

**TOWN OF WOODSTOCK, CONNECTICUT**  
**COMMUNICATION WITH THOSE CHARGED**  
**WITH GOVERNANCE**  
**FOR THE YEAR ENDED JUNE 30, 2014**



December 5, 2014

To the Board of Finance  
Town of Woodstock, Connecticut

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Woodstock, Connecticut (the "Town") for the year ended June 30, 2014. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, OMB Circular A-133 and the Connecticut State Single Audit Act, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 16, 2014. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Findings

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2014. We noted no transactions entered into by the Town during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town's financial statements were:

- Allowance for doubtful accounts – Property taxes, sewer assessments and sewer usage receivables are subject to credit risk. Although liens are typically filed on delinquent customers to secure the Town's interest in the receivables, amounts may not be realized by Town in the near term. Accordingly, the Town performs an evaluation of collectability and based on factors surrounding the credit risk of specific taxpayers, historical trends, and other information, management has established allowances for potential credit losses as of June 30, 2014.
- Depreciable lives – Management's estimate of the determination of depreciation and amortization expense is based on assignment of estimated useful lives.

- Net OPEB obligation – In connection with the Town’s offer of other post-employment benefits (“OPEB”), participating retirees are given access to insurance rates offered to the Town’s active employees. Funding for these benefits is provided through actuarially determined annual required contributions (“ARC”) made to the plans by the Town. The determination of the ARC involves a number of actuarial assumptions, including the use of a discount rate. The net OPEB obligation represents the cumulative effect of current and past underfunding of the ARC.
- Liability for landfill post-closure care costs – Accounting principles generally accepted in the United States of America require that a liability be recorded for future costs associated with the post-closure monitoring costs for which the Town is considered to be obligated to perform. As of June 30, 2014, this liability is based on the estimated current cash flows of future post-closure monitoring costs. Actual costs may be higher due to inflation or changes in remediation plans, technology, or regulation.

We have evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor’s report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 5, 2014.

#### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Town’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the management's discussion and analysis, the schedules of changes in net pension liability, the schedules of contributions and investment returns, and the schedule of funding progress which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the combining and individual fund financial statements and schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Finance and management of the Town and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Mahoney Sabol + Company, LLP*

Glastonbury, Connecticut

December 5, 2014