

**TOWN OF WOODSTOCK, CONNECTICUT**  
**FEDERAL AND STATE SINGLE AUDIT REPORTS**  
**JUNE 30, 2014**

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**INTERNAL CONTROL AND COMPLIANCE REPORT**

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

To the Board of Finance  
Town of Woodstock, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Woodstock, Connecticut (the "Town") as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 5, 2014.

**Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be a material weakness.

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 Town's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of federal findings and questioned costs as item 2014-1 to be a material weakness.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Town's Response to the Finding**

The Town's response to the finding identified in our audit is described in the accompanying schedule of federal findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Glastonbury, Connecticut  
December 5, 2014

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**FEDERAL SINGLE AUDIT**

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM,  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133,  
AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

To the Board of Finance  
Town of Woodstock, Connecticut

**Report on Compliance for Each Major Program**

We have audited the compliance by the Town of Woodstock, Connecticut (the "Town"), with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the Town's major federal program for the year ended June 30, 2014. The Town's major federal program is identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Town's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we 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 Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Town's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Town of Woodstock, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2014.

## **Report on Internal Control Over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town'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.

Our 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated December 5, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Glastonbury, Connecticut  
December 5, 2014

**TOWN OF WOODSTOCK, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

<u>Federal Grantor; Pass-Through Grantor; Program Title</u>	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Expenditures</u>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>			
<b>Passed Through the State of Connecticut Department of Administrative Services:</b>			
USDA Commodities	-	10.555	<u>\$ 7,796</u>
<b>Passed Through the State of Connecticut Department of Education:</b>			
National School Lunch Program	12060-SDE64370-20560	10.555	<u>67,436</u>
<b>Total United States Department of Agriculture</b>			<u>75,232</u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>			
<b>Passed Through the State of Connecticut Department of Education:</b>			
Special Education - IDEA Part B - 2014	12060-SDE64370-20977	84.027	300,798
Special Education - IDEA Part B - 2013	12060-SDE64370-20977	84.027	20,012
Special Education - Preschool - 2014	12060-SDE64370-20983	84.173	15,694
Title I - Grants to Local Educational Agencies - 2014	12060-SDE64370-20679	84.010	73,094
Title I - Grants to Local Educational Agencies - 2013	12060-SDE64370-20679	84.010	3,437
Title II - Part A - Improving Teacher Quality - 2014	12060-SDE64370-20858	84.367	26,737
Title II - Part A - Improving Teacher Quality - 2013	12060-SDE64370-20858	84.367	<u>5,694</u>
			<u>445,466</u>
<b>Passed Through Eastconn:</b>			
Title III - English Language Acquisition	-	84.365	<u>2,115</u>
<b>Total United States Department of Education</b>			<u>447,581</u>
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<b>Passed Through the State of Connecticut Department of Housing:</b>			
Community Development Block Grant	12060-DOH46930-20730	14.228	<u>88,906</u>
<b>TOTAL FEDERAL AWARDS EXPENDED</b>			<u>\$ 611,719</u>

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

**TOWN OF WOODSTOCK, CONNECTICUT**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2014

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**NOTE A - ACCOUNTING BASIS**

**BASIC FINANCIAL STATEMENTS**

The accounting policies of the Town of Woodstock, Connecticut (the "Town") 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 has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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 and liquidated within 90 days after the end of the grant period.

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

Certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of federal awards.

**NOTE B - OTHER FEDERAL ASSISTANCE**

The United States Department of Agriculture provides commodities to the Town's schools. An amount of \$7,796 has been reflected in the expenditures column in the accompanying schedule of expenditures of federal awards, which represents the fair market value of such commodities received during the year ended June 30, 2014.

No other federal assistance was received in the form of loans, loan guarantees or insurance.

**TOWN OF WOODSTOCK, CONNECTICUT**  
**SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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**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?   ✓   Yes        No  
None

Significant deficiency(ies) identified?        Yes   ✓   Reported

Noncompliance material to financial statements noted?        Yes   ✓   No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?        Yes   ✓   No  
None

Significant deficiency(ies) identified?        Yes   ✓   Reported

Type of auditors' 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)?        Yes   ✓   No

Identification of major program:

CFDA Number	Name of Federal Program
84.027/84.173	Special Education Grant Cluster - IDEA

Dollar threshold used to distinguish between Type A and Type B programs:   \$300,000  

Auditee qualified as low-risk auditee?   ✓   Yes        No

**TOWN OF WOODSTOCK, CONNECTICUT**  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS *(Continued)*  
FOR THE YEAR ENDED JUNE 30, 2014

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## II - FINANCIAL STATEMENT FINDINGS

### Finding 2014-1 Material Weakness in Internal Control Over Financial Reporting

#### Criteria

The accounting records and financial statements are the responsibility of management and, accordingly, the Town should have internal control over financial reporting that provides reasonable assurance that the accounting records can be relied upon and used to prepare the basic financial statements and related notes to the basic financial statements, in conformity with accounting principles generally accepted in the United States of America.

#### Condition

The Town's internal control over financial reporting does not provide reasonable assurance that the basic financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. Specifically, we noted the following conditions in internal control that collectively represent a material weakness in internal control over financial reporting:

- Material restatements were identified in connection with the prior year financial statements:
  - Construction in progress was omitted from previously issued financial statements;
  - Multiple vehicles on the Board of Education's capital asset listing, although identified as disposed of in prior periods, remained on the asset detail and were incorrectly included in the prior year financial statements;
  - Long-term contract receivables were omitted from previously issued financial statements;
  - Grant funding had been incorrectly recognized as revenue within the governmental funds in prior years, rather than deferred until earned.
- The Board of Education Scholarship Fund and the Town's Performance Bond Agency Fund were omitted from previously issued financial statements, resulting in incomplete financial statements.
- The Revaluation Fund and the Board of Education Non-lapsing Fund, which subsequent to the implementation of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, no longer qualify as special revenue funds and should have been combined with other funds for financial reporting purposes.
- Material current year adjustments were identified in connection with expenditure cut-off of WPCA expenditures.

#### Cause

The material weakness over financial reporting is caused by deficiencies in the Town's year-end closing processes.

#### Questioned Costs

No costs were questioned.

**TOWN OF WOODSTOCK, CONNECTICUT**  
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS *(Continued)*  
FOR THE YEAR ENDED JUNE 30, 2014

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**II - FINANCIAL STATEMENT FINDINGS *(Continued)***

**Finding 2014-1 Material Weakness in Internal Control Over Financial Reporting *(Continued)***

**Effect**

Material audit adjustments were required to be made to the Town's basic financial statements.

**Auditor's Recommendation**

We recommend that the Town develop and implement additional procedures relating to internal control over financial reporting to address the matters outlined above.

**Management Response**

Management is in agreement with the adjusting entries provided and changes in presentation within the financial statements. Additional procedures have been implemented to ensure all balances will be accurately reconciled to the financial statements in the future. During the current year, a new Treasurer was elected. Current management believes they have taken appropriate action to mitigate the risk of future material misstatement.

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

No findings or questioned costs are reported.

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

No findings were reported.

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**STATE SINGLE AUDIT**

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

To the Board of Finance  
Town of Woodstock, Connecticut

**Report on Compliance for Each Major Program**

We have audited the compliance by the Town of Woodstock, Connecticut (the "Town"), with the types of compliance requirements described in the State of Connecticut, Office of Policy and Management *Compliance Supplement to the State Single Audit Act* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2014. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Town's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we 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 major state programs occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each of the major state programs. However, our audit does not provide a legal determination of the Town's compliance.

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

In our opinion, the Town of Woodstock, Connecticut, 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, 2014.

## **Other Matters**

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the State Single Audit Act and which is described in the accompanying schedule of state findings and questioned costs as item 2014-2. Our opinion on each major state program is not modified with respect to these matters.

## **Report on Internal Control Over Compliance**

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town'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 an 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, we do not express an opinion on the effectiveness of the Town'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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-2, that we consider to be a significant deficiency.

## **Town's Response to the Finding**

The Town's response to the finding identified in our audit is described in the accompanying schedule of state findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

## Report on Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon, dated December 5, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

*Mahoney Sabol + Company, LLP*

Glastonbury, Connecticut  
December 5, 2014

**TOWN OF WOODSTOCK, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2014**

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core-CT Number	Expenditures
<b>NONEXEMPT PROGRAMS</b>		
<b>DEPARTMENT OF EDUCATION</b>		
<b>Direct:</b>		
High Quality Schools & Common Core Implementation	12060-SDE64370-43538	\$ 242,128
Adult Education	11000-SDE64370-17030	8,565
Health Foods Initiative	11000-SDE64370-16212	7,733
Magnet School Tuition	11000-SDE64370-17057	6,500
Child Nutrition Program - State Match	11000-SDE64370-16211	3,778
<b>Total Department of Education</b>		<u>268,704</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
<b>Direct:</b>		
Local Capital Improvement Program	12050-OPM20600-40254	84,060
Municipal Grants In-Aid	12052-OPM20600-43587	64,675
Property Tax Relief - Elderly and Totally Disabled	11000-OPM20600-17018	46,553
Payment in Lieu of Taxes - State-owned Property	11000-OPM20600-17004	8,634
Property Tax Relief - Veterans	11000-OPM20600-17024	6,987
Property Tax Relief - Totally Disabled Homeowners	11000-OPM20600-17011	942
<b>Total Office of Policy and Management</b>		<u>211,851</u>
<b>DEPARTMENT OF TRANSPORTATION</b>		
<b>Direct:</b>		
Town Aid Road Grants	13033-DOT57131-43459	<u>112,522</u>
<b>DEPARTMENT OF ENVIRONMENTAL PROTECTION</b>		
<b>Direct:</b>		
Clean Water Fund	21014-DEP43720-40001	<u>37,161</u>
<b>CONNECTICUT STATE LIBRARY</b>		
<b>Direct:</b>		
Historic Document Preservation	12060-CSL66094-35150	<u>4,000</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<u>634,238</u>
		<i>(Continued)</i>

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

**TOWN OF WOODSTOCK, CONNECTICUT**  
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE *(Continued)*  
 FOR THE YEAR ENDED JUNE 30, 2014

<u>State Grantor; Pass-Through Grantor; Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
<b>EXEMPT PROGRAMS</b>		
<b>DEPARTMENT OF EDUCATION</b>		
<b>Direct:</b>		
Educational Cost Sharing	11000-SDE64370-17041	\$ 5,453,432
Excess Cost Student Based and Equity	11000-SDE64370-17047	262,674
Public School Transportation	11000-SDE64370-17027	56,923
<b>Total Department of Education</b>		<u>5,773,029</u>
<b>CONNECTICUT DEPARTMENT OF ADMINISTRATIVE SERVICES</b>		
<b>Direct:</b>		
School Construction Grant - Principal	13010-DAS27636-40901	<u>48,355</u>
<b>OFFICE OF POLICY AND MANAGEMENT</b>		
<b>Direct:</b>		
Municipal Revenue Sharing	12060-OPM20600-35458	66,990
Mashantucket Pequot Grant	12009-OPM20600-17005	32,500
<b>Total Office of Policy and Management</b>		<u>99,490</u>
<b>Total Exempt Programs</b>		<u>5,920,874</u>
<b>TOTAL STATE FINANCIAL ASSISTANCE</b>		<u>\$ 6,555,112</u>

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

**TOWN OF WOODSTOCK, CONNECTICUT**  
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2014

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Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Woodstock, Connecticut (the "Town") through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs of the Town.

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

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

***Basis of Accounting***

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements. 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 and liquidated within 90 days after the end of the grant period.

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

The schedule of expenditures of state financial assistance contained in this report is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered 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 – LOAN PROGRAMS**

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the Schedule of Expenditures of State Financial Assistance shall include loans and loan activities. The following is a summary of the loan program activity for the year ended June 30, 2014:

**Department of Environmental Protection: Clean Water Funds**

<u>Project</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2013</u>	<u>Loan Proceeds</u>	<u>Loan Repayments</u>	<u>Balance June 30, 2014</u>
277-C	3/31/1998	2.0%	\$ 1,580,232	\$ 223,079	\$ -	\$ 88,988	\$ 134,091

**TOWN OF WOODSTOCK, CONNECTICUT**  
**SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
<input type="radio"/> Material weakness(es) identified?	<u>✓</u> Yes	<u>        </u> No
<input type="radio"/> Significant deficiency(ies) identified?	<u>        </u> Yes	<u>✓</u> None Reported
Noncompliance material to financial statements noted?	<u>        </u> Yes	<u>✓</u> No

**State Financial Assistance**

Internal control over major programs:		
<input type="radio"/> Material weakness(es) identified?	<u>        </u> Yes	<u>✓</u> No
<input type="radio"/> Significant deficiency(ies) identified?	<u>✓</u> Yes	<u>        </u> None Reported
Type of auditors' report issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?	<u>✓</u> Yes	<u>        </u> No

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

State Grantor/ Program	State Grant Program Core-CT Number	Expenditures
<b>Department of Transportation</b>		
Town Aid Road Grants	13033-DOT57131-43459	\$ 112,522
<b>Department of Education</b>		
High Quality Schools & Common Core Implementation	120600-SDE64370-43538	242,128

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

**TOWN OF WOODSTOCK, CONNECTICUT**  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS *(Continued)*  
FOR THE YEAR ENDED JUNE 30, 2014

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**II - FINANCIAL STATEMENT FINDINGS**

Refer to finding 2014-1 disclosed in the schedule of federal findings and questioned costs.

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

**Finding 2014-2 Significant Deficiency in Internal Control Over Major Program Reporting  
Noncompliance – Major State Award Program**

**Grantor:** State of Connecticut Department of Education

**Program Name:** High Quality Schools & Common Core Implementation

**State Grant Program Core CT Number:** 120600-SDE64370-43538

**Criteria**

The Town's Board of Education should have appropriate internal control over compliance requirements to provide reasonable assurance that required grant reports are complete, accurate, and filed in a timely manner.

**Condition**

The State of Connecticut Department of Education Statement of Expenditure Report (ED141) for the High Quality Schools & Common Core Implementation Grant was not submitted by the Board of Education's Business Office.

**Cause**

Oversight.

**Questioned Costs**

No costs were questioned.

**Effect**

The required grant report was not filed. The Board of Education's Business Office was unable to monitor compliance with the major state program.

**TOWN OF WOODSTOCK, CONNECTICUT**  
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS *(Continued)*  
FOR THE YEAR ENDED JUNE 30, 2014

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**III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS *(Continued)***

**Finding 2014-2 Significant Deficiency in Internal Control Over Major Program Reporting  
Noncompliance – Major State Award Program *(Continued)***

**Management Response**

The Board of Education's Business Office notes the ED141 report for the High Quality Schools & Common Core Implementation Grant was not available for input in the Department of Education's online filing system until November 13, 2014. Therefore, the Board of Education's Business Office was unable to comply with the September 1, 2014 deadline. The ED141 report was adjusted to include the High Quality Schools & Common Core Implementation Grant activity and re-certified with the Department of Education on November 13, 2014.

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

No findings were reported.