	150,849
Audit	10,500	10,500	10,500	-
Equipment and Computers	40,000	40,000	82,366	(42,366)
Insurance	7,800	7,800	9,480	(1,680)
Printing & Supplies	5,000	5,000	7,167	(2,167)
Copier	3,500	3,500	4,203	(703)
Office Rent	86,948	86,948	58,627	28,321
Postage	3,500	3,500	616	2,882
Telephone & Internet	9,300	9,300	12,063	(2,763)
Travel & Field Survey	42,500	42,500	69,431	(26,931)
Training & Professional Dues	26,500	26,500	24,552	1,948
Meetings	20,000	20,000	10,973	9,027
Legal	35,000	35,000	37,049	(2,049)
Marketing	15,000	15,000	17,709	(2,709)
Educational Expenses	132,649	132,649	103,101	29,548
Consultant	2,174,145	2,174,145	301,173	1,872,972
TOTAL EXPENDITURES	3,691,768	3,691,768	1,631,463	2,060,305
EXCESS (DEFICIT) OF REVENUE	\$ (451,486)	\$ (451,486)	\$ (61,191)	\$ 390,295
NET POSITION - BEGINNING	258,038	258,038	258,038	
NET POSITION - ENDING	\$ (193,448)	\$ (193,448)	\$ 196,847	

8

The accompanying notes to the financial statements are an integral part of this statement

Schedule 2

GREATER BRIDGEPORT REGIONAL COUNCIL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE BY PROJECT
FOR THE YEAR ENDED JUNE 30, 2018

	TOTAL	INDIRECT COSTS	GENERAL FUND	TRANSPORTATION PLANS	EPA BROWNFIELD PROPERTIES	STRATFORD RTE 110	RRP REGIONAL GIS	COSTAL ALLIANCE NPO/FP	ROUTE 23 & 111	LOTGP	REGIONAL TOD	BROWNFIELDS REVOLVING LOAN FUND	TRUMBULL AVE.	NUTMEG NETWORK	STRAKED CP
REVENUES:															
FEDERAL:															
U.S. DOT	\$ 642,090	\$ -	\$ -	\$ 537,228	\$ 118,468	\$ 104,764	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,854	\$ -	\$ -	\$ -
U.S. EPA	131,140	-	-	-	49,478	-	-	49,478	-	-	-	12,854	-	-	-
U.S. Interor	49,478	-	-	537,308	319,458	104,764	-	49,478	-	-	-	12,854	-	-	-
TOTAL FEDERAL AWARDS	822,708	-	-	1,074,536	487,944	209,528	-	98,956	-	-	-	25,708	-	-	-
STATE OF CT:															
Conn DOT	138,897	-	-	67,188	-	-	429,347	-	24,870	48,881	84,347	-	-	3,588	-
Conn DPM	487,292	-	-	87,188	-	-	429,347	-	24,870	45,881	84,347	-	-	3,588	-
TOTAL STATE OF CT AWARDS	626,189	-	-	154,376	-	-	858,694	-	49,740	94,762	168,694	-	-	7,176	-
OTHER:															
Local dues:	60,215	-	13,049	87,166	-	-	-	-	-	-	-	-	11,500	-	14,788
Other grants:	26,359	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other income:	4,898	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income:	18	-	18	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL REVENUES	1,520,272	-	17,795	871,858	118,458	104,764	429,347	48,478	24,870	48,881	168,694	12,854	11,500	3,588	14,788
EXPENDITURES															
Sellings	662,884	247,978	-	264,138	19,080	11,250	88,540	19,777	10,242	18,374	21,773	5,068	3,453	-	5,914
Payroll Taxes	54,847	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Group Insurance	103,718	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pension	31,402	-	-	-	68,114	78,619	178,265	-	-	-	-	-	2,821	3,588	-
Commutants	331,527	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Postage	813	-	-	394	-	-	77,334	-	-	-	-	-	-	-	-
Printing and supplies	7,187	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office and equipment	52,368	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Telephone	12,083	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	31,732	-	-	450	-	-	-	-	17	-	1,082	-	-	-	-
Insurance	9,918	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Supplies	8,480	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Travel	58,627	-	-	12,287	1,830	-	-	-	-	-	-	-	-	-	-
Depreciation	80,431	-	-	-	-	-	-	-	-	880	-	-	-	-	-
Advertising and marketing	4,845	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dues, fees and printing	17,708	-	-	-	-	-	1,250	-	-	-	-	-	-	-	-
Educational expenses	24,530	-	-	5,282	-	-	-	-	-	-	-	-	-	-	-
Indirect costs applies	4,880	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURES	1,882,443	(887,270)	100,583	362,179	28,699	19,895	105,608	28,704	14,614	27,884	84,347	7,998	11,500	3,588	8,882
EXCESS OF (EXPENDITURES) OVER REVENUES	(362,171)	(869,742)	(82,788)	(286,321)	(110,241)	(14,131)	(62,261)	(20,226)	(29,744)	(40,903)	(15,653)	(12,854)	(11,500)	(3,588)	(14,788)
DEPRECIATION															
FUND BALANCE, JULY 1, 2015	245,695	-	-	-	-	-	-	-	-	-	-	-	-	-	-
FUND BALANCE, JUNE 30, 2018	154,150	\$ -	\$ 154,150	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

This accompanying notes to the financial statements are an integral part of this statement

Schedule 3

**GREATER BRIDGEPORT REGIONAL COUNCIL OF GOVERNMENTS
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS
FINANCIAL SUMMARY REPORT
STATE OF CONNECTICUT - DEPARTMENT OF TRANSPORTATION
FOR THE YEAR ENDED JUNE 30, 2016**

<u>SOURCE OF FUNDS</u>	<u>Consolidated Planning Grant State Project No. DOT07169996PL</u>
I. Maximum Funds Authorized	
US DOT	\$ 503,856
Conn DOT Match	62,982
Local Match	62,982
	<u>629,820</u>
II. Audited Expenditures	
Direct Salaries	261,139
Indirect @150.18%	392,179
Direct Costs	18,340
	<u>671,658</u>
III. Distribution of Audited Costs	
US DOT	537,326
Conn DOT Match	67,166
Local Match	67,166
	<u>671,658</u>
IV. Conn DOT Responsibility	
US DOT	537,326
Conn DOT Match	67,166
Total	<u>604,492</u>
Payment Received to June 30, 2016	549,603
Payment Received after June 30, 2016	66,235
Total Payments Received	<u>615,838</u>
Due from/(to) Conn DOT	<u>\$ (11,346)</u>

The accompanying notes to the financial statements are an intergral part of this statement

Schedule 4

**GREATER BRIDGEPORT REGIONAL COUNCIL OF GOVERNMENTS
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS
INDIRECT RATE CALCULATION
FOR THE YEAR ENDED JUNE 30, 2016**

Indirect Costs:	
Salaries	\$ 247,979
Payroll Taxes	54,647
Group Insurance	103,718
Pension	31,402
Postage	618
Printing and supplies	6,776
Office and equipment	5,032
Telephone	12,063
Professional fees	51,752
Meetings and seminars	9,414
Insurance	9,480
Rent	58,627
Travel	55,534
Advertising and marketing	11,503
Dues, fees and training	4,680
	<u>663,225</u>
Depreciation Expense Allocation	<u>4,645</u>
Total	\$ <u><u>667,870</u></u>
Total payroll	\$ 692,684
Less: Indirect payroll	247,979
Less: Compensated absences	<u>-</u>
Payroll Base	\$ <u><u>444,705</u></u>
Indirect Cost Rate	<u><u>150.18%</u></u>

The accompanying notes to the financial statements are an intergral part of this statement

COSTELLO COMPANY, LLC

Charles T. Costello, CPA *Certified Public Accountant and Consultants* www.costellocompany.com

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 Council Board of the
Greater Bridgeport Regional Council of Governments
d/b/a Connecticut Metropolitan Council of Governments
Bridgeport, Connecticut

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Greater Bridgeport Regional Council of Governments, d/b/a Connecticut Metropolitan Council of Governments (the "Council"), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued my report thereon dated June 15, 2017.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, I do not express an opinion on the effectiveness of the Council's internal control.

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

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-001 that I consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Council's financial statements are free from material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hebron, Connecticut
June 15, 2017

COSTELLO COMPANY, LLC

Charles T. Costello, CPA *Certified Public Accountant and Consultants* www.costellocompany.com

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

To the Council Board of the
Greater Bridgeport Regional Council of Governments
d/b/a Connecticut Metropolitan Council of Governments
Bridgeport, Connecticut

Report on Compliance for Each Major Federal Program

I have audited Greater Bridgeport Regional Council of Governments, d/b/a Connecticut Metropolitan Council of Governments (the Council's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2016. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for the Council's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal Program

In my 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, 2016.

Report on Internal Control over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Council's 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of The Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Hebron, Connecticut
June 15, 2017

Schedule 5

**GREATER BRIDGEPORT REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor Pass Through Grantor Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor Identification Number	Federal Grant Expenditures
<u>U.S. Department of Transportation:</u>			
Passed through the State of Connecticut Department of Transportation			
Highway Planning and Construction (FHWA)	20.205	12062-DOT57551-22108	\$ 537,326
Highway Planning and Construction (FHWA)	20.205	12062-DOT57551-22108	<u>104,764</u>
Total Department of Transportation			<u>\$ 642,090</u>
<u>U.S. Department of Environmental Protection</u>			
Revolving Loan Fund	66.814		\$ 12,654
Brownfields Assessment and Cleanup	66.818		<u>118,486</u>
Total Department of Environmental Protection			<u>\$ 131,140</u>
<u>U.S. Department of the Interior</u>			
Passed through the South Central Regional Council of Governments			
Regional framework for Coastal Resilience	15.153	44271	<u>\$ 49,478</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 822,708</u>

**GREATER BRIDGEPORT REGIONAL COUNCIL OF GOVERNMENTS
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS**

**NOTES TO THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS**

FOR THE YEAR ENDED JUNE 30, 2016

NOTE A – ACCOUNTING BASIS

The accounting policies of the Greater Bridgeport Regional Council of Governments, d/b/a Connecticut Metropolitan Council of Governments, (The Council) conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Council and is presented on the accrual basis of accounting. The information in this 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).

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

NOTE B – OTHER FEDERAL ASSISTANCE

The Council did not receive any non-cash federal assistance or federal assistance in the form of insurance, loans or loan guarantees.

NOTE C - SUBRECIPIENTS

The Council did not have any subrecipients.

NOTE D – RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The regulations and guidelines governing preparation of federal financial reports do not always match the accounting principles used by the Council to present amounts in the accompanying schedule. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying schedule which is prepared on the basis, explained in Note A.

NOTE E – INDIRECT COST RECOVERY

The Council has elected not to use the 10% de minimis indirect cost rate provided under section 200.414 of the Uniform Guidance

**GREATER BRIDGEPORT REGIONAL COUNCIL
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of Auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? X Yes 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

Type of Auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with Circular A-133, Section 510(a)? X Yes No

Identification of major programs:

- CFDA Number 20.205
- U.S. Department of Transportation
- Highway Planning and Construction

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

Auditee qualified as a low risk auditee? X Yes No

Section II - Financial Statement Finding

See Attached

Section III - Federal Award Findings and Questioned Costs

No findings or questioned costs are reported.

SUMMARY SCHEDULE OF THE STATUS OR PRIOR AUDIT FINDINGS

There were no federal findings or questioned costs reported in the Council's prior year federal single audit.

COSTELLO COMPANY, LLC

Charles T. Costello, CPA *Certified Public Accountant and Consultants* www.costellocompany.com

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 Council Board of the
Greater Bridgeport Regional Council of Governments
d/b/a Connecticut Metropolitan Council of Governments
Bridgeport, Connecticut

Report on Compliance for Each Major State Program

We have audited Greater Bridgeport Regional Council of Governments d/b/a Connecticut Metropolitan Council of Governments (the Council), compliance with the types of compliance requirements described in the Office of Policy and Management's Compliance Supplement that could have a direct and material effect on each of Council's major state programs for the year ended June 30, 2016. The Council's major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its state programs.

Auditors' Responsibility

My responsibility is to express an opinion on compliance for each of the Council's major state programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major state program. However, my audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major State Program

In my 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 state programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinion on compliance for each major state program 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 internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Council's 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 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 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.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

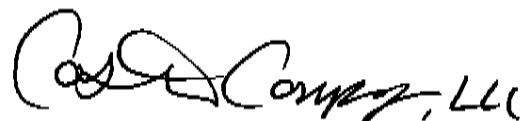
The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of the State Single Audit Act. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

I have audited the financial statements of the governmental activities, and each major fund of the Council as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements. I have issued my report thereon dated June 15, 2017, which contained unmodified opinions on those financial statements. My 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 State Financial Assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Expenditures of State Financial Assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.



Hebron, Connecticut
June 15, 2017

**GREATER BRIDGEPORT REGIONAL COUNCIL
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2016**

<u>STATE GRANTOR; PROGRAM TITLE; DESCRIPTION</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
DEPARTMENT OF TRANSPORTATION		
Regional Transportation Planning - State Match	12062-DOT57551-22108	\$ 67,166
Regional Transportation Improvement & Development Study of Routes 25 & 111	15DOT0290AA	24,970
Local Transportation Capital Improvement Program	13033-DOT57000-43584	46,861
Total Department of Transportation		<u>\$ 138,997</u>
OFFICE OF POLICY AND MANAGEMENT:		
Regional Performance Incentive Program Regional GIS Data Service	12060-OPM20600-35457	145,345
Regional TOD Pilot Program Project	17151-OPM20600-43550	64,347
Connection to the Nutmeg Network	OPM00000000-1111	<u>3,588</u>
Total Office of Policy and Management		<u>\$ 213,280</u>
Total Non-Exempt State Expenditures		<u>\$ 352,277</u>
EXEMPT PROGRAMS		
State Grant-in-Aid for Regional Planning Agency	12060-OPM20600-35457	<u>\$ 284,002</u>
TOTAL EXPENDITURES OF STATE AWARDS		<u>\$ 636,279</u>

**GREATER BRIDGEPORT REGIONAL COUNCIL
NOTE TO THE SCHEDULE OF EXPENDITURES
OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2016**

Various departments and agencies of the State of Connecticut have provided financial assistance to the Greater Bridgeport Regional Council, d/b/a Connecticut Metropolitan Council of Governments (the Council) through grant and other authorizations in accordance with the General Statutes of the State of Connecticut.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Council conform to generally accepted accounting principles generally accepted in the United States as applicable to governmental organizations. The following is a summary of the significant policies relating to the aforementioned grant program.

BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of state financial assistance is presented in accordance with regulations established by the State of Connecticut, Office of Policy and Management.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

In accordance with regulations established by the State of Connecticut, Office of Policy and Management (Section 4-236-22), certain financial assistance is not dependent on expenditure activity or the achievement of performance goals, and accordingly, are considered to be expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

NOTE B - SUBRECIPIENTS

The Council did not have any subrecipients.

NOTE C - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The regulations and guidelines governing preparation of federal financial reports do not always match the accounting principals used by the Council to present amounts in the accompanying schedule. Accordingly, the amounts reported in the federal financial reports do not necessarily agree with the amounts reported in the accompanying schedule which is prepared on the basis, explained in Note A.

**SCHEDULE OF FINDINGS AND
QUESTIONED COSTS**

**GREATER BRIDGEPORT REGIONAL COUNCIL
d/b/a CONNECTICUT METROPOLITAN COUNCIL OF GOVERNMENTS**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016**

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued – Unmodified

Internal control over financial reporting

- Material weakness identified? X yes no
- Significant deficiencies identified that are not
 Considered to be material weaknesses? yes X reported

Noncompliance material to financial statements noted? yes X no

State Financial Assistance

Internal control over major programs:

- Material weakness identified? yes X no
- Significant deficiency identified that are not
 Considered to be material weaknesses? yes X reported

Type of auditor's report issued on compliance for major programs – Unmodified

Any audit finding 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 program included in the audit.

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Office of Policy and Management Regional Performance Incentive Program	12060-OPM20600-35457	\$ 145,345
Regional TOD Pilot Program project	17151-OPM20600-43550	64,347

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

II. FINANCIAL STATEMENT FINDINGS

2016-001	Audit Readiness
Condition	At the commencement of my audit in November, the year-end closing process was not complete and reliable internal financial statements were not prepared. Numerous and significant adjustments needed to be made by Council personnel before the financial statements were ready to be audited. In addition, significant variances were not investigated on a timely basis and financial account reconciliations and analysis were not prepared on a timely basis throughout the year.
Criteria	The Council is responsible for preparation of the financial statements and designing, implementing and maintaining internal controls relevant to the preparation and presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).
Context	Accounting manager did not reconcile the bank statements in a timely manner, adjustments were made to income and expense accounts for prior years, which effected the opening balance sheet, some cash receipts and cash disbursements were not recorded correctly in the current period.
Effect	The completion of the financial statement report was significantly delayed.
Cause	Inadequate review and closing procedures and thorough understanding of GAAP.
Recommendation	I recommend that appropriate corrective actions be implemented as soon as possible. Council management should review, and document their review, of the monthly bank reconciliations, accounts receivable and payables. Management should also review the monthly balance sheet and profit and loss and inquire about any variance in their expected results.
Management Response and Planned Corrective Action	Management will implement specific monthly closing procedures. All funds will have distinct individual classes in our accounting system to better track income and expenses by fund. The accounting manager has been replaced.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs over State Financial Assistance Programs.