

Town of Woodstock, Connecticut

Financial Statements and
Supplementary Information

Year Ended June 30, 2013

Town of Woodstock, Connecticut

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Town of Woodstock, Connecticut

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Independent Auditors' Report

The Board of Finance Town of Woodstock, Connecticut

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Woodstock, Connecticut ("Town") as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining fund financial statements and supplementary schedules are presented for purposes of additional analysis and is not a required part of the financial statements.

The combining fund financial statements and supplementary schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2013 on our consideration of the Town's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

O'Connor Davies, LLP

Wethersfield, Connecticut
December 10, 2013

Town of Woodstock, Connecticut

Management's Discussion and Analysis
June 30, 2013

Town of Woodstock, Connecticut

Management's Discussion and Analysis
Year Ended June 30, 2013

Our discussion and analysis of Town of Woodstock, Connecticut's (the Government) financial performance provides an overview of the Government's financial activities for the fiscal year ended June 30, 2013. Please read it in conjunction with the Government's financial statements, which begin with Exhibit 1.

FINANCIAL HIGHLIGHTS

- Net Position increased by \$165,481 during the year from \$25,768,941 to \$25,934,422.
- The combined fund balance of the Governmental Funds increased by \$1,071,850 from \$7,538,852 to \$8,610,702.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (Exhibits 1 and 2) provide information about the activities of the Government as a whole and present a longer-term view of the Government's finances. Fund financial statements start with Exhibit 3. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Government's operations in more detail than the government-wide statements by providing information about the Government's most significant funds. The remaining statements provide financial information about activities for which the Government acts solely as a trustee or agent for the benefit of those outside of the government.

Reporting the Government as a Whole

Our analysis of the Government as a whole begins with Exhibit 1. One of the most important questions asked about the Government's finances is, "Is the Government as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the Government as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Government's *net position* and changes in them. You can think of the Government's net assets—the difference between assets and liabilities—as one way to measure the Government's financial health, or *financial position*. Over time, *increases or decreases* in the Government's net position are one indicator of whether its *financial health* is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the Government's property tax base and the condition of the Government's roads, to assess the *overall health* of the Government.

In the Statement of Net Position and the Statement of Activities, the Government shows the following activity:

Town of Woodstock, Connecticut

Management's Discussion and Analysis
Year Ended June 30, 2013

- Governmental activities—The Government's basic services are reported here, including the education, public works, and general administration. Property taxes, state and federal grants and local revenues such as fees and licenses finance most of these activities.

Reporting the Government's Most Significant Funds

Our analysis of the Government's major funds begins in the section titled "The Government's Funds". The fund financial statements begin with Exhibit 3 and provide detailed information about the most significant funds—not the Government as a whole. Some funds are required to be established by State law and by bond covenants. However, the Board of Finance establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

- *Governmental funds*—The Government's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified* accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Government's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Government's programs. We describe the relationship (or differences) between governmental *activities* (reported in the Statement of Net Position and the Statement of Activities) and governmental *funds* in a reconciliation at the bottom of the fund financial statements.

The Government as Trustee

The Government is the trustee, or *fiduciary*, for the activity funds at the school. These funds do not belong to the Government. The Government's fiduciary activities are reported in separate Statement of Fiduciary Net Position in Exhibit 8. We exclude these activities from the Government's other financial statements because the Government cannot use these assets to finance its operations. The Government is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

THE GOVERNMENT AS A WHOLE

The Government's *combined* net position *increased* by \$165,481 from a year ago – increasing from \$25,768,941 to \$25,934,422. Last year net position increased by \$128,864. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the Government.

Town of Woodstock, Connecticut

Management's Discussion and Analysis
Year Ended June 30, 2013

Net Position (on Exhibit 1)

	2013	Change During Year		2012
		Dollars	Percent	
Current and other assets	\$ 9,383,521	\$ (257,999)	-2.68%	\$ 9,641,520
Capital assets	25,148,967	101,580	0.41%	25,047,387
Total assets	34,532,488	(156,419)	-0.45%	34,688,907
Long-term debt outstanding	8,126,784	644,910	8.62%	7,481,874
Other liabilities	471,282	(966,810)	-67.23%	1,438,092
Total liabilities	8,598,066	(321,900)	-3.61%	8,919,966
Net position:				
Net investment in capital assets	20,323,636	52,008	0.26%	20,271,628
Restricted				
Expendable	3,879,082	876,995	29.21%	3,002,087
Nonexpendable	5,730	-	0.00%	5,730
Unrestricted	1,725,974	(763,522)	-30.67%	2,489,496
Total net position	\$ 25,934,422	\$ 165,481	0.64%	\$ 25,768,941

Other liabilities decreased by a net amount of \$966,810 in the current year. Much of this was the result of the replacement of short-term debt with long-term debt in the amount of \$786,001 for the Woodstock Academy sewer extension project.

Table 2
Change in Net Position (on Exhibit 2)

	2013	Change During Year		2012
		Dollars	Percent	
Revenues				
Program revenues:				
Charges for services	\$ 2,596,864	\$ 487,016	23.08%	\$ 2,109,848
Operating grants and contributions	7,943,087	(175,650)	-2.16%	8,118,737
Capital grants and contributions	740,453	602,818	437.98%	137,635
General revenues:				
Property taxes	14,700,630	(131,302)	-0.89%	14,831,932
Grants and contributions	36,755	(10,242)	-21.79%	46,997
Interest and investment earnings	865,498	793,273	1098.34%	72,225
Loss on disposal of capital assets	(667)	2,265	-77.25%	(2,932)
Other general revenues	38,605	(81,927)	-67.97%	120,532
Total revenues	26,921,225	1,486,251	5.84%	25,434,974
Program expenses				
General government	2,021,493	(354,282)	-14.91%	2,375,775
Public safety	771,291	(5,196)	-0.67%	776,487
Public works	3,260,975	1,732,524	113.35%	1,528,451
Health, welfare and recreation	580,027	50,825	9.60%	529,202
Education	19,984,354	50,904	0.26%	19,933,450
Interest on long-term debt	137,602	(25,143)	-15.45%	162,745
Total expenses	26,755,742	1,449,632	5.73%	25,306,110
Increase (decrease) in net position	\$ 165,483	\$ 36,619	28.42%	\$ 128,864

Town of Woodstock, Connecticut

Management's Discussion and Analysis Year Ended June 30, 2013

Charges for services increased by \$487,016 or 23.08%. The WPCA had a \$289,158 increase in assessments from 2011-12 due to a one-time payment by the Woodstock Academy of \$285,120 to hook up to the sewer. The Board of Education Employees' Benefit Fund had increased payroll deductions and insurance company reimbursements of \$56,684 and \$45,047 respectively. These revenues are expected to fluctuate from year to year.

Capital grants and contributions increased by \$602,818 or 437.98%. The Woodstock Academy sewer extension was partly financed with capital grants. \$614,000 was received in 2012-13. As is the nature of capital grants, this was a one-time grant.

Interest and investment earnings increased by \$793,273 or 1098.34%. This is mainly due to a \$791,960 increase in the fair value of the HW Bowen fund in 2012-13. In 2011-12 fair value decreased by \$279,471.

General government expenses decreased by \$354,282 or 14.91%. This is mainly due to the change in HW Bowen fund fair value as discussed above. Public works expenses increased by \$1,732,524 or 113.35%. This is mainly due to an increase in WPCA expense for the Woodstock Academy sewer extension project of \$1,428,711.

Governmental Activities

Table 3 presents the cost of each of the Government's governmental programs as well as each governmental program's net cost (total cost less revenues generated by the activities). The net cost shows the financial burden that was placed on the Government's taxpayers by each of these functions.

