

**CAPITOL REGION COUNCIL OF GOVERNMENTS**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED JUNE 30, 2022**



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## INDEPENDENT AUDITORS' REPORT

Audit Committee  
Capitol Region Council of Governments  
Hartford, Connecticut

### Report on the Audit of the Financial Statements

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Capitol Region Council of Governments, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Capitol Region Council of Governments' basic financial statements as listed in the table of contents.

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

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Capitol Region Council of Governments 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.

#### ***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note 1 to the financial statements, effective July 1, 2021, the Capitol Region Council of Governments adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability for all leases with lease terms greater than twelve months. Our opinions are not modified with respect to this matter.

### ***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 Capitol Region Council of Governments' 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.

### ***Auditors' 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 auditors' 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 GAAS 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 GAAS 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 Capitol Region Council of Governments' 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 Capitol Region Council of Governments' 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 and the budgetary comparison information 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 GAAS, 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.

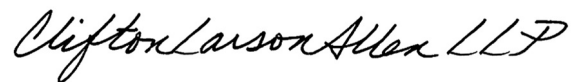
***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Capitol Region Council of Governments' basic financial statements. The combining nonmajor fund financial statements, the indirect rate calculation and the schedule of sources and uses – local assessments are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the combining nonmajor fund financial statements, the indirect rate calculation and the schedule of sources and uses – local assessments are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Financial Summary for the State of Connecticut Department of Transportation, which is the responsibility of management, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2022, on our consideration of the Capitol Region Council of Governments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Capitol Region Council of Governments' 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 Capitol Region Council of Governments' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
December 17, 2022

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

As management of the Capitol Region Council of Governments (CRCOG), we offer readers of CRCOG's financial statements this narrative overview and analysis of the financial activities of CRCOG for the fiscal year ended June 30, 2022.

**FINANCIAL HIGHLIGHTS**

The assets of CRCOG exceeded its liabilities at the close of the most recent fiscal year by \$5,047,516 (net position). Of this amount, \$2,222,803 (unrestricted net position) may be used to meet CRCOG's ongoing obligations.

CRCOG's unrestricted net position increased by \$440,254 due to decreases in expenses.

As of the close of the current fiscal year, CRCOG's governmental funds reported combined ending fund balances of \$5,194,928. The portion of the fund balance available for spending at CRCOG's discretion (unassigned fund balance) is \$2,035,590.

As of June 30, 2022, the balance for the General Fund was \$2,173,808 which includes unassigned funds of \$2,035,590.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis are intended to serve as an introduction to CRCOG's basic financial statements. CRCOG's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Basis of Presentation**

CRCOG is considered a governmental organization for financial reporting purposes. Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, requires the presentation of government-wide financial statements and fund financial statements. The government-wide financial statements consist of the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances. CRCOG has no business-type activities.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of CRCOG's finances, in a manner similar to a private-sector business.

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



**CAPITOL REGION COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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

**Government-Wide Financial Statements (Continued)**

The statement of activities presents information showing how CRCOG's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected member town assessments and earned but unused vacation leave).

Both government-wide financial statements display information about CRCOG's governmental activities, which consists of regional planning. CRCOG does not have any business-type activities.

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

The government-wide financial statements can be found on Exhibits I and II 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. CRCOG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of CRCOG can be divided into two categories: governmental funds and fiduciary funds.

***Governmental Funds***

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

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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

**Fund Financial Statements (Continued)**

***Governmental Funds (Continued)***

CRCOG maintains 11 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Municipal Services, the Public Safety Programs Fund, the FHWA Fund, Regional Services Grant and Special Projects. All 6 are considered to be major funds. Data from the other 5 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on Exhibits III and IV of this report.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside of CRCOG. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to CRCOG's own programs. The accounting used for fiduciary funds is much like that used for proprietary (business-type function) funds. CRCOG has two fiduciary funds it reports upon: Pension Trust and one Custodial Fund.

The basic fiduciary fund financial statements can be found on Exhibits V and VI of this report.

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages of 22-38 of this report.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also contains required supplementary information other than this management's discussion and analysis.

Combining and individual fund statements and schedules and other supplementary information can be found at the end of this report.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

**Net Position**

Over time, net position may serve as one measure of a government's financial position. Total net position of CRCOG totaled \$5,047,516 and \$4,746,828 as of June 30, 2022 and 2021, respectively, and are summarized as follows:

	Governmental Activities	
	2022	2021
Current and Other Assets	\$ 6,403,472	\$ 6,303,640
Capital Assets, Net	201,653	48,749
Total Assets	6,605,125	6,352,389
Long-Term Liabilities	75,928	136,193
Other Liabilities	1,481,681	1,469,368
Total Liabilities	1,557,609	1,605,561
Net Position:		
Net Investment in Capital Assets	44,402	48,749
Restricted for:		
Grants	2,780,311	2,915,530
Unrestricted	2,222,803	1,782,549
Total Net Position	\$ 5,047,516	\$ 4,746,828

At June 30, 2022, \$44,402 or .88% of CRCOG's net position reflect its net investment in capital assets. CRCOG uses these capital assets to provide services to member towns; consequently, these assets are not available for future spending.

A portion of CRCOG's net position of \$2,780,311 are grant or other revenues that have been realized and are restricted in their uses (such as Public Safety, Municipal Services or Special Projects). The remainder of CRCOG's net position of \$2,222,803 is considered unrestricted and may be used to meet CRCOG's ongoing obligations. Overall, net position increased by \$300,688 primarily in unrestricted funds. One reason for this is continued decrease in expenses due to reduction in travel and other meeting related expenses as well as a lower than amount of expected local match that was not expended in FY 2022.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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

**Changes in Net Position**

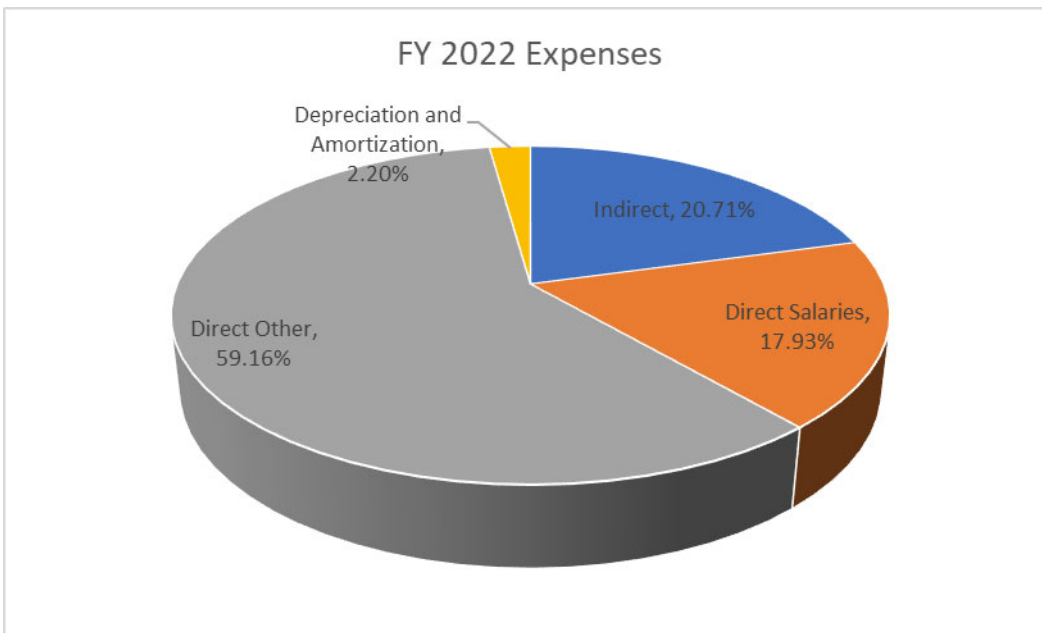
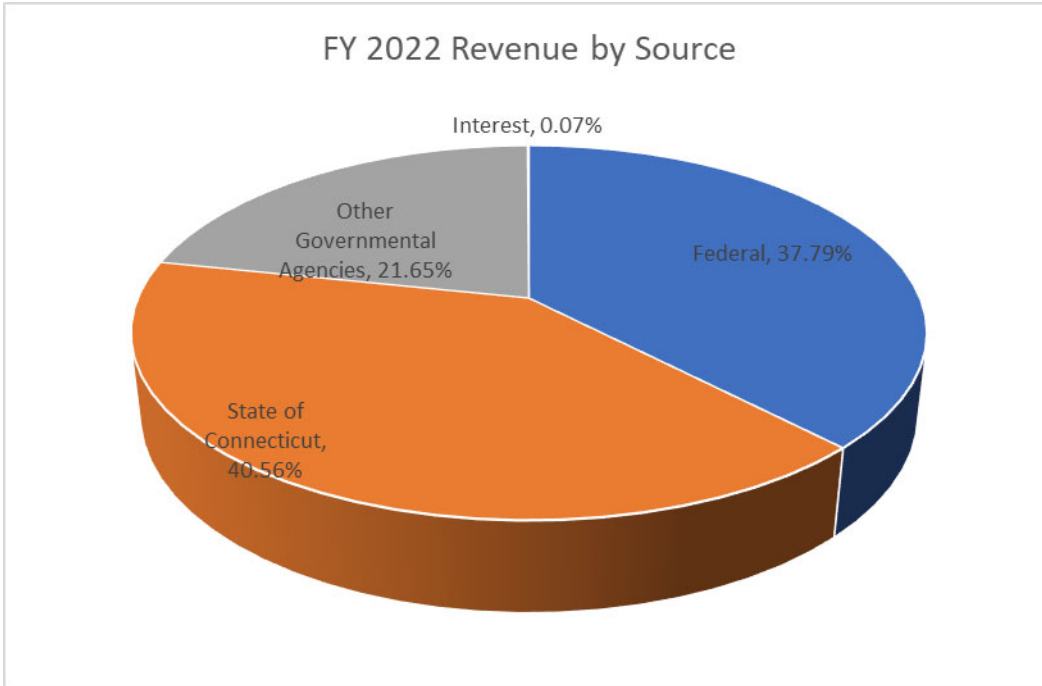
Changes in net position for the years ended June 30, 2022 and 2021, are as follows:

	Governmental Activities	
	2022	2021
<b>REVENUES</b>		
Federal Government	\$ 2,684,531	\$ 3,541,268
State of Connecticut	2,881,628	2,923,659
Other Governmental Agencies	1,538,234	4,443,853
Interest	5,040	4,096
Total Revenues	<u>7,109,433</u>	<u>10,912,876</u>
<b>EXPENSES</b>		
Direct Salaries	1,220,667	1,208,383
Direct Other	4,028,288	4,808,879
Depreciation and amortization	149,932	16,611
Indirect	1,409,858	1,748,777
Total Expenses	<u>6,808,745</u>	<u>7,782,650</u>
<b>CHANGES IN NET POSITION</b>	300,688	3,130,226
Net Position - Beginning of Year	<u>4,746,828</u>	<u>1,616,602</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 5,047,516</u></u>	<u><u>\$ 4,746,828</u></u>

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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

**Changes in Net Position (Continued)**



**CAPITOL REGION COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

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

**Governmental Funds**

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

***General Fund***

The General Fund is the chief operating fund of CRCOG. At the end of the current fiscal year, the fund balance of the General Fund was \$2,173,808, of which \$2,035,590 was classified as unassigned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total General Fund expenditures. Total direct expenditures during the year were \$138,616. Unassigned fund balance was 14.69 times larger than direct General Fund expenditures.

***Municipal Services Fund***

The Municipal Services Fund accounts for revenues and expenditures incurred in providing municipal services, primarily the Capitol Region Purchasing Cooperative as well as the CRCOG IT Services Cooperative.

***Public Safety Programs Fund***

The Public Safety Programs Fund accounts for revenues and expenditures incurred in providing various public safety projects to the CRCOG member municipalities. Expenditures during the year totaled \$1,743,367.

***FHWA Fund***

The FHWA Fund is used to account for revenues and expenditures related to urban and rural transportation planning on a cost-reimbursement basis. Expenditures during the year totaled \$2,547,275. At the end of the current fiscal year, there was no fund balance.

***Regional Services Grant***

CRCOG received \$847,792 in state funding during FY 2021-2022.

These funds were used to carry out statutory planning responsibilities including land use planning, review of zoning and subdivision proposals along town boundaries and review of municipal plans of conservation and development. They are also used to support shared Municipal Services and specific Public Safety functions as well as some Transportation Planning activities.

***Special Projects Fund***

As of June 30, 2022, the Restricted Balance in the Special Projects Fund was \$1,741,747. This fund was established to enable CRCOG to fund regional projects with the use of local, state and federal funds.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**BUDGETARY HIGHLIGHTS**

Budgets are adopted by the CRCOG Policy Board on a modified accrual basis. The adopted annual budget covers the General Fund and the Special Revenue Funds on a combined basis.

No additional appropriations were made during the year in the General Fund.

**CAPITAL ASSETS**

CRCOG's investment in capital assets for its governmental activities as of June 30, 2022, totaled \$201,653 (net of accumulated depreciation and amortization). This investment in capital assets includes right to use asset, computers, furniture and fixtures, equipment and leasehold improvements.

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

	Governmental Activities	
	2022	2021
Furniture and Fixtures	\$ 25,270	\$ 30,886
Computers	22,657	17,863
Right to Use Asset	153,726	-
Totals	\$ 201,653	\$ 48,749

Additional information on CRCOG's capital assets can be found in Note 4 on page 33 of this report.

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

CRCOG is highly dependent on intergovernmental revenue from the state of Connecticut and the federal government. All local government entities in Connecticut are facing significant financial uncertainty, including projected state deficits and federal funding cuts. CRCOG's local funding remains strong and stable, accounting for approximately a quarter of CRCOG's core budget.

**Federal**

- CRCOG has traditionally carried over a large portion of FHWA funding. Beginning in FY2021 CRCOG made concerted efforts in to expend the carry over funding and this effort continues through FY 2022-2023.
- IIJA increased CRCOG's portion of FHWA funding. This increase will be included in FY 2022-2023 but the exact amounts for FY 2023-2024 are yet to be determined.
- IIJA has many competitive funding opportunities. CRCOG received a Rebuilding American Infrastructure with Sustainability and Equity (RAISE) grant and anticipate additional competitive grant proposals in FY 2022-2023 and beyond.
- CRCOG was granted a Congressionally Directed Funding through Senator Murphy and a Community Directed Funding through Congressman Courtney. The first was \$137,000 for Hazard Mitigation Planning. The second was to support Crumbling Foundations in Eastern and Central Connecticut. CRCOG is currently awaiting details and further guidance from the appropriate agencies.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2022**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES (CONTINUED)**

**State**

- Regional Services Grant (RSG) has become relatively stable in the last few years.. CRCOG has budgeted for what is currently in statute. There is a possibility that RSG may change in the per capita funding formula to CRCOG's benefit. This contingency has also been included in the contingency table for FY 2022-2023. As the state turns towards a more regional emphasis, CRCOG expects state funding for COGs to remain relatively stable and consistent.
- Other state funded programs may be at risk in the future (including LOTCIP and Crumbling Foundations Testing Program). CRCOG will continue to monitor and will respond accordingly.

**Local**

- CRCOG continues to contribute a portion of its local dues to a "Regional Program Fund" that enables CRCOG to begin regional projects without outside funding. This funding has been used in the past for model cybersecurity policies, scenario planning and other projects.
- CRCOG's municipal services offerings are expanding and CRCOG anticipates adding additional services and expanding CRCOG's offering in the upcoming year.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of CRCOG's finances for all those with an interest in CRCOG's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Pauline Yoder, Chief Operating Officer, CRCOG, 241 Main Street, 4th Floor, Hartford, CT 06106-5310.



**CAPITOL REGION COUNCIL OF GOVERNMENTS  
STATEMENT OF NET POSITION  
JUNE 30, 2022**

	Governmental Activities
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 4,887,536
Due from State of Connecticut	1,368,688
Other Governmental Grants Receivable	9,030
Prepaid and Other Assets	138,218
Capital Assets, Net of Accumulated Depreciation and Amortization	201,653
Total Assets	6,605,125
<b>LIABILITIES</b>	
Accounts and Other Payables	693,593
Unearned Revenue	514,951
Noncurrent Liabilities:	
Due Within One Year	273,137
Due in More than One Year	75,928
Total Liabilities	1,557,609
<b>NET POSITION</b>	
Net Investment in Capital Assets	44,402
Restricted for:	
Grants	2,780,311
Unrestricted	2,222,803
Total Net Position	\$ 5,047,516

See accompanying Notes to Financial Statements.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

Functions/Programs	Expenses	Program Revenues		Capital Grants and Contributions	Net (Expense) Revenue and Net Position
		Charges for Services	Operating Grants and Contributions		Governmental Activities
Governmental Activities: Regional Planning	<u>\$ 6,808,745</u>	<u>\$ 1,538,234</u>	<u>\$ 5,566,159</u>	<u>\$ -</u>	\$ 295,648
<b>GENERAL REVENUES</b>					
					<u>5,040</u>
<b>CHANGE IN NET POSITION</b>					300,688
					<u>4,746,828</u>
					<u>\$ 5,047,516</u>

See accompanying Notes to Financial Statements.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	General Fund	Municipal Services	Public Safety Programs	FHWA	Regional Services Grant	Special Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>								
Cash and Cash Equivalents	\$ 4,209,415	\$ -	\$ 678,121	\$ -	\$ -	\$ -	\$ -	\$ 4,887,536
Due from State of Connecticut	-	-	217,441	803,899	-	-	347,348	1,368,688
Other Governmental Grants Receivable	-	-	9,030	-	-	-	-	9,030
Due from Other Funds	780,059	250,962	406,424	-	2,678	1,754,330	374,381	3,568,834
Prepaid and Other Assets	138,218	-	-	-	-	-	-	138,218
<b>Total Assets</b>	<b>\$ 5,127,692</b>	<b>\$ 250,962</b>	<b>\$ 1,311,016</b>	<b>\$ 803,899</b>	<b>\$ 2,678</b>	<b>\$ 1,754,330</b>	<b>\$ 721,729</b>	<b>\$ 9,972,306</b>
<b>LIABILITIES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts Payable	\$ 69,888	\$ 1,906	\$ 276,712	\$ 136,268	\$ 2,678	\$ -	\$ 155,920	\$ 643,372
Accrued Payroll and Other Liabilities	50,221	-	-	-	-	-	-	50,221
Unearned Revenue	45,000	49,959	32,112	38,274	-	12,583	337,023	514,951
Due to Other Funds	2,788,775	-	-	629,357	-	-	150,702	3,568,834
<b>Total Liabilities</b>	<b>2,953,884</b>	<b>51,865</b>	<b>308,824</b>	<b>803,899</b>	<b>2,678</b>	<b>12,583</b>	<b>643,645</b>	<b>4,777,378</b>
<b>FUND BALANCES</b>								
Nonspendable	138,218	-	-	-	-	-	-	138,218
Restricted	-	-	1,002,192	-	-	1,741,747	36,372	2,780,311
Committed	-	199,097	-	-	-	-	41,712	240,809
Unassigned	2,035,590	-	-	-	-	-	-	2,035,590
<b>Total Fund Balances</b>	<b>2,173,808</b>	<b>199,097</b>	<b>1,002,192</b>	<b>-</b>	<b>-</b>	<b>1,741,747</b>	<b>78,084</b>	<b>5,194,928</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 5,127,692</b>	<b>\$ 250,962</b>	<b>\$ 1,311,016</b>	<b>\$ 803,899</b>	<b>\$ 2,678</b>	<b>\$ 1,754,330</b>	<b>\$ 721,729</b>	<b>\$ 9,972,306</b>

See accompanying Notes to Financial Statements.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
BALANCE SHEET  
GOVERNMENTAL FUNDS (CONTINUED)  
JUNE 30, 2022**

**RECONCILIATION TO THE STATEMENT OF NET POSITION**

Total Fund Balances - Governmental Funds (Exhibit III)	\$ 5,194,928
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Amounts reported for governmental activities in the statement of net position (Exhibit I) are different because of the following:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Governmental Capital Assets	569,316
Less: Accumulated Depreciation and Amortization	<u>(367,663)</u>
Net Capital Assets	<u>201,653</u>

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds:

Compensated Absences	(191,814)
Lease Liability	<u>(157,251)</u>

Net Position of Governmental Activities as Reported on the Statement of Net Position (Exhibit I)	<u><u>\$ 5,047,516</u></u>
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**CAPITOL REGION COUNCIL OF GOVERNMENTS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
YEAR ENDED JUNE 30, 2022**

	General Fund	Municipal Services	Public Safety Programs	FHWA	Regional Services Grant	Special Projects	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>								
Federal Government	\$ -	\$ -	\$ 75,039	\$ 2,064,579	\$ -	\$ -	\$ 544,913	\$ 2,684,531
State of Connecticut	-	4,116	909,916	268,626	847,792	179,208	671,970	2,881,628
Other Governmental Agencies	794,372	286,535	425,614	-	-	-	31,713	1,538,234
Interest Income	1,411	-	3,629	-	-	-	-	5,040
Total Revenues	795,783	290,651	1,414,198	2,333,205	847,792	179,208	1,248,596	7,109,433
<b>EXPENDITURES</b>								
Current:								
Direct Costs:								
Salaries	-	29,891	53,630	722,098	286,572	-	128,476	1,220,667
Other	138,616	112,290	1,610,774	726,177	119,066	185,378	978,736	3,871,037
Indirect	-	46,578	78,963	1,099,000	442,419	-	198,819	1,865,779
Capital Outlay	286,332	-	-	-	-	-	-	286,332
Total Expenditures	424,948	188,759	1,743,367	2,547,275	848,057	185,378	1,306,031	7,243,815
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	370,835	101,892	(329,169)	(214,070)	(265)	(6,170)	(57,435)	(134,382)
<b>OTHER FINANCING SOURCES (USES)</b>								
Issuance of Lease	286,332	-	-	-	-	-	-	286,332
Transfers In	12,474	206	120	214,070	265	200,000	55,451	482,586
Transfers Out	(479,506)	-	-	-	-	-	(3,080)	(482,586)
Total Other Financing Sources (Uses)	(180,700)	206	120	214,070	265	200,000	52,371	286,332
<b>NET CHANGE IN FUND BALANCES</b>	190,135	102,098	(329,049)	-	-	193,830	(5,064)	151,950
Fund Balances - Beginning of Year	1,983,673	96,999	1,331,241	-	-	1,547,917	83,148	5,042,978
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 2,173,808</u>	<u>\$ 199,097</u>	<u>\$ 1,002,192</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,741,747</u>	<u>\$ 78,084</u>	<u>\$ 5,194,928</u>

See accompanying Notes to Financial Statements.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

**RECONCILIATION TO THE STATEMENT OF ACTIVITIES**

Net Change in Fund Balances - Governmental Funds (Exhibit IV) \$ 151,950

Amounts reported for governmental activities in the Statement of Activities (Exhibit II) are different because:

Governmental funds report capital outlays as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense:

Capital Outlay	302,836
Depreciation and Amortization Expense	(149,932)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are amortized and deferred in the statement of activities. The details of these differences in the treatment of long-term debt and related items are as follows:

Issuance of Lease	(286,332)
Principal Payments on Leases	129,081

Some expenses reported in the statement of activities do not require the use of current resources and, therefore, are not reported as expenditures in the governmental funds:

Change in Long-Term Compensated Absences	153,085
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Change in Net Position of Governmental Activities as Reported on the Statement of Activities (Exhibit II)	\$ 300,688
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**CAPITOL REGION COUNCIL OF GOVERNMENTS  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2022**

	<u>Pension Trust Fund</u>	<u>Custodial Fund</u>
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ -	\$ 255,859
Investments:		
Equity Mutual Funds	2,234,124	-
Contributions Receivable	13,263	-
Total Assets	<u>2,247,387</u>	<u>255,859</u>
<b>NET POSITION</b>		
Restricted for:		
Pension Benefits	2,247,387	-
Individual, Organizations, and Other Governments	<u>-</u>	<u>255,859</u>
Total Net Position	<u>\$ 2,247,387</u>	<u>\$ 255,859</u>

See accompanying Notes to Financial Statements.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
STATEMENT OF CHANGES IN NET POSITION  
FIDUCIARY FUNDS  
YEAR ENDED JUNE 30, 2022**

	<u>Pension Trust Fund</u>	<u>Custodial Fund</u>
<b>ADDITIONS:</b>		
Other Governmental Agencies	\$ -	\$ 19,182
Employer Contributions	186,445	-
Investment Income:		
Net Increase (Decrease) in the Fair Value of Investments	<u>(243,497)</u>	<u>-</u>
Total Additions	(57,052)	19,182
<b>DEDUCTIONS:</b>		
Benefits	<u>528,089</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	(585,141)	19,182
Net Position - Beginning of Year	<u>2,832,528</u>	<u>236,677</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 2,247,387</u></u>	<u><u>\$ 255,859</u></u>

See accompanying Notes to Financial Statements.



**CAPITOL REGION COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Capitol Region Council of Governments (CRCOG) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant policies of CRCOG are described below.

**A. Reporting Entity**

CRCOG was established January 28, 1976, and organized under the laws of the state of Connecticut in accordance with General Statutes Sections 4-124i through 4-124p and Special Act No. 73-79 of the Connecticut General Assembly.

The Capitol Region Council of Governments is considered to be a legally separate organization under a joint venture agreement with the member municipalities. CRCOG has the right to enter into legal contracts and incur its own debt. CRCOG's mission, as a regional planning agency, is to provide a centralized agency responsible for coordinating regional planning activities that benefit its members. CRCOG has the authority to apply for Federal and State funds to further the activities and purpose of the agency.

Each member community appoints representatives to sit on CRCOG's Policy Board. The Policy Board is responsible for establishing and approving CRCOG policies, resolutions and its annual budget. Member assessments are charged on a per-capita basis and approved by the Policy Board.

Accounting principles generally accepted in the United State of America require that the reporting entity include the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A government is financially accountable for a legally separate organization if it appoints a voting majority of the organization's governing body and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the government. These criteria have been considered and have resulted in the inclusion of the fiduciary component unit as detailed below.

Fiduciary Component Units

CRCOG has established a defined contribution money purchase plan. CRCOG has trustee responsibilities related to the participant accounts that contain employer contributions.

The financial statements of the fiduciary component unit are reported as a Pension Trust fund in the fiduciary fund financial statements. Separate financial statements have not been prepared for the fiduciary component unit.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

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

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of CRCOG. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported primarily through member town assessments and intergovernmental revenues. CRCOG has no business-type activities.

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. Other items not properly included among program revenues are reported instead as general revenues. For CRCOG's purposes, all revenues and expenses are primarily related to a single function, regional planning.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Assessments from member towns are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, CRCOG considers revenues from grants and contracts to be available if they are collected within one year of the end of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation  
(Continued)**

CRCOG reports unearned revenue on its financial statements. Unearned revenues arise when resources are received by CRCOG before it has legal claim to them or when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when CRCOG has a legal claim to the resources by meeting all eligibility requirements, the liability for unearned revenue is removed from the financial statements and revenue is recognized.

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

CRCOG reports the following major governmental funds:

**General Fund**

This fund is CRCOG's primary operating fund. It accounts for all financial resources of CRCOG, except those required to be accounted for in another fund.

**Municipal Services**

This special revenue fund is used to account for revenues and expenditures incurred in providing municipal services, primarily the Capitol Region Purchasing Cooperative as well as the CRCOG IT Services Cooperative. The major source of revenues for this fund are charges to other governmental agencies and State Grants.

**Public Safety Programs**

This special revenue fund is used to account for revenues and expenditures incurred in providing various public safety projects to the member municipalities served by CRCOG. The major source of revenues for this fund are State and Federal Grants.

**FHWA**

This special revenue fund is used to account for revenues and expenditures relating to urban and rural transportation planning in the CRCOG planning region. The major source of revenues for this fund are State, Federal, and Local Grants.

**Regional Services Grant**

This Regional Services Grant is provided by the Office of Policy and Management to carry out statutory planning responsibilities including land use planning, review of zoning and subdivision proposals along town boundaries, and review of municipal plans of conservation and development. This is a special revenue fund and the major source of revenues for this fund are State Grants.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation  
(Continued)**

**Special Projects**

This special revenue fund was established to enable CRCOG to fund regional projects with the use of local, state and federal funds. The major source of revenues are local funds and State and Federal Grants.

In addition, CRCOG reports the following fund types:

**Pension Trust Fund**

This fund is used to account for the fiduciary activities of the Pension plan and resources held in trust for the members and beneficiaries of the Capitol Region Council of Governments Employee Money Purchase Pension Plan, which is a defined contribution plan. This plan is discussed more fully in Note 10.

**Custodial Funds**

This fund accounts for fiduciary activities related to regional solid waste management.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between certain CRCOG's functions because the elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues.

When both restricted and unrestricted resources are available for use, it is CRCOG's policy to use restricted resources first, then unrestricted resources as they are needed. Unrestricted resources are used in the following order: committed, assigned, then unassigned.

**D. Deposits and Investments**

CRCOG's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. Deposits and Investments (Continued)**

State statutes authorize CRCOG to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and certain other investments as described in Note 3.

Investments are reported at fair value.

**E. Receivables**

Accounts and other receivables consist primarily of claims for reimbursement of costs under various federal and states grant programs and open accounts on services provided to its members. No allowance for doubtful accounts has been included in the financial statements because any uncollectible amounts are considered insignificant.

**F. Interfund Receivables and Payables**

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

**G. Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**H. Capital Assets**

Capital assets, which include furniture and fixtures, computers, equipment, and leasehold improvements, are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,500 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 acquisition 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.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**H. Capital Assets (Continued)**

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

Computers	3 Years
Leasehold Improvements	5 Years
Office Equipment	5 Years
Furniture and Fixtures	7 Years
Right-to-Use Assets – Building	3 Years

**I. Compensated Absences**

CRCOG allows employees to accrue vacation and sick leave up to certain limits. Vacation leave accruals are based on length of service. Any vacation leave time can be carried forward. Upon termination, the employees are entitled to one year of vacation time pay out. Sick leave can be accrued to a maximum of 60 days. Upon termination, the employee is entitled to a maximum benefit of 50% of the sick leave accrual or less depending on the length of service. Vacation and sick leave expenditures are recognized in the governmental fund financial statements in the current year when expended, or if the vested amount is expected to be paid with current available resources.

The liability is recorded in the government-wide statement of net position. The General Fund is used to liquidate compensated absence liabilities.

**J. Leases**

CRCOG determines if an arrangement is a lease at inception. Leases are included in right-to-use assets (lease assets) and lease liabilities in the statement of net position.

Lease assets represent CRCOG's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent CRCOG's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term.

The lease term may include options to extend or terminate the lease when it is reasonably certain that CRCOG will exercise that option.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**J. Leases (Continued)**

CRCOG recognizes payments for short-term leases with a lease term of 12 months or less as expenses as incurred, and these leases are not included as lease liabilities or right-to-use lease assets on the statements of net position.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, CRCOG has elected to use their incremental borrowing rate to calculate the present value of expected lease payments.

CRCOG accounts for contracts containing both lease and nonlease components as separate contracts when possible. In cases where the contract does not provide separate price information for lease and nonlease components, and it is impractical to estimate the price of such components, CRCOG treats the components as a single lease unit.

**K. Fund Equity**

Equity in the government-wide financial statements is defined as “net position” and is classified in the following categories:

*Net Investment in Capital Assets* – This component of net position consists of capital assets, net of only the debt applicable to the acquisition or construction of these assets.

*Restricted* – This component of net position consists of restricted assets reduced by liabilities related to those assets. The restrictions are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted* – This component of net position consists of net amount of the assets that does not meet the definition of “restricted” or “net investment in capital assets”.

When both restricted and unrestricted resources are available for use, it is CRCOG’s policy to use restricted resources first, then unrestricted resources as they are needed.

The equity of the fund financial statements is defined as “fund balance” and is classified in the following categories:

*Nonspendable Fund Balance* – This represents amounts that cannot be spent due to form (e.g., inventories and prepaid amounts).

*Restricted Fund Balance* – This represents amounts constrained for a specific purpose by external parties, such as grantors, creditors, contributors, or laws and regulations of their governments.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**K. Fund Equity (Continued)**

*Committed Fund Balance* – This represents amounts constrained for a specific purpose by a government using its highest level of decision-making authority (Policy Board).

*Assigned Fund Balance* – For all governmental funds other than the General Fund, this represents any remaining positive amounts not classified as nonspendable, restricted, or committed. For the General Fund, this includes amounts constrained for the intent to be used for a specific purpose by the Policy Board.

*Unassigned Fund Balance* – This represents fund balance in the General Fund in excess of nonspendable, restricted, committed, and assigned fund balance. If another governmental fund has a fund balance deficit, it is reported as a negative amount in unassigned fund balance.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, CRCOG considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, CRCOG considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds.

**L. Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**M. Adoption of New Accounting Standard**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

CRCOG adopted the requirements of the guidance effective July 1, 2021, and has applied the provisions of this standard to the beginning of the period of adoption.



**CAPITOL REGION COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**A. Budgetary Information**

CRCOG's annual budget is a management tool that assists its users in analyzing financial activity for CRCOG's fiscal year ended June 30, 2022. CRCOG's budget includes the General Fund and all special revenue funds. The legal level of control is at the entity wide level.

CRCOG's primary funding sources are member government assessments and federal, state, and local grants with grant periods that may or may not coincide with CRCOG's fiscal year. These grants normally are for a 12-month period; however, they can be awarded for periods shorter or longer than 12 months.

Because of CRCOG's dependency on federal, state, and local budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding. CRCOG's annual budget differs from that of a local government in two respects: 1) the uncertain nature of grant awards from other governmental entities, and 2) the conversion of grant budgets to a fiscal year basis.

The resultant final budget is subject to constant change within the fiscal year due to:

- Increases/decreases in actual grant awards from those estimated;
- Changes in grant periods;
- Unanticipated grant awards not included in the budget; and
- Expected grant awards that fail to materialize.

The Policy Board formally approves CRCOG's annual budget, but greater emphasis is placed on complying with grant terms and conditions on a grant-by-grant basis. These terms and conditions usually specify the period during which costs may be incurred and outline grant restrictions and allowances.

The differences between the budgetary and GAAP basis of accounting includes lease payments which are recording in the governmental funds financial statements.

**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS**

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a "qualified public depository" as defined by Statute or, in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit, in an "out of state bank" as defined by the Statutes, which is not a "qualified public depository."

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

The Connecticut General Statutes (Section 7-400) permits CRCOG to invest in: 1) obligations of the United States and its agencies, 2) highly rated obligations of any state of the United States or of any political subdivision, authority or agency thereof, and 3) shares or other interests in custodial arrangements or pools maintaining constant net asset values and in highly rated no-load open end money market and mutual funds (with constant or fluctuating net asset values) whose portfolios are limited to obligations of the United States and its agencies, and repurchase agreements fully collateralized by such obligations. Other provisions of the Statutes cover specific municipal funds with particular investment authority. The provisions of the Statutes regarding the investment of municipal pension funds do not specify permitted investments. Therefore, investment of such funds is generally controlled by the laws applicable to fiduciaries and the provisions of the applicable plan.

The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the State Short-Term Investment Fund (STIF). These investment pools are under the control of the State Treasurer, with oversight provided by the Treasurer’s Cash Management Advisory Board and are regulated under the State Statutes and subject to annual audit by the Auditors of Public Accounts. Investment yields are accounted for on an amortized-cost basis with an investment portfolio that is designed to attain a market-average rate-of-return throughout budgetary and economic cycles. Investors accrue interest daily based on actual earnings, less expenses and transfers to the designated surplus reserve, and the fair value of the position in the pool is the same as the value of the pool shares.

**A. Deposits**

Deposit Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, CRCOG’s deposit will not be returned. CRCOG does not have a deposit policy for custodial credit risk. The deposit of public funds is controlled by the Connecticut General Statutes. Deposits may be placed with any qualified public depository that has its main place of business in the state of Connecticut. Connecticut General Statutes require that each depository maintain segregated collateral (not required to be based on a security agreement between the depository and the municipality and, therefore, not perfected in accordance with federal law) in an amount equal to a defined percentage of its public deposits based upon the depository’s risk-based capital ratio.

Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, \$3,836,638 of CRCOG’s bank balance of \$4,336,638 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	\$ 3,402,975
Uninsured and Collateral Held by the Pledging Bank’s Trust Department, Not in the Government’s Name	433,663
Total Amount Subject to Custodial Credit Risk	\$ 3,836,638

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**A. Deposits (Continued)**

Cash Equivalents

Cash equivalents are short-term, highly liquid investments that are both readily convertible to known amounts of cash and purchased within 90 days of maturity. At June 30, 2022, CRCOG's cash equivalents amounted to \$845,087. The entire balance consisted of investments in the State Treasurer's Short-Term Investment Fund (STIF). As of June 30, 2022, CRCOG's investments in STIF were rated AAA by Standard & Poor's.

STIF is an investment pool of high-quality, short-term money market instruments with an average maturity of less than 60 days. There were no limitations or restrictions on any withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

**B. Investments**

As of June 30, 2022, CRCOG had \$2,234,124 invested in equity mutual funds. These investments are maintained in the pension trust fund in the statement of net position.

Interest Rate Risk

CRCOG 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.

Credit Risk - Investments

As indicated above, State Statutes limit the investment options of cities and towns, with the exception of the investment of municipal pension funds. CRCOG has an investment policy that allows the same type of investments as State Statutes.

Concentration of Credit Risk

CRCOG has no policy limiting an investment in any one issuer that is in excess of 5% of CRCOG's total investments.

Custodial Credit Risk

Custodial credit risk for an investment is the risk that, in the event of the failure of the counterparty (the institution that pledges collateral or repurchase agreement securities to CRCOG or that sells investments to or buys them for CRCOG), CRCOG will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. CRCOG does not have a policy for custodial credit risk. At June 30, 2022, CRCOG did not have any uninsured and unregistered securities held by the counterparty, or by its trust department or agent that were not in CRCOG's name.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 3 CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)**

**B. Investments (Continued)**

Fair Value

The Capitol Region Council of Governments categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements); followed by quoted prices in inactive markets or for similar assets or with observable inputs (Level 2 measurements); and the lowest priority to unobservable inputs (Level 3 measurements).

The Capitol Region Council of Governments' investments are all equity mutual funds categorized as Level 1 fair value measurements as of June 30, 2022, valued using prices quoted in active markets for those securities.

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated and Amortized:				
Furniture and Fixtures	\$ 121,639	\$ 2,386	\$ (1,528)	\$ 122,497
Computers	142,679	14,958	-	157,637
Leasehold Improvements	3,690	-	-	3,690
Right to Use Asset - Building*	-	285,492	-	285,492
Total Capital Assets Being Depreciated and Amortized	268,008	302,836	(1,528)	569,316
Less: Accumulated Depreciation and Amortization for:				
Furniture and Fixtures	(90,753)	(8,002)	1,528	(97,227)
Computers	(124,816)	(10,164)	-	(134,980)
Leasehold Improvements	(3,690)	-	-	(3,690)
Right to Use Asset - Building*	-	(131,766)	-	(131,766)
Total Accumulated Depreciation and Amortization	(219,259)	(149,932)	1,528	(367,663)
Total Capital Assets Being Depreciated and Amortized, Net	<u>\$ 48,749</u>	<u>\$ 152,904</u>	<u>\$ -</u>	<u>\$ 201,653</u>

\* Increases during the year ended June 30, 2022 include amounts related to the implementation of GASB Statement No. 87.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5 INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS**

The interfund receivables and payables balance at June 30, 2022, are as follows:

Receivable Fund	Payable Fund	Amount
General Fund	FHWA	\$ 629,357
General Fund	Nonmajor Governmental Funds	150,702
Municipal Services	General Fund	250,962
Public Safety Programs	General Fund	406,424
Regional Services Grant	General Fund	2,678
Special Projects	General Fund	1,754,330
Nonmajor Governmental Funds	General Fund	374,381
Total		<u>\$ 3,568,834</u>

Interfund receivables and payables generally represent temporary balances arising from reimbursement type transactions.

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

	Transfers In							Total Transfers Out
	General Fund	FHWA	Municipal Services	Regional Services Grant	Special Projects	Public Safety Programs	Nonmajor Governmental	
Transfers Out:								
General Fund	\$ 12,474	\$ 214,070	\$ 206	\$ 265	\$ 200,000	\$ 120	\$ 52,371	\$ 479,506
Nonmajor Governmental	-	-	-	-	-	-	3,080	3,080
Total Transfers In	<u>12,474</u>	<u>\$ 214,070</u>	<u>\$ 206</u>	<u>\$ 265</u>	<u>\$ 200,000</u>	<u>\$ 120</u>	<u>\$ 55,451</u>	<u>\$ 482,586</u>

Transfers are for regularly recurring operational transfers.

**NOTE 6 UNEARNED REVENUE**

The unearned revenue at June 30, 2022, consisted of the following:

	General Fund	Public Safety	FHWA	Municipal Services	Special Projects	Nonmajor Governmental	Total Unearned Revenue
Cash Advances	\$ 45,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,000
Unearned Grant Revenue	-	32,112	38,274	49,959	12,583	337,023	469,951
Total	<u>\$ 45,000</u>	<u>\$ 32,112</u>	<u>\$ 38,274</u>	<u>\$ 49,959</u>	<u>\$ 12,583</u>	<u>\$ 337,023</u>	<u>\$ 514,951</u>

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 7 LONG-TERM DEBT**

**Changes in Long-Term Liabilities**

Long-term liability activity for the year ended June 30, 2022, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 344,899	\$ 55,621	\$ (208,706)	\$ 191,814	\$ 138,748
Lease Liability*	-	286,332	(129,081)	157,251	134,389
Total Governmental Activities Long-Term Liabilities	<u>\$ 344,899</u>	<u>\$ 341,953</u>	<u>\$ (337,787)</u>	<u>\$ 349,065</u>	<u>\$ 273,137</u>

\* Additions during the year ended June 30, 2022 include amounts related to the implementation of GASB Statement No. 87.

Compensated absences are generally liquidated by the General Fund. Lease payments are liquidated by all other governmental funds and are included in indirect costs.

**NOTE 8 LEASE LIABILITIES**

CRCOG leases approximately 6,800 sq. ft. of office space located on the fourth floor of a building situated at 241 Main Street, Hartford, Connecticut. The original lease was executed on August 21, 1996, and since then it has been amended six times. The latest amendment is dated January 11, 2018, and the lease was renewed for five years through August 2023.

Total future minimum lease payments under the lease agreement are as follows:

Year Ending June, 30	Governmental Activities	
	Principal	Interest
2023	\$ 134,389	\$ 2,986
2024	22,862	34
Total Minimum Lease Payments	<u>\$ 157,251</u>	<u>\$ 3,020</u>

**NOTE 9 RISK MANAGEMENT**

CRCOG is a member of the Connecticut Interlocal Risk Management Agency (CIRMA), an unincorporated association of Connecticut local public agencies, which was formed for the purpose of establishing and administering an interlocal risk management program.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 9 RISK MANAGEMENT (CONTINUED)**

CRCOG is also a member of CIRMA's Workers' Compensation Pool, a risk-sharing pool providing statutory benefits pursuant to the provisions of the Connecticut Workers' Compensation Act. CRCOG pays an annual premium to the pool for its coverage. Premiums are assessed or determined based on the ultimate cost of the experience to date of a group of entities. CRCOG does not accrue for any possible additional loss contingencies as it cannot estimate them from current information about reported and unreported claims. The coverage is subject to an incurred loss retrospective rating plan, and losses incurred will be evaluated at various specified periods after effective date of coverage. The contribution (premium) is also subject to payroll audit at the close of the coverage period.

The agreement for formation of CIRMA provides that the pool will be self-sustaining through member premiums and will reinsure through commercial insurance companies. For the 2021-2022 policy year, reinsurance covered all claims in excess of \$1,000,000 per occurrence without limitation on the excess.

The pooling agreement allows for the pool to make additional assessments to make the pool self-sustaining, CRCOG cannot estimate the amount of such additional assessments and has not been notified that any assessments are forthcoming.

CRCOG continues to carry commercial insurance coverage for all other risks of loss, including commercial liability and automobile and employee dishonesty coverage. CRCOG does not receive any noncash insurance benefits from the federal government as part of any grant program. Settled claims have not exceeded insurance coverage for any of the past three fiscal years.

**NOTE 10 FUND BALANCE**

The components of fund balance for the governmental funds at June 30, 2022, are as follows:

	General Fund	Special Projects	Public Safety Programs	Municipal Services	Nonmajor Governmental Funds	Total
Fund Balances:						
Nonspendable:						
Prepays	\$ 138,218	\$ -	\$ -	\$ -	\$ -	\$ 138,218
Restricted for:						
Grants	-	1,741,747	1,002,192	-	36,372	2,780,311
Committed to:						
Local Governments Programs	-	-	-	-	19,936	19,936
Capital projects	-	-	-	199,097	21,776	220,873
Unassigned	2,035,590	-	-	-	-	2,035,590
Total Fund Balances	<u>\$ 2,173,808</u>	<u>\$ 1,741,747</u>	<u>\$ 1,002,192</u>	<u>\$ 199,097</u>	<u>\$ 78,084</u>	<u>\$ 5,194,928</u>

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS**

**Pension Trust Fund**

**A. Plan Description**

CRCOG maintains a defined contribution money purchase plan (the Plan) that covers all employees who have completed six months of service and have attained age 21. Plan provisions are established and may be amended by the Plan Trustees. At age 65, participants are entitled to a lump-sum payment as a retirement benefit. Employer contributions are vested at 20% per year until completion of five years of service, at which time an employee is fully vested. The Plan is noncontributory for employees and provides for employer contributions of 10% of the participant's salary.

The Plan does not issue stand-alone financial statements and is part of CRCOG's financial reporting entity since CRCOG has trustee responsibilities related to the participant accounts that contain employer contributions. As such, the Plan is accounted for in the fiduciary fund financial statements as a pension trust fund.

There were 28 plan members as of June 30, 2022. Employer contributions totaled \$186,445 for the year ended June 30, 2022. Forfeitures for the year ended June 30, 2022 totaled \$16,000.

**B. Summary of Significant Accounting Policies and Plan Asset Matters**

**Basis of Accounting**

The Plan is accounted for using the accrual basis of accounting. Employer contributions are recognized when due, and the employer has made a formal commitment to provide contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

**Method Used to Value Investments**

Plan assets are reported at fair value. Securities traded on national exchanges are valued at the last reported sales price.

Investments are recorded at fair value. Short-term investments are reported at cost, which approximates fair value. Fair value of other securities is determined by the mean of the most recent bid and asked prices as obtained from dealers that make markets in such securities. Investments for which market quotations are not readily available are valued at their fair values as determined by the custodian under the direction of CRCOG, with the assistance of a valuation service. Securities traded on national exchanges are valued at the last reported sales price. Investment income is recognized when earned, and gains and losses on sales or exchanges are recognized on the transaction date.



**CAPITOL REGION COUNCIL OF GOVERNMENTS  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (CONTINUED)**

**Pension Trust Fund (Continued)**

**B. Summary of Significant Accounting Policies and Plan Asset Matters (Continued)**

**Method Used to Value Investments (Continued)**

The following investments in mutual funds represent 5% or more of Plan assets as of June 30, 2022:

Investments:			
Guaranteed Interest Fund	\$	307,040	IGWGIF
Fidelity 500 Index		241,951	IFXAIX
Vanguard Equity - Income Admiral		238,765	IVEIRX
Vanguard GNMA Admiral		185,159	IVFIJX
AB Large Cap Growth		164,302	IAPGZX
Metropolitan West Total Return Bond Plan		164,038	IMWTSX
Victory Sycamore Established Value R6		130,860	IVEVRX
PIMCO Income Fund Institutional Class		121,845	IPIMIX

**NOTE 12 ECONOMIC DEPENDENCY**

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

**NOTE 13 CONTINGENT LIABILITIES**

In the opinion of CRCOG Counsel, there are no unpaid or pending judgments against CRCOG and no legal proceedings that would adversely affect the financial position of CRCOG.

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND AND SPECIAL REVENUE FUNDS  
YEAR ENDED JUNE 30, 2022**

	Budgeted Amounts		Actual	Variance
	Original	Final		Positive (Negative)
<b>REVENUES</b>				
Federal Government	\$ 4,261,807	\$ 4,261,807	\$ 2,684,531	\$ (1,577,276)
State of Connecticut	1,839,592	1,839,592	2,881,628	1,042,036
Other Governmental Agencies	1,544,463	1,544,463	1,538,234	(6,229)
Interest Income	-	-	5,040	5,040
Total Revenues	7,645,862	7,645,862	7,109,433	(536,429)
<b>EXPENDITURES</b>				
Direct:				
Salaries	1,489,399	1,489,399	1,563,669	(74,270)
Telephone	1,150	1,150	428	722
Publication, Dues, and Advertising	26,525	26,525	30,268	(3,743)
Reproduction and Printing	3,400	3,400	1,380	2,020
Recruitment	30,000	30,000	21,309	8,691
Computer, Software, and Upgrades	101,340	101,340	87,131	14,209
Equipment Maintenance - Gis	7,750	7,750	6,722	1,028
Legal	8,550	8,550	3,745	4,805
Supplies, Postage, and Other	7,055	7,055	4,547	2,508
Legislative Liaison	24,802	24,802	23,225	1,577
Equipment	8,422	8,422	307,100	(298,678)
Furniture and Furnishings	5,000	5,000	2,386	2,614
Leasehold Improvements	2,500	2,500	-	2,500
Food	5,200	5,200	472	4,728
Mileage and Parking	8,410	8,410	1,227	7,183
Consultants and Professional Services	75,023	75,023	240,472	(165,449)
Training and Tuition Reimbursement	6,700	6,700	1,500	5,200
Conferences and Workshops	41,250	41,250	24,680	16,570
Refund	-	-	580	(580)
Rentals	750	750	-	750
Workshops for Local Governments	2,200	2,200	-	2,200
Annual Meetings	5,000	5,000	4,986	14
Legislative Reception	1,000	1,000	-	1,000
Technical Support	104,000	104,000	3,150	100,850
Network Services	275,000	275,000	189,322	85,678
Crumbling Foundation	300,000	300,000	177,348	122,652
Other Miscellaneous Expenditures	-	-	313	(313)
Systems Maintenance	246,000	246,000	300,001	(54,001)
Interpreter for the Deaf	900	900	-	900
Spanish Language Translation	2,500	2,500	-	2,500
Polish Language Translation	1,000	1,000	-	1,000
Contractual	3,054,175	3,054,175	2,438,741	615,434

(Continued on next page)

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND AND SPECIAL REVENUE FUNDS (CONTINUED)  
YEAR ENDED JUNE 30, 2022**

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual	Variance Positive (Negative)
	Original	Final		
Indirect:				
Management Support Salaries	\$ 549,859	\$ 549,859	\$ 431,541	\$ 118,318
Fringe Benefits and Payroll Taxes	832,036	832,036	791,624	40,412
Bonus	-	-	4,931	(4,931)
Rent, Maintenance, and Utilities	140,000	140,000	151,627	(11,627)
Accounting, Audit, and Pension Services	40,000	40,000	34,650	5,350
Insurance	44,000	44,000	36,727	7,273
Office Supplies and Expenditures	14,000	14,000	8,326	5,674
Postage	2,500	2,500	1,031	1,469
Reproduction and Printing	11,500	11,500	2,149	9,351
Payroll Processing	6,500	6,500	7,085	(585)
Equipment Maintenance	7,000	7,000	2,396	4,604
Computer Services	15,000	15,000	21,037	(6,037)
Subscription Software	-	-	1,830	(1,830)
Telephone	12,000	12,000	13,332	(1,332)
Publication and Dues	7,500	7,500	7,372	128
Section 125 Administration	1,200	1,200	913	287
Legal Services	1,000	1,000	1,410	(410)
Pension Administration	4,500	4,500	4,800	(300)
Total Expenditures	7,533,596	7,533,596	6,957,483	576,113
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	112,266	112,266	151,950	39,684
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	482,586	482,586
Transfers Out	-	-	(482,586)	(482,586)
Total Other Financing Sources (Uses)	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	\$ 112,266	\$ 112,266	151,950	\$ 39,684
Fund Balances - Beginning of Year			5,042,978	
<b>FUND BALANCES - END OF YEAR</b>			\$ 5,194,928	
<b>Budget to GAAP Reconciliation:</b>				
	Revenues and Other Financing Sources	Expenditures and Other Financing Uses		
Balance, Budgetary Basis	\$ 7,592,019	\$ 7,440,069		
Issuance of Leases	286,332	286,332		
Balance, GAAP Basis	\$ 7,878,351	\$ 7,726,401		

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	Special Revenue			Capital Project		Total Nonmajor Governmental Funds
	FHWA Corridor Studies	Local Government Programs	Policy and Planning Special Projects	Homeland Security Program	Capital and Nonrecurring Fund	
<b>ASSETS</b>						
Due from State of Connecticut	\$ 5,975	\$ -	\$ 105,956	\$ 235,417	\$ -	\$ 347,348
Due from Other Funds	285,649	56,910	10,046	-	21,776	374,381
Total Assets	<u>\$ 291,624</u>	<u>\$ 56,910</u>	<u>\$ 116,002</u>	<u>\$ 235,417</u>	<u>\$ 21,776</u>	<u>\$ 721,729</u>
<b>LIABILITIES AND FUND BALANCES</b>						
<b>LIABILITIES</b>						
Accounts Payable	\$ 13,084	\$ 36,974	\$ 82,651	\$ 23,211	\$ -	\$ 155,920
Unearned Revenue	278,540	-	33,351	25,132	-	337,023
Due to Other Funds	-	-	-	150,702	-	150,702
Total Liabilities	<u>291,624</u>	<u>36,974</u>	<u>116,002</u>	<u>199,045</u>	<u>-</u>	<u>643,645</u>
<b>FUND BALANCES</b>						
Restricted	-	-	-	36,372	-	36,372
Committed	-	19,936	-	-	21,776	41,712
Total Fund Balances	<u>-</u>	<u>19,936</u>	<u>-</u>	<u>36,372</u>	<u>21,776</u>	<u>78,084</u>
Total Liabilities and Fund Balances	<u>\$ 291,624</u>	<u>\$ 56,910</u>	<u>\$ 116,002</u>	<u>\$ 235,417</u>	<u>\$ 21,776</u>	<u>\$ 721,729</u>

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NONMAJOR GOVERNMENTAL FUNDS  
 YEAR ENDED JUNE 30, 2022**

	Special Revenue				Capital Project	Total Nonmajor Governmental Funds
	FHWA Corridor Studies	Local Government Programs	Policy and Planning Special Projects	Homeland Security Program	Capital and Nonrecurring Fund	
<b>REVENUES</b>						
Federal Government	\$ 75,008	\$ -	\$ 25,172	\$ 444,733	\$ -	\$ 544,913
State of Connecticut	393,799	-	278,171	-	-	671,970
Other Governmental Agencies	-	31,713	-	-	-	31,713
Total Revenues	<u>468,807</u>	<u>31,713</u>	<u>303,343</u>	<u>444,733</u>	<u>-</u>	<u>1,248,596</u>
<b>EXPENDITURES</b>						
Current:						
Direct Costs:						
Salaries	75,936	10,765	22,064	19,711	-	128,476
Other	274,613	51,135	253,516	394,408	5,064	978,736
Indirect Costs	118,258	15,859	33,984	30,718	-	198,819
Total Expenditures	<u>468,807</u>	<u>77,759</u>	<u>309,564</u>	<u>444,837</u>	<u>5,064</u>	<u>1,306,031</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	(46,046)	(6,221)	(104)	(5,064)	(57,435)
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers In	-	46,046	9,301	104	-	55,451
Transfers Out	-	-	(3,080)	-	-	(3,080)
Total Other Financing Sources (Uses)	<u>-</u>	<u>46,046</u>	<u>6,221</u>	<u>104</u>	<u>-</u>	<u>52,371</u>
<b>NET CHANGE IN FUND BALANCES</b>	-	-	-	-	(5,064)	(5,064)
Fund Balances - Beginning of Year	-	19,936	-	36,372	26,840	83,148
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ -</u>	<u>\$ 19,936</u>	<u>\$ -</u>	<u>\$ 36,372</u>	<u>\$ 21,776</u>	<u>\$ 78,084</u>

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
INDIRECT RATE CALCULATION  
YEAR ENDED JUNE 30, 2022**

**INDIRECT COSTS**

Management Support Salaries	\$ 431,541
Fringe Benefits and Payroll Taxes	791,624
Compensated Absences	342,998
Rent, Maintenance, and Utilities	15,922
Accounting, Audit, and Pension Services	34,650
Insurance	36,727
Employee Merit Program	4,931
Office Supplies and Expense	8,326
Postage	1,031
Reproduction and Printing	2,149
Payroll Processing	7,085
Equipment	2,396
Computer Services	21,037
Subscription Software	1,830
Telephone	13,332
Publication and Dues	7,372
Legal Services	1,410
Pension Administration	4,800
Section 125 Admin	913
Subtotal	<u>1,730,074</u>
Lease Amortization Expense	131,766
Depreciation Expense Allocation	<u>18,166</u>
Total Indirect Costs	<u><u>\$ 1,880,006</u></u>
Total Payroll	\$ 1,995,206
Less: Indirect Payroll	431,541
Less: Compensated Absences	<u>342,998</u>
Total Payroll Base	<u><u>\$ 1,220,667</u></u>
Indirect Cost Rate	<u><u>154.01%</u></u>

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
FINANCIAL SUMMARY FOR THE STATE OF CONNECTICUT  
DEPARTMENT OF TRANSPORTATION  
YEAR ENDED JUNE 30, 2022**

	FHWA 11.6-01 (07)	FHWA/FTA PL FY19 Carryover 11.6-01 (07)	Rt 5 East Windsor	Enfield Traffic Impact	LOTICIP Admin	LOTICIP Farm/HTFD	LOTICIP Eastern Gate
<b>Maximum Funds Authorized</b>							
FHWA	\$ 1,739,890	\$ 450,000	\$ 200,000	\$ 216,572	\$ -	\$ -	\$ -
Conn-DOT - FHWA	217,486	56,250	50,000	21,714	-	-	-
FTA	-	-	-	-	-	-	-
Conn-DOT - FTA	-	-	-	-	2,948,760	340,000	540,000
Local	217,486	56,250	-	21,714	-	-	-
<b>Total Maximum Funds Authorized</b>	<b>\$ 2,174,862</b>	<b>\$ 562,500</b>	<b>\$ 250,000</b>	<b>\$ 260,000</b>	<b>\$ 2,948,760</b>	<b>\$ 340,000</b>	<b>\$ 540,000</b>
<b>Authorized Expenditures</b>							
Direct Costs:							
Salaries	\$ 658,164	\$ 63,937	\$ 3,416	\$ -	\$ 569,544	\$ 1,869	\$ 9,165
Other	515,730	230,758	235,309	107,238	1,281,931	300,849	503,940
Indirect Costs	1,013,664	98,472	4,793	-	882,186	2,695	14,075
<b>Total Authorized Expenditures</b>	<b>\$ 2,187,558</b>	<b>\$ 393,167</b>	<b>\$ 243,518</b>	<b>\$ 107,238</b>	<b>\$ 2,733,661</b>	<b>\$ 305,413</b>	<b>\$ 527,180</b>
<b>Distribution of Audited Costs</b>							
FHWA	\$ 1,750,046	\$ 314,533	\$ 194,815	\$ 93,128	\$ -	\$ -	\$ -
Conn-DOT - FHWA	218,756	39,317	-	7,055	-	-	-
FTA	-	-	-	-	-	-	-
Conn-DOT - FTA	-	-	48,704	-	-	-	-
Local	218,756	39,317	-	7,055	2,733,661	305,413	527,179
<b>Total Distribution of Audited Costs</b>	<b>\$ 2,187,558</b>	<b>\$ 393,167</b>	<b>\$ 243,519</b>	<b>\$ 107,238</b>	<b>\$ 2,733,661</b>	<b>\$ 305,413</b>	<b>\$ 527,179</b>
<b>Conn-DOT Responsibility</b>							
FHWA	\$ 1,750,046	\$ 314,533	\$ 194,815	\$ 93,128	\$ -	\$ -	\$ -
Conn-DOT - FHWA	218,756	39,317	48,704	7,055	-	-	-
FTA	-	-	-	-	-	-	-
Conn-DOT - FTA	-	-	-	-	2,733,661	305,413	527,179
<b>Total Conn-DOT Responsibility</b>	<b>1,968,802</b>	<b>353,850</b>	<b>243,519</b>	<b>100,183</b>	<b>2,733,661</b>	<b>305,413</b>	<b>527,179</b>
<b>Payments Received</b>							
Payments Received Through June 30, 2022	1,524,769	-	238,982	98,746	2,948,760	340,000	540,000
Payments Received After June 30, 2022	432,607	290,316	4,537	1,437	-	-	-
<b>Total Payments Received</b>	<b>1,957,376</b>	<b>290,316</b>	<b>243,519</b>	<b>100,183</b>	<b>2,948,760</b>	<b>340,000</b>	<b>540,000</b>
Due from (to) Conn-DOT	\$ 11,426	\$ 63,534	\$ -	\$ -	\$ (215,099)	\$ (34,587)	\$ (12,821)

**CAPITOL REGION COUNCIL OF GOVERNMENTS  
SCHEDULE OF SOURCES AND USES – LOCAL ASSESSMENTS  
YEAR ENDED JUNE 30, 2022**

**SOURCES**

Local Assessments	\$ 780,471	
Local Government Programs	<u>(226,727)</u>	
Total Sources		<u>\$ 553,744</u>

**USES**

Fund Transfers:		
Transportation (Match Requirements)		\$ 225,003
Council Administration:		
Direct Expenditures	\$ 138,616	
Projects Closed to General Fund	5,065	
Use of Fund Balance	<u>185,060</u>	
Total Council Administration		<u>328,741</u>
Total Uses		<u>\$ 553,744</u>