Table 3
Governmental Type Activities

	Total Cost of Services			Incr. Decr.	Net Cost of Services		
	2013	2012			2013	2012	Incr. Decr.
Governmental Activities							
General government	\$ 2,021,493	\$ 2,375,775	-14.91%	\$ 1,543,985	\$ 2,162,817	-28.61%	
Public safety	771,291	776,487	-0.67%	653,581	694,389	-5.88%	
Public works	3,260,975	1,528,451	113.35%	1,675,353	904,194	85.29%	
Health, welfare and recreation	580,027	529,202	9.60%	410,759	204,803	100.56%	
Education	19,984,354	19,933,450	0.26%	11,054,058	10,810,942	2.25%	
Totals	\$ 26,618,140	\$ 25,143,365	5.87%	\$ 15,337,736	\$ 14,777,145	3.79%	

The total costs of all programs increased this year by \$1,474,775 or 5.87%. The increase was due to the decrease in general government and increase in public works costs as discussed above. The 3.79% increase in general government net costs was due mainly to the increase in expenses as discussed above.

Town of Woodstock, Connecticut

Management's Discussion and Analysis
Year Ended June 30, 2013

THE GOVERNMENT'S FUNDS

This year the fund balance (in total) increased by \$1,071,852. Fund balance is a measure of the Town's working capital – an estimate of the cash that will be on hand 60 days from the end of the year after collecting some receivables and paying the bills.

Fund balance increased primarily due to the unrealized gains of \$791,960 in the Herbert Bowen Fund, increasing total fund balance by the same amount.

In addition, these other changes in fund balances should be noted:

- The WPCA Fund received \$786,000 in bond proceeds, that when net with \$1,152,946 in intergovernmental and other revenues and \$1,758,140 in expenditures left a \$180,806 increase in fund balance.
- Highway Fund monies of \$217,053 that were carried over from 2011-12 were spent in 2012-13. The expenditure leaves a decrease in fund balance of \$217,053.

General Fund Budgetary Highlights

Over the course of the year, the Board of Finance can revise the Government budget with additional appropriations and budget transfers. Additional appropriations increase the total budget. The Board of Finance is allowed by State Statute to make one additional appropriation up to \$20,000 per line item or department. A second additional appropriation or an appropriation over \$20,000 requires a Town Meeting. Transfers do not increase the total budget, but instead pull appropriations from one department that needs additional funding from other departments that might have excess funding. State Statutes allow these transfers to be made by the Board of Finance without a Town Meeting.

Revenues were \$536,129 higher than anticipated. The tax collections were strong again this year. The town collected 98.23% of the current year tax levy during the fiscal year. That is higher than the 97.25% budgeted.

Intergovernmental revenues were over budget. This is largely due to \$130,510 from the Municipal Revenue Sharing grant and \$158,289 from the FEMA grant. These grants were not budgeted for as they were not expected to be received.

Local revenues were over budget mainly due to the following.

- Building permits were \$34,059 over budget.
- Fuel usage fees were \$22,822 over budget.

In addition, the Board of Education was \$65,037 under budget. \$66,389 of this was transferred to the Nonlapsing Fund.

Town of Woodstock, Connecticut

Management's Discussion and Analysis
Year Ended June 30, 2013

Below is a summarized view of the final budget and actual results for the General Fund:

Table 4
General Fund - Budget Summary

	Final Budget	Actual	Variance
Revenues			
Property Taxes	\$ 14,378,054	\$ 14,565,613	\$ 187,559
Intergovernmental	6,140,148	6,434,908	294,760
Local Revenue	517,120	570,930	53,810
Total Revenues	<u>21,035,322</u>	<u>21,571,451</u>	<u>536,129</u>
Expenditures			
General Government	1,840,146	1,790,146	50,000
Public Safety	775,486	775,486	-
Public Works	1,695,438	1,695,438	-
Health, Recreation and Welfare	190,066	190,066	-
Education	15,737,205	15,672,168	65,037
Debt Service	913,377	913,377	-
Intergovernmental Transfers	204,595	204,595	-
Total Expenditures	<u>21,356,313</u>	<u>21,241,276</u>	<u>115,037</u>
Increase (Decrease) in Fund Balance	<u>\$ (320,991)</u>	<u>\$ 330,175</u>	<u>\$ 651,166</u>

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Government had \$36,586,473 (depreciable and nondepreciable) invested in capital assets before accounting for accumulated depreciation. This amount represents a net increase (including additions and deductions) of \$645,750 from last year. This is primarily due to \$164,873 for the new school buses, \$140,052 for the 2013 International dump truck, and \$217,053 added to the highway building. More detailed information about the Government's capital assets is presented in Note 3D to the financial statements.

Debt

At year end, the Government had \$4,201,000 in bonds and notes outstanding. This is a decrease of \$76,000 from last year. The Government's general obligation bond rating continues to carry an Aa3 rating. More detailed information about the Government's long-term liabilities is presented in Note 3E to the financial statements.

Town of Woodstock, Connecticut

Management's Discussion and Analysis
Year Ended June 30, 2013

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Government's elected and appointed officials considered many factors when setting the fiscal-year 2013-14 budget and tax rates. The Governor, Dannel Malloy, has indicated that he will not balance the State's budget by passing off the responsibility to the Towns by cutting the Town's grant funding. However, it would be unreasonable, considering the financial condition of the State, to assume that there will be any increases in State funding to the Towns. That means any increases in Town spending will need to be covered by increases in taxes. To keep any increases in taxes to a minimum, the general government decreased its budget by \$415,158 and the Board of Education increased its budget by \$306,770.

These factors were taken into account when adopting the General Fund budget for 2013-14 and it has reserved some of the Town's fund balance to balance next year's budget.

CONTACTING THE GOVERNMENT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Government's finances and to show the Government's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Board of Finance at Town of Woodstock, Connecticut, 415 Route 169, Woodstock, CT 06281-3039.

Town of Woodstock, Connecticut

Basic Financial Statements
June 30, 2013

Town of Woodstock, Connecticut

Statement of Net Position
June 30, 2013

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 5,136,490
Investments	328,217
Receivables	
Taxes, net	301,241
Accounts	224,682
Loans	495,678
Intergovernmental	43,003
Interest	101,353
Prepaid expenses	35,000
Inventory	3,133
Restricted assets - investments	2,714,724
Capital assets	
Nondepreciable	2,446,739
Depreciable, net of accumulated depreciation	<u>22,702,228</u>
Total Assets	<u>34,532,488</u>
LIABILITIES	
Accounts payable	282,308
Accrued payroll and related	41,731
Due to fiduciary funds	13,625
Unearned revenues	87,162
Accrued interest payable	46,456
Non-current liabilities	
Due within one year	777,651
Due in more than one year	<u>7,349,133</u>
Total Liabilities	<u>8,598,066</u>
NET POSITION	
Net investment in capital assets	20,323,636
Restricted net position	
Expendable	3,879,082
Nonexpendable	5,730
Unrestricted net position	<u>1,725,974</u>
Total Net Position	<u>\$ 25,934,422</u>

Town of Woodstock, Connecticut

Statement of Activities
Year Ended June 30, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
Governmental Activities					Governmental Activities
General government	\$ (2,021,493)	\$ 164,899	\$ 312,609	\$ -	\$ (1,543,985)
Public safety	(771,291)	117,710	-	-	(653,581)
Public works	(3,260,975)	666,393	189,578	729,651	(1,675,353)
Health, welfare and recreation	(580,027)	97,053	72,215	-	(410,759)
Education	(19,984,354)	1,550,809	7,368,685	10,802	(11,054,058)
Interest on long-term debt	(137,602)	-	-	-	(137,602)
Total Governmental Activities	<u>\$ (26,755,742)</u>	<u>\$ 2,596,864</u>	<u>\$ 7,943,087</u>	<u>\$ 740,453</u>	<u>(15,475,338)</u>
General Revenues					
					14,700,630
					36,755
					865,498
					(667)
					38,605
					<u>15,640,821</u>
					165,483
					<u>25,768,939</u>
					<u>\$ 25,934,422</u>

Town of Woodstock, Connecticut

Balance Sheet
 Governmental Funds
 June 30, 2013

	General Fund	WPCA	Herbert W. Bowen	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and equivalents	\$ 4,404,396	\$ 278,837	\$ 697	\$ 439,536	\$ 5,123,466
Investments	-	-	-	328,217	328,217
Taxes receivable, net of allowance for uncollectible amounts	301,241	-	-	-	301,241
Other receivables					
Accounts	-	213,402	-	11,280	224,682
Loans	-	-	-	495,678	495,678
Intergovernmental	36,151	-	-	6,852	43,003
Interest	98,551	2,802	-	-	101,353
Due from other funds	-	48,999	-	1,432,362	1,481,361
Inventories	-	-	-	3,133	3,133
Restricted assets - investments	-	-	2,714,724	-	2,714,724
Total Assets	<u>\$ 4,840,339</u>	<u>\$ 544,040</u>	<u>\$ 2,715,421</u>	<u>\$ 2,717,058</u>	<u>\$ 10,816,858</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ 53,572	\$ 17,013	\$ -	\$ 3,613	\$ 74,198
Accrued payroll and related	41,731	-	-	-	41,731
Due to other funds	1,446,280	-	-	77,970	1,524,250
Unearned revenues	-	-	-	87,162	87,162
Total Liabilities	<u>1,541,583</u>	<u>17,013</u>	<u>-</u>	<u>168,745</u>	<u>1,727,341</u>
Deferred inflows of resources					
Deferred revenues	<u>343,113</u>	<u>131,257</u>	<u>-</u>	<u>4,445</u>	<u>478,815</u>
Fund balances					
Nonspendable	-	-	-	8,863	8,863
Restricted	-	-	2,715,421	1,163,661	3,879,082
Committed	-	-	-	432,951	432,951
Assigned	263,599	395,770	-	950,804	1,610,173
Unassigned	<u>2,692,044</u>	<u>-</u>	<u>-</u>	<u>(12,411)</u>	<u>2,679,633</u>
Total Fund Balances	<u>2,955,643</u>	<u>395,770</u>	<u>2,715,421</u>	<u>2,543,868</u>	<u>8,610,702</u>
Total Liabilities, Deferred Inflows o Resources and Fund Balances	<u>\$ 4,840,339</u>	<u>\$ 544,040</u>	<u>\$ 2,715,421</u>	<u>\$ 2,717,058</u>	<u>\$ 10,816,858</u>

Town of Woodstock, Connecticut

Reconciliation of Governmental Funds Balance Sheet
to the Government Wide Statement of Net Assets - Governmental Activities
June 30, 2013

Fund Balances - Total Governmental Funds	\$ 8,610,702
Amounts Reported for Governmental Activities in the Statement of Net Assets are Different Because	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	25,148,967
Difference in the treatment of insurance paid before consumption	35,000
Internal service funds are used by management to charge the costs of insurance and general services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	(165,822)
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	478,815
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	
General obligation bonds	(4,201,000)
Notes and loans	(223,079)
Capital leases	(401,252)
Claims and judgements	(20,565)
Compensated absences	(190,997)
Termination benefits	(174,808)
Post-closure landfill costs	(140,000)
Other post employment benefits	(2,775,083)
Accrued interest	<u>(46,456)</u>
	<u>(8,173,240)</u>
Net Assets of Governmental Activities	<u>\$ 25,934,422</u>

Town of Woodstock, Connecticut

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2013

	General Fund	WPCA	Herbert W. Bowen	Other Governmental Funds	Total Governmental Funds
REVENUES					
Property taxes	\$14,565,613	\$ -	\$ -	\$ -	\$14,565,613
Licenses and permits	489,639	-	-	306,422	796,061
Intergovernmental	7,561,764	614,000	-	823,271	8,999,035
Miscellaneous revenue	26,088	30,635	-	160,097	216,820
Investment earnings	8,493	266	850,255	6,484	865,498
Charges for services	-	508,045	-	-	508,045
Total Revenues	<u>22,651,597</u>	<u>1,152,946</u>	<u>850,255</u>	<u>1,296,274</u>	<u>25,951,072</u>
EXPENDITURES					
Current					
General government	1,766,670	-	-	36,925	1,803,595
Public safety	775,487	-	-	-	775,487
Public works	1,695,438	1,624,991	-	229,984	3,550,413
Health, welfare, and recreation	146,058	-	-	237,702	383,760
Education	16,844,128	-	-	943,322	17,787,450
Debt service	838,133	103,854	-	22,340	964,327
Capital outlay	379,419	29,295	-	296,731	705,445
Total Expenditures	<u>22,445,333</u>	<u>1,758,140</u>	<u>-</u>	<u>1,767,004</u>	<u>25,970,477</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>206,264</u>	<u>(605,194)</u>	<u>850,255</u>	<u>(470,730)</u>	<u>(19,405)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	27,132	-	-	339,220	366,352
Transfers out	(339,221)	-	(1)	(27,130)	(366,352)
Issuances of long term debt	304,924	786,000	-	-	1,090,924
Sale of capital assets	-	-	-	333	333
Total Other Financing Sources (Uses)	<u>(7,165)</u>	<u>786,000</u>	<u>(1)</u>	<u>312,423</u>	<u>1,091,257</u>
Net Change in Fund Balances	199,099	180,806	850,254	(158,307)	1,071,852
Fund Balances - Beginning of Year	<u>2,756,544</u>	<u>214,964</u>	<u>1,865,167</u>	<u>2,702,175</u>	<u>7,538,850</u>
Fund Balances - End of Year	<u>\$ 2,955,643</u>	<u>\$ 395,770</u>	<u>\$2,715,421</u>	<u>\$ 2,543,868</u>	<u>\$ 8,610,702</u>

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2013

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	<u>\$1,071,852</u>
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.</p>	
Capital outlay expenditures	754,503
Depreciation expense	(651,923)
Undepreciated basis of assets disposed of or sold	<u>(1,000)</u>
	<u>101,580</u>
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	
Real property taxes and other revenues in the General Fund	46,463
State reimbursement of bond principal	(308,939)
Revenues in the WPCA Fund	(40,021)
Revenues in the Cafeteria Fund	4,445
	<u>(298,052)</u>
Difference in the treatment of insurance paid but not used	<u>35,000</u>
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Issuance of long-term debt - general obligation bonds	(786,000)
Principal payments on capital leases	(64,159)
Principal payments on long-term debt	797,228
Amortization of loss on refunding bonds, issuance premium and issuance costs	<u>(39,090)</u>
	<u>(92,021)</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, including the change in</p>	
Accrued interest	7,157
Claims	2,303
Compensated absences	(133,014)
Post-closure land fill cost	10,000
Pension and other post employment benefits asset/liability	<u>(473,979)</u>
	<u>(587,533)</u>
<p>Internal service funds are used by management to charge the costs of medical, risk management and other claims to individuals funds. The net revenue of certain activities of internal service funds is reported with governmental activities.</p>	
	<u>(65,343)</u>
Change in Net Assets of Governmental Activities	<u>\$ 165,483</u>

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

Town of Woodstock, Connecticut

Statement of Net Position
 Proprietary Funds
 June 30, 2013

	Business-type Activities- Internal Service Funds		
	Town Employees' Benefits Fund	Board of Education Employees' Benefits Fund	Totals Current Year
ASSETS			
Current assets			
Cash and equivalents	\$ -	\$ 13,024	\$ 13,024
Due from other funds	<u>29,264</u>	<u>-</u>	<u>29,264</u>
Total Current Assets	<u>29,264</u>	<u>13,024</u>	<u>42,288</u>
LIABILITIES			
Current liabilities			
Accounts payable	<u>349</u>	<u>207,761</u>	<u>208,110</u>
NET POSITION			
Unrestricted	<u>\$ 28,915</u>	<u>\$ (194,737)</u>	<u>\$ (165,822)</u>

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

Town of Woodstock, Connecticut

Statement of Revenues, Expenses and Changes in Net Position
 Proprietary Funds
 Year Ended June 30, 2013

	Business-type Activities- Internal Service Funds		
	Town Employees' Benefits Fund	Board of Education Employees' Benefits Fund	Total
Operating Revenues			
Charges for services	\$ 35,263	\$ 1,246,135	\$ 1,281,398
Miscellaneous income	-	62,719	62,719
Total Operating Revenues	35,263	1,308,854	1,344,117
Operating Expenses			
Claims	33,359	1,376,101	1,409,460
Income (Loss) from Operations	1,904	(67,247)	(65,343)
Net Position (Deficit) - Beginning of Year	27,011	(127,490)	(100,479)
Net Position (Deficit) - End of Year	\$ 28,915	\$ (194,737)	\$ (165,822)

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

Town of Woodstock, Connecticut

Statement of Cash Flows
 Proprietary Funds
 Year Ended June 30, 2013

	Business-type Activities- Internal Service Funds		
	Town Employees' Benefits Fund	Board of Education Employees' Benefits Fund	Total
Cash Flows From Operating Activities			
Receipts from customers	\$ 33,284	\$ 1,246,135	\$ 1,279,419
Miscellaneous receipts	-	62,719	62,719
Claims paid	<u>(33,284)</u>	<u>(1,492,422)</u>	<u>(1,525,706)</u>
Net Cash from Operating Activities	<u>-</u>	<u>(183,568)</u>	<u>(183,568)</u>
Cash and Equivalents - Beginning of Year	<u>-</u>	<u>196,592</u>	<u>196,592</u>
Cash and Equivalents - End of Year	<u>\$ -</u>	<u>\$ 13,024</u>	<u>\$ 13,024</u>
Reconciliation of Loss from Operations to Net Cash from Operating Activities			
Income (Loss) from operations	\$ 1,904	\$ (67,247)	\$ (65,343)
Adjustments to reconcile loss from operations to net cash used in operating activities			
Changes in operating assets and liabilities			
Accounts receivable	(1,979)	-	(1,979)
Accounts payable	<u>75</u>	<u>(116,321)</u>	<u>(116,246)</u>
Net Cash from Operating Activities	<u>\$ -</u>	<u>\$ (183,568)</u>	<u>\$ (183,568)</u>

Town of Woodstock, Connecticut

Statement of Net Position
 Fiduciary Funds
 June 30, 2013

	<u>Agency Funds</u>
ASSETS	
Cash	\$ 40,388
Due from other funds	<u>13,625</u>
 Total Assets	 <u>\$ 54,013</u>
LIABILITIES	
Due to others	<u>\$ 54,013</u>

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

Town of Woodstock, Connecticut

Notes to Financial Statements
June 30, 2013

1. Summary of Significant Accounting Policies

The Town of Woodstock, Connecticut ("Town") is a municipal corporation governed by a selectmen–town meeting form of government. Under this form of government the town meeting is the legislative body. A town meeting is required to make appropriations, levy taxes and borrow money. The administrative branch is lead by an elected three-member board of selectmen. The selectmen oversee most of the activities not assigned specifically to another body. An elected board of education oversees the public school system. The elected Board of Finance is the budget making authority and supervises the town financial matters.

The accounting policies conform to generally accepted accounting principles as applicable to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of: a) the primary government; b) organizations for which the primary government is financially accountable and c) 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 as set forth by GASB.

In evaluating how to define the financial reporting entity, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in this reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. The criterion has been considered and there are no agencies or entities which should be presented with this government.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the primary government as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities (if any), which rely to a significant extent on fees and charges for support.

The Statement of Net Position presents the financial position of the Town at the end of its fiscal year. The Statement of Activities demonstrates the degree to which 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 or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The Town does not allocate indirect expenses to functions in the Statement of Activities.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

C. Fund Financial Statements

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. The Town maintains proprietary and fiduciary funds, which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Enterprise funds and the Internal Service funds are charges to customers for services. Operating expenses for the Internal Service funds include the cost of services, administrative expenses, depreciation costs and benefit costs. All revenues and expenses not meeting the definition are reported as non-operating revenues and expenses.

The Town's resources are reflected in the fund financial statements in three broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. Governmental Funds - Governmental funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the Town's major governmental funds:

General Fund - The General Fund constitutes the primary operating fund of the Town and is used to account for and report all financial resources not accounted for and reported in another fund.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)

June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

WPCA Fund - The WPCA Fund is used to account for and report financial resources that are from the collection of sewer assessments and user charges used to fund the sewer operations.

Herbert W. Bowen Fund - The Herbert W. Bowen Fund is used to account for and report financial resources from earnings on an endowment that may be used for purposes that support the Town's operations.

The Town also reports the following non-major governmental funds:

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purpose other than debt service or capital projects. The non-major Special Revenue Funds of the Town are:

Conservation Commission Fund – The Conservation Commission Fund is used to account for and report the proceeds of investment that are assigned to expenditures for town conservation projects.

Dog License – The Dog License Fund is used to account for and report the proceeds of dog license fees that are then transferred to the state.

School Cafeteria Fund – The School Cafeteria Fund is used to account for and report the financial resources from grants and sales that are restricted or assigned to expenditures for the school cafeteria.

Quasset School Fund – The Quasset School Fund is used to account for and report the financial resources from donations that are assigned to expenditures for the Quasset School, a living museum.

Education Grant Fund – The Special Education Fund is used to account for and report the financial resources from state and federal grants that are restricted or assigned to expenditures for education as specified by the grant.

Revaluation Fund – The Revaluation Fund is used to account for and report the financial resources from the general fund that are assigned to expenditures related to the revaluation of property.

School Roof Fund – The School Roof Fund is used to account for and report the financial resources from the general fund that are assigned to expenditures for the school roof project.

Beautification Committee Fund – The Beautification Committee Fund is used to account for and report the proceeds of grant revenues that are assigned to expenditures for the maintenance of trees and other beautification projects for the town.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Recreation Commission Fund – The Recreation Commission Fund is used to account for and report the proceeds of recreation fees that are assigned to expenditures for various recreation programs.

Recycling Fund – The Recycling Fund is used to account for and report the recycling fees that are assigned to expenditures related to the recycling program.

Town Beach Fund – The Town Beach Fund is used to account for and report the proceeds of swim lesson and various other fees that are assigned to expenditures for the maintenance and operation of the town beach.

Town Aid Road Fund – The Town Aid Road Fund is used to account for and report the proceeds of the state town aid road grant that are restricted to expenditures for the maintenance and repair of town roads.

Camp Nahaco Revenue Fund – The Camp Nahaco Revenue Fund is used to account for and report the proceeds of camp fees that are assigned to expenditures for Camp Nahaco's operation.

Arboretum Fund – The Arboretum Fund is used to account for and report the proceeds of investment income that are assigned to expenditures for the maintenance and improvement of the arboretum.

Bradford Marcy Cemetery Fund – The Bradford Marcy Cemetery Fund is used to account for and report the proceeds investment income that are assigned to expenditures for the maintenance of cemetery plots.

Record Restoration Fund – The Record Restoration Fund is used to account for and report the financial resources from grants and miscellaneous fees that are restricted to expenditures for the preservation of historic records.

Small Cities Fund – The Small Cities Fund is used to account for and report the financial resources from grants that are restricted to expenditures for interest free loans to low-income residents for the renovation of their homes.

Miscellaneous Grants Fund – The Miscellaneous Grants Fund is used to account for and report the financial resources from miscellaneous grants that are restricted to expenditures for purposes as specified by the grants.

The following are the Town's non-major capital projects funds:

Open Space Fund – The Open Space Fund is used to account for and report the financial resources from fees and investment income that are restricted or assigned to expenditures for the purchase of open space.

Capital Nonrecurring Fund – The Capital Nonrecurring Fund is used to account for and report the financial resources from grants, fees, and investment income that are restricted or committed to expenditures for capital projects.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Nonlapsing Education Fund – The Nonlapsing Education Fund is used to account for and report the proceeds from excess board of education budgeted funds that are assigned to various education expenditures.

Highway Fund – The Highway Fund is used to account for and report the proceeds of specific revenue sources that are committed to expenditures for capital projects for the highways.

The following are the Town's permanent funds:

Memorial Fund – The Memorial Fund is used to account for and report the financial resources from investment income that are restricted to expenditures as restricted by the donor.

- b. Proprietary Funds - Proprietary funds consist of internal service funds. Internal Service funds are used to account for those operations that provide services to the Town. The following are the Town's major proprietary funds:

Internal Service Funds – The Internal Service Funds account for risk financing for medical insurance benefits for the general government and the Board of Education.

- c. Fiduciary Funds (Not Included in Government-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the Town in an agency capacity on behalf of others. These include Agency funds. The Agency Fund is primarily utilized to account for monies held as custodian for outside groups.

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

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes 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.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)

June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Property taxes and certain other revenues are considered to be available if collected within sixty days of the fiscal year end. Property taxes associated with the current fiscal period, as well as charges for services and intergovernmental revenues are considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until received in cash. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures, when applicable, related to early retirement incentives, compensated absences, capital leases, post-closure landfill costs, pollution remediation obligations, other post employment benefit obligations, certain pension obligations and certain claims payable are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Deposits, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts, certificates of deposit, money market funds, State of Connecticut Treasurer's Short-Term Investment Fund, Tax Exempt Proceeds Funds and treasury bills with original maturities of less than three months. The Town's custodial credit risk policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank's risk-based capital ratio.

Investments - The investment policies of the Town conform to the policies as set forth by the State of Connecticut. The Town's policy is to only allow prequalified financial institution broker/dealers and advisors. The Town policy allows investments in the following: (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. The Statutes (Sections 3-24f and 3-27f) also provide for investment in shares of the Connecticut Short-Term Investment Fund and the Tax Exempt Proceeds Fund. Investments are stated at fair value, based on quoted market prices.

1. Summary of Significant Accounting Policies (Continued)

The Short-Term Investment Fund ("STIF"), is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes ("CGS"). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and, as such, reports its investments at amortized cost (which approximates fair value). A 2a7-like pool is not necessarily registered with the Security and Exchange Commission ("SEC") as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940 that allows money market mutual funds to use the amortized cost to report net assets. The pool is overseen by the Office of the State Treasurer. The pool is rated AAAM by Standard & Poor. This is the highest rating for money market funds and investment pools. The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool. The fair value of the position in the pool is the same as the value of the pool shares.

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the Town does not invest in any long-term investment obligations.

Custodial Credit Risk – Custodial credit risk is the risk that, in the event of a bank failure, the Town's deposits may not be returned to it. The Town's policy for custodial credit risk is to invest in obligations allowable under the Connecticut General Statutes as described previously.

Credit Risk – Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The Town does not have a formal credit risk policy other than restrictions to obligations allowable under the Connecticut General Statutes.

Concentration of Credit Risk – Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The Town follows the limitations specified in the Connecticut General Statutes. Generally, the Town's deposits cannot be 75% or more of the total capital of any one depository.

Restricted Assets - Certain assets are classified as restricted because their use is limited. Restricted cash and equivalents in the Herbert W. Bowen Fund are to be used for purposes that support the town's operations.

Taxes Receivable - Property taxes are assessed on property values as of October 1st. The tax levy is divided into two billings; the following July 1st and January 1st. This is used to finance the fiscal year from the first billing (July 1st) to June 30th of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1st and February 1st), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)

June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Under State Statute, the Town has the right to impose a lien on a taxpayer if any personal property tax, other than a motor vehicle tax, due to the Town is not paid within the time limited by any local charter or ordinance. The lien shall be effective for a period of fifteen years from the date of filing unless discharged. A notice of tax lien shall not be effective if filed more than two years from the date of assessment for the taxes claimed to be due.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the Town. Receivables are recorded and revenues recognized as earned or as specific program expenditures/expenses are incurred. Allowances are recorded when appropriate.

Loans Receivable - Loans receivable in the Small Cities Fund are due from homeowners. Loans receivable are recorded and revenues recognized as earned. The loans have no interest rate and are due when the home is sold.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Reported amounts are equally offset by nonspendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Inventory - Inventory in the governmental funds are valued at cost on a first-in, first-out basis. The cost is recorded as inventory at the time individual items are purchased. The Town uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are equally offset by nonspendable fund balance in governmental funds, which indicates that they do not constitute "available spendable resources" even though they are a component of current assets. Purchases of other inventorable items are recorded as expenditures/expenses at the time of purchase and year-end balances are not material.

Due From/To Other Funds - During the course of its operations, the Town has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2013, balances of interfund amounts receivable or payable have been recorded in the fund financial statements. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances.

Capital Assets - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than the capitalization threshold for that asset type and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Intangible assets lack physical substance, is nonfinancial in nature and it's useful life extends beyond a single reporting period. These are reported at historical cost if identifiable. Intangible assets with no legal, contractual, regulatory, technological or other factors limiting their useful life are considered to have an indefinite useful life and are not amortized.

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.

Land and construction-in-progress are not depreciated. Property, plant, and equipment of the Town is depreciated or amortized using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>	<u>Capitalization Threshold</u>
Land	N/A	\$ 20,000
Construction-in-progress	N/A	\$ 20,000
Buildings and systems	50-75	\$ 20,000
Land improvements	75	\$ 20,000
Machinery and equipment		
Vehicles	10-20	\$ 5,000
Furniture and equipment	5-50	\$ 5,000
Infrastructure		
Bridges	50-75	\$ 100,000
Roads and drainage	50-75	\$ 100,000
Sidewalks	50-75	\$ 100,000
Sewer lines	50-75	\$ 100,000
Intangible assets	Varies, if any	\$ 20,000

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

Also, deferred revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts in the fund financial statements have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Long-Term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and debt payments, are reported as debt service expenditures.

Compensated Absences - Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement.

Net Position - Net position represents the difference between assets, liabilities and deferred outflows/inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position on the Statement of Net Position includes, net investment in capital assets and restricted. The balance is classified as unrestricted.

Fund Balance - Generally, fund balance represents the difference between current assets and current liabilities. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

- Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)

June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

- Restricted fund balance is to be reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification will be used to report funds that are restricted for debt service obligations and for other items contained in the Connecticut statutes.
- Committed fund balance will be reported for amounts that can only be used for specific purposes pursuant to formal action of the Town's highest level of decision making authority, a motion at a Town Meeting. These funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the entity's governing boards.
- Assigned fund balance, in the General Fund, will represent amounts constrained either by the entity's highest level of decision making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Currently, this is done by the Board of Finance. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying nonspendable, restricted or committed fund balance amounts.
- Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows.

When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, the Town considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

1. Summary of Significant Accounting Policies (Continued)

G. Use of 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 deferred inflows and outflows and 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.

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is December 10, 2013.

2. Stewardship, Compliance and Accountability

A. Budget Basis

A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- **Teachers' Retirement** - The Town does not recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement 24 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.
- **Encumbrances** - Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.
- **Excess Cost Grant** - The State reimburses the Town for certain costs incurred for special educational needs of students that exceed a set multiple of a student in the regular program. This reimbursement is the Excess Cost Grant – Student Based. Connecticut General Statute 10-76g states that this grant should reduce the education expenditures instead of being reported as a revenue.
- **Long-Term Debt and Lease Financing** - Revenues and expenditures from refunding or renewing long-term debt or issuing lease financing are included in the budget as the net revenues or expenditures expected.
- **Cash Basis Payroll** - Payroll is budgeted based on when it is expected to be paid. On the statements prepared under Generally Accepted Accounting Principles, payroll is charged to the fiscal year in which it is earned.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

2. Stewardship, Compliance and Accountability (Continued)

B. Budget Calendar

The Boards of Selectmen and Education submit requests for appropriation(s) to the Board of Finance. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations of the next fiscal year.

The Board of Finance holds a public hearing, at which itemized estimates of the expenditures of the Town for the next fiscal year are presented. At this time, individuals are able to recommend any appropriations, which they desire the Board of Finance to consider. The Board of Finance then considers the estimates and any other matters brought to their attention at a public meeting held subsequent to the public hearing and prior to the annual meeting. The Board of Finance prepares the proposed budget.

The Board of Finance's estimated and recommended budget reports are submitted at the Annual Town Meeting. The Annual Town Meeting takes action on this budget. After the Annual Town Meeting the Board of Finance meets to levy a tax on the grand list which will be sufficient to cover, together with other income or revenue surplus which is appropriated, the amounts appropriated and any revenue deficit of the Town.

C. Budget Control

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level except expenditures for education, which are, by State Statutes, appropriated as one department.

The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may make a one time additional appropriation up to \$20,000 to any appropriations. A Town meeting must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation. During the year \$145,856 of additional appropriations were made.

D. Budget Restrictions

The Town has an ordinance limiting the increase in the Town's combined annual expenditure budget to the increases in the Town's grand list, State and Federal assistance, and other income. The limit on expenditure increases does not apply to increases necessary to cover debt service, court judgments, State mandated programs and emergency expenditures.

In revaluation years, the dollar amount of the combined annual expenditure budget is limited to the dollar amount of increase of the preceding year's budget or the average amount of increase over the preceding three years, whichever is less.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

2. Stewardship, Compliance and Accountability (Continued)

E. Application of Accounting Standards

For the year ended June 30, 2013, the Town implemented:

- GASB Statement 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* – This statement incorporates certain authoritative literature into the GASB codification.
- GASB Statement 63 – *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* – This statement discusses transactions that result in the consumption or acquisition of net assets in one period that are applicable to future periods and provides guidance for reporting them.
- GASB Statement 65 – *Items Previously Reported as Assets and Liabilities* – This statement further clarifies that appropriate use of the financial statement elements of deferred outflows and deferred inflows of resources to ensure consistency in financial reporting.

F. Fund Deficit

Town Beach Fund, Capital Nonrecurring Fund, and Board of Education Employees' Benefits Fund have unrestricted deficits of \$685, \$11,726, and \$194,737 respectively at June 30, 2013. The Town plans to address these deficits in the subsequent year.

3. Detailed Notes on All Funds

A. Cash, Cash Equivalents and Investments

Cash and investments of the Town consist of the following at June 30, 2013:

Statement of Net Position	
Cash and equivalents	\$ 5,136,490
Investments	328,217
Restricted investments	<u>2,714,724</u>
	8,179,431
 Fiduciary Funds	
Cash and equivalents	<u>40,388</u>
Total Cash and Investments	<u>\$ 8,219,819</u>

Cash and Cash Equivalents - As of June 30, 2013 the carrying amount of the Town's deposits with financial institutions was:

Cash and Cash Equivalents	
Deposits with financial institutions	\$ 3,648,160
Plus external investment pools	1,856,935
Less Certificates of deposits (in investments)	<u>(328,217)</u>
	<u>\$ 5,176,878</u>

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

The bank balance of the deposits was \$4,375,171 and was exposed to custodial credit risk as follows:

Covered by Federal Depository Insurance	\$ 1,295,738
Collateralized by securities held in trust	
In the Town's name	1,086,377
Uninsured and uncollateralized	1,993,056
	<u>\$ 4,375,171</u>

Investments – Investments are summarized as follows at June 30, 2013

Investment reported in Governmental Funds

	HW Bowen	Other Governmental	Total Investments
Certificates of deposit	\$ -	\$ 328,217	\$ 328,217
Equity stocks	2,714,724	-	2,714,724
	<u>\$ 2,714,724</u>	<u>\$ 328,217</u>	<u>\$ 3,042,941</u>

Below is a summary of the interest rate risk and credit risk as of June 30, 2013

Type of Investment	Average Credit Rating	Fair Value	Investment Maturities (in Years) Less Than 1 Year
Certificates of deposit	*	\$ 328,217	\$ 328,217
Equity stocks	NA	2,714,724	2,714,724
Total		<u>\$ 3,042,941</u>	<u>\$ 3,042,941</u>

* **Certificates of Deposit** – The Town invests in nonparticipating interest-earning investment contracts in the form of certificates of deposit. These do not capture the market (interest rate) changes though the investment's negotiability or transferability, or redemption terms that consider market rates. This exposes the Town to interest rate risks.

B. Receivables, Deferred Revenue and Unearned Revenue

Governmental funds report deferred revenue in connection with receivables for revenue that are not considered to be available to liquidate liabilities of the current period. The following were reported as *deferred revenue* because they were not received within 60 days of the year end

	General Fund	WPCA	Other Governmental Funds	Total
Property taxes	\$ 343,113	\$ -	\$ -	\$ 343,113
Usage fees	-	131,257	-	131,257
Intergovernmental revenue	-	-	4,445	4,445
Other	-	-	-	-
	<u>\$ 343,113</u>	<u>\$ 131,257</u>	<u>\$ 4,445</u>	<u>\$ 478,815</u>

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2013

3. Detailed Notes on All Funds (Continued)

Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. This is recorded as the liability *unearned revenue* at June 30, 2013

	Other Governmental Funds
Advances on grants	\$ 27,109
Fees collected in advance	60,053
	<u>\$ 87,162</u>

C. Interfund Transactions

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2013 these were summarized as follows

Receivable fund	Payable Fund	Amount
WPCA	General Fund	\$ 48,999
Other Governmental Funds	General Fund	1,354,392
Other Governmental Funds	Other Governmental Funds	77,970
Internal Service Fund	General Fund	29,264
Agency Fund	General Fund	13,625
		<u>\$ 1,524,250</u>

Fund transfers are generally used to fund special projects with general fund revenues. Transfers during the year ended June 30, 2013 were as follows

	Transfers into:		
	General Fund	Other Governmental Funds	Total
Transfers out of:			
General Fund	\$ 1	\$ 339,220	\$ 339,221
HW Bowen	1	-	1
Other governmental funds	27,130	-	27,130
	<u>\$ 27,132</u>	<u>\$ 339,220</u>	<u>\$ 366,352</u>

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

D. Capital Assets

Changes in the Town's capital assets used in the governmental activities are as follows

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 1,902,621	\$ 19,500	\$ -	\$ 1,922,121
Intangible assets	524,618	-	-	524,618
	<u>2,427,239</u>	<u>19,500</u>	<u>-</u>	<u>2,446,739</u>
Capital assets being depreciated				
Buildings and systems	21,003,279	217,053	-	21,220,332
Land improvements	1,135,481	-	-	1,135,481
Machinery and equipment	4,193,676	517,950	(108,753)	4,602,873
Infrastructure	7,181,048	-	-	7,181,048
	<u>33,513,484</u>	<u>735,003</u>	<u>(108,753)</u>	<u>34,139,734</u>
Less accumulated depreciation	<u>(10,893,336)</u>	<u>(651,923)</u>	<u>107,753</u>	<u>(11,437,506)</u>
	<u>\$ 25,047,387</u>	<u>\$ 102,580</u>	<u>\$ (1,000)</u>	<u>\$ 25,148,967</u>

Depreciation and amortization expense was charged to functions/programs of the governmental activities as follows:

General government	\$ 42,703
Public safety	19,762
Public works	194,836
Health, welfare and recreation	37,471
Education	357,151
	<u>\$ 651,923</u>

E. Long-Term Liabilities

The following table summarizes changes in the Town's long-term indebtedness for the year ending June 30, 2013:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
General obligation bonds	\$ 4,125,000	\$ 786,000	\$ (710,000)	\$ 4,201,000	\$ 294,650
Notes and loans	310,307	-	(87,228)	223,079	88,989
Capital leases	337,093	304,924	(240,765)	401,252	237,765
Claims and judgments	22,220	9,779	(11,434)	20,565	20,565
Compensated absences	187,791	3,206	-	190,997	65,682
Termination benefits	45,000	174,808	(45,000)	174,808	60,000
Post closure landfill costs	150,000	-	(10,000)	140,000	10,000
OPEB obligations	2,153,290	547,886	73,907	2,775,083	-
	<u>\$ 7,330,701</u>	<u>\$ 1,826,603</u>	<u>\$ (1,030,520)</u>	<u>\$ 8,126,784</u>	<u>\$ 777,651</u>

Each governmental funds liability is liquidated by the respective fund, primarily the General Fund. Interest on these obligations is expensed to the respective fund, primarily the General Fund.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2013

3. Detailed Notes on All Funds (Continued)

General Obligation Bonds

The Town issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding as of June 30, 2013 consisted of the following:

Purpose	Year of Issue	Original Amount	Final Maturity	Interest Rates	Amount Outstanding
Highway Project	2011	\$ 2,415,000	2031	2.00%-4.00%	2,415,000
General Refunding	2011	\$ 1,245,000	2021	2.00%-3.00%	1,000,000
Woodstock Academy Sewer	2013	\$ 786,000	2053	2.75%	\$ 786,000
					<u>\$ 4,201,000</u>

\$1,400,000 was authorized as bonding for the Woodstock Academy Sewer. \$786,000 of that authorization has been issued as of June 30, 2013.

Payments to maturity on the general obligation bonds are as follows

Year End	General Obligation Bonds		Year End	General Obligation Bonds	
	Principal	Interest		Principal	Interest
2014	294,650	124,078	2024	154,650	56,311
2015	289,650	118,087	2025	154,650	50,371
2016	284,650	111,866	2026	154,650	44,431
2017	279,650	105,094	2027	154,650	38,490
2018	269,650	98,116	2028	154,650	32,550
2019	274,650	90,951	2029	154,650	26,609
2020	269,650	83,223	2030	149,650	20,769
2021	269,650	75,182	2031	149,650	15,029
2022	154,650	68,192	through 2053	\$ 432,300	\$ 136,715
2023	154,650	62,252		<u>\$ 4,201,000</u>	<u>\$ 1,358,316</u>

Interest paid and expensed on general obligation bonds for the year ended June 30, 2013 totaled \$136,975.

Loans and Notes Payable

The Town has an installment note dated March 31, 1998 with the State of Connecticut Clean Water Fund in the initial amount of \$1,580,232. The note is payable in 240 monthly installments of \$7,919.78. This installment includes interest at a rate of 2.0 percent per year. During this fiscal year, the total amount of interest cost incurred has been charged to expense in the WPCA Fund.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2013

3. Detailed Notes on All Funds (Continued)

Annual debt service requirements to maturity for the loans and notes payable are as follows

Year End	Notes and Loans		Year End	Notes and Loans	
	Principal	Interest		Principal	Interest
2014	88,989	6,049	2016	43,306	1,441
2015	90,784	2,420		<u>\$ 223,079</u>	<u>\$ 9,910</u>

Interest paid and expensed on loans and notes payable for the year ended June 30, 2013 totaled \$7,809.

Capital Leases Payable

The Town has entered into the following lease agreements to finance the acquisition of various assets. The cost of the assets is included in the capital assets with costs and accumulated depreciation as show below. These leases qualify as capital leases for accounting purposes.

	Cost	Accumulated Depreciation
2011 Dump Truck	\$ 135,475	\$ 16,934
2012 Dump Truck	188,340	18,834
2013 Dump Truck	140,052	3,501
2011 Blue Bird Buses	178,080	29,514
2013 Buses	164,873	11,642
John Deere Mower	113,732	14,217
	<u>\$ 920,552</u>	<u>\$ 94,642</u>

The Town’s capital lease obligation at June 30, 2013 is as follows:

Total payments on capital leases for year ending	
2014	253,765
2015	130,862
2016	<u>36,939</u>
	421,566
Less the amount representing interest	<u>(20,314)</u>
Present value of future minimum lease payments	<u>\$ 401,252</u>

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

Operating Leases Payable

The Town is a lessee in operating lease(s) as follows:

Lease of	<u>BOE Copier</u>
Total payments on operating leases for year ending	
2014	37,800
2015	37,800
2016	37,800
2017	37,800
	<u>\$ 151,200</u>

Compensated Absences

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. Additionally, certain vacation and sick leave expenses will be paid out of the pension funds upon retirement. The value of all compensated absences has been reflected in the government-wide financial statements.

Termination Benefits

Special termination benefits represent the present value of future benefits to be paid to former employees. Certain employees were offered cash payments based on negotiated separation agreements. These are paid through the General Fund on a pay-as-you-go basis. Expenses for this fiscal year totaled \$45,000 for three previous employees that continued to receive these benefits. These employees will continue to receive benefits through 2012-2013. In the 2013 fiscal year a new special termination benefit agreement was put in place with six employees. There were no expenses during the current year. These employees will receive \$10,000 each in benefits through 2015-2016.

Post Closure Landfill Costs

The Town has a closed landfill with no further capacity or estimated useful life. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions on its closed landfill site for thirty years after closure. These costs will be paid through the General Fund each year as part of the annual budget. Total estimated costs based on the current actual costs are included in the long-term debt. The actual costs may vary based on actual events, inflation, changes in technology and applicable laws and regulations. During the year there were no actual costs.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2013

3. Detailed Notes on All Funds (Continued)

Claims and Judgments

The Town has a structured settlement to pay a supplemental premium assessment to the Municipal Interlocal Risk Management Agency (MIRMA). Annual payments in the amount of \$20,565 are due on July 1st through 2013. This liability is recorded at the present value of the future payments.

Legal Debt Limit

Connecticut General Statutes Section 7-374 sets limits on the debt, as defined by the statutes, which can be incurred by the Town and other governmental agencies within the Town. The limitations for the Town are as follows:

Total tax collections (including interest and lien fees) for the year - primary government	\$ 14,605,704
Total tax collections (including interest and lien fees) for the year - coterminous governments	337,353
Debt limitation base	<u>\$ 14,943,057</u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation					
2 1/4 times base	\$ 33,621,878	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	67,243,757	-	-	-
3 3/4 times base	-	-	56,036,464	-	-
3 1/4 times base	-	-	-	48,564,935	-
3 times base	-	-	-	-	44,829,171
Total debt limitation	<u>33,621,878</u>	<u>67,243,757</u>	<u>56,036,464</u>	<u>48,564,935</u>	<u>44,829,171</u>
Indebtedness					
Bonds payable	4,201,000	-	223,079	-	-
Coterminus bonds payable	192,098	-	-	-	-
Amount to be provided by CT	-	-	-	-	-
Total indebtedness	<u>4,393,098</u>	<u>-</u>	<u>223,079</u>	<u>-</u>	<u>-</u>

Debt limitation in excess of debt outstanding and authorized	<u>\$ 29,228,780</u>	<u>\$ 67,243,757</u>	<u>\$ 55,813,385</u>	<u>\$ 48,564,935</u>	<u>\$ 44,829,171</u>
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In no case shall total indebtedness exceed seven times the annual receipts from taxation	<u>\$ 104,601,399</u>
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Prior Year Defeasance of Debt

The Town issues General Obligation Bonds with variable interest rates to advance refund outstanding bonds with higher interest rates. The net proceeds are used to establish an irrevocable escrow agreement with the escrow agent whereby the Town has deposited monies with the escrow agent to purchase a portfolio of non-callable direct obligations of, or guaranteed by, the United States of America. The principal and interest of this portfolio will provide amounts sufficient to meet principal and interest payments on the old debt when due. As a result, the old bonds are considered to be defeased and the liability for those bonds has been removed from the General Long-Term Debt Account Group.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2013

3. Detailed Notes on All Funds (Continued)

Refunding Date	November 15, 2002	September 30, 2010
New Refunding Bonds	\$7,035,000	\$1,245,000
New Interest Rates	2.0% to 3.8%	2.0% to 3.0%
Bonds Refunded	\$6,605,000	\$1,170,000
Current Balance of In-substance Defeased Debt:		
Loan 1	\$680,000	\$1,170,000
Loan 2	\$440,000	NA
Reduction in Total Debt Service Payments	\$359,756	\$117,031
Economic Gain on Refinancing (time value)	\$351,162	\$106,958

F. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted Net Position- Nonexpendable - the component of net position that reflects funds set aside in accordance with laws, regulations, grants, and other agreements that must be kept intact and cannot be spent. This is made up of \$5,730 in trust principal.

Restricted Net Position – Expendable - the component of net position that reflects funds that can only be spent subject to the laws, regulations, grants, and other agreements relating to these funds. This is made up of:

General Government	\$ 2,767,587
Education	30,727
Culture and Recreation	514,057
Capital Projects	566,711
	<u>\$ 3,879,082</u>

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2013

3. Detailed Notes on All Funds (Continued)

G. Fund Balances

As discussed in Note 1, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. These are summarized below:

	General Fund	WPCA	Herbert W. Bowen	Other Governmental Funds
Nonspendable				
Not in spendable form				
Inventories	\$ -	\$ -	\$ -	\$ 3,133
Required to be maintained				
Trust principal	-	-	-	5,730
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,863</u>
Restricted				
General Government	\$ -	\$ -	\$ 2,715,421	\$ 52,166
Education	-	-	-	30,727
Culture and Recreation	-	-	-	514,057
Capital Projects	-	-	-	566,711
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,715,421</u>	<u>\$ 1,163,661</u>
Committed				
Public Works	\$ -	\$ -	\$ -	\$ 30,322
Capital Projects	-	7,927	-	382,679
	<u>\$ -</u>	<u>\$ 7,927</u>	<u>\$ -</u>	<u>\$ 432,951</u>
Assigned				
General Government	\$ -	\$ -	\$ -	\$ 661,603
Education	(1)	-	-	238,541
Public Works	-	395,770	-	-
Public Safety	-	-	-	-
Culture and Recreation	-	-	-	50,660
Capital Projects	-	-	-	-
To balance next year's budget	263,600	-	-	-
	<u>\$ 263,599</u>	<u>\$ 395,770</u>	<u>\$ -</u>	<u>\$ 950,804</u>

G. Employee Retirement Systems and Pension Plans

Teachers' Retirement System

Teachers and certain other certified personnel in the Town are eligible to participate in the State of Connecticut Teachers' Retirement System, a multiple employer public employees retirement system described in the Connecticut General Statutes, Chapter 167a.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2013

3. Detailed Notes on All Funds (Continued)

The system has been established to provide retirement and other benefits for teachers, their survivors and beneficiaries. A member is eligible to receive a normal retirement benefit who (1) has reached the age of sixty and has accumulated twenty years of credited service in the public schools of Connecticut or (2) has attained any age and has accumulated thirty-five years of credited service, at least twenty-five years of which are service in the public schools of Connecticut. The financial report may be obtained through the State Teachers' Retirement Board.

The normal retirement benefit is two percent times the number of years of credited service multiplied by their average annual salary received during the three years of highest salary. In no event will such benefit exceed seventy-five percent of the average annual salary, or be less than \$3,600. Benefits are fully vested after ten years of service.

The funding of the system is provided by required member contributions (7 percent of their annual salary) and by amounts appropriated by the State of Connecticut General Assembly. For the year ended June 30, 2013, the State contributed \$1,107,276 into the pension plan on behalf of the Town of Woodstock, Connecticut. This was recorded on the GAAP statements as revenue and expenditures in the General Fund. The Town's total payroll for all employees for the fiscal year ending June 30, 2013 was \$8,310,815 of which \$5,278,110 was covered under this pension plan.

Connecticut Municipal Employee's Retirement Fund B

Plan Description

- a. The Municipal Employees' Retirement System ("MERS") is a cost sharing multiple employer employee retirement system ("PERS") established by the State of Connecticut and administered by the State Retirement Commission to provide pension benefits for the employees of participating municipalities. MERS is considered to be a part of the State of Connecticut's financial reporting entity and is included in the State's financial reports as a pension trust fund.
- b. Any local government authority in the State of Connecticut, including towns, cities, boroughs, regional school districts, housing authorities, or other special districts, may elect to participate for one or more of its departments, including elective officers; only teachers who are covered under the Connecticut State Teachers' Retirement System are ineligible. As of July 1, 2011, there were 186 participating local governmental units (counting departments of municipalities that joined or reported separately as separate units). The MERS membership consisted of:

	Retirees & Beneficiaries	Terminated Vested	Active Vested	Active Non-Vested	Inactive Non-Vested
Police & Fire					
Without Social Security	317	19	510	256	30
With Social Security	242	23	275	135	32
General					
Without Social Security	2,175	236	2,021	758	188
With Social Security	2,971	442	3,236	1,388	591
Withdrawn					
Municipalities*	7	-	N/A	N/A	N/A
Total Members	5,705	720	6,042	2,537	841

*The head count shown is included in the groups above

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

- c. Plan provisions are set by statute of the State of Connecticut. MERS provides retirement benefits, as well as death and disability benefits. Annual cost of living increases are paid to disabled members and non-disabled retirement benefits and vary based on member age and date of retirement. For members that retired prior to January 1, 2002, increases between 3.0% and 5.0% are paid to those who have reached age 65 and (effective January 1, 2002) increases of 2.5% are paid to those who have not yet reached age 65.

For members that retired after December 31, 2001, increases between 2.5% and 6.0% are paid, regardless of age. Benefits vest after 5 years of continuous service or 15 years of active aggregate service. Vested members who retire after age 55 or after 25 years of service, irrespective of age, are entitled to an annual retirement benefit, payable monthly for life, in an amount for each year of service equal to:

- If not covered by Social Security: 2% of the average of earnings for the three highest paid years of service.
 - If covered by Social Security: 1½% of the average of earnings for the three highest paid years of service not in excess of the year's breakpoint, plus 2% of the average of earnings for the three highest paid years of service in excess of the year's breakpoint. The year's breakpoint for 2011 is \$58,100.
- d. Covered employees are required by State Statute to contribute 2¼% of earnings upon which social security tax is paid plus 5% of earnings on which no social security tax is paid. Each participating municipality is required to contribute the amounts necessary to finance the remaining costs of the plan. Employees not covered by Social Security are required to contribute 5% of all earnings.

Summary of significant accounting policies and plan asset matters

- a. *Basis of Accounting* - MERS financial statements are prepared using the accrual basis of accounting. Employee and employer contributions are recognized as revenues in the period in which the employee services are performed.
- b. *Method Used to Value Investments* - Retirement trust fund can invest in the following investment pools maintained by the State of Connecticut.

Name of Fund	Investments consist principally of:
Mutual Fixed Income	Bonds and notes
Mutual Equity	Common stocks
Real Estate	Interest in commingled equity real estate funds
Mutual Commercial Mortgage	Interest in commercial mortgages
Mutual International Stock	International equity securities
Mutual Venture Capital	Interests in venture capital partnerships which have common stock interests in emerging businesses
Liquidity Fund	Money market instruments
Private Equity	Various limited partnerships, limited liability companies and securities

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)

June 30, 2013

3. Detailed Notes on All Funds (Continued)

Investments in the pooled funds are valued at cost. Market values of the investment pools are determined by the Master Custodian based on the performance of the underlying securities. Investment income is recognized as earned. Gains and losses on sales and redemptions of investments are recognized on the transaction date. There are no investments in any organization that represent 5% or more of the net assets available for benefits.

Funding status and progress

- a. The actuarial accrued liability is a measure that uses the benefit provisions and is intended to (1) help users assess the plan's funding status on a going-concern basis, and (2) assess progress being made in accumulating sufficient assets to pay benefits when due. Allocation of the actuarial present value of projected benefits between past and future service was based on service using the entry age actuarial cost method. Entry age was established by subtracting credited service from current age on the valuation date. Assumptions, including projected pay increases, were the same as those used to determine the annual required contribution between entry age and assumed exit age.

The actuarial value of assets is based on a market-related method that recognizes (1) 20% of any difference between actual and expected investment income (gain/loss) in the valuation year and (2) 20% of any previous years' unrecognized investment gains/losses. Such smoothed actuarial asset value shall not be less than 80% or greater than 120% of the market value of assets.

- b. In lieu of a full valuation as of July 1, 2011, updated asset information was provided and plan liabilities were rolled forward from the previous year to determine the funding requirements and status of the System. All roll forward calculations were based on the same membership data, provisions, actuarial assumptions and methods as those used in the July 1, 2010 valuation.
- c. Significant actuarial assumptions used include:
- Rate of return on the investment of present and future assets of 8.25% per year compounded annually.
 - Projected salary increases of 3.75% per year compounded annually, attributable to inflation.
 - Additional projected salary increases ranging from .75% to 7.5%, per year, attributable to seniority/merit.
 - Annual cost of living increases are applied to disabled and non-disabled retirement benefits and vary based upon member age and date of retirement. For members that retired prior to January 1, 2002, increases of 3.5% are assumed for those who have reached age 65 and (effective January 1, 2002) increases of 2.50% are assumed for those who have not yet reached age 65. For members that retire after December 31, 2001 increases of 2.6% are assumed regardless of age.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2013

3. Detailed Notes on All Funds (Continued)

d. Actuarial accrued liability, value of assets and unfunded actuarial accrued liability as of July 1, 2011:

Total actuarial accrued liability	\$1,985,267,907
Actuarial value of assets	<u>1,753,331,163</u>
Unfunded actuarial accrued liability	<u><u>\$231,936,744</u></u>

e. During the year there were no changes in benefit provisions or actuarial assumptions.

Contributions required and made

a. Each covered municipality is required by State Statute to pay an actuarially determined percentage of covered payroll to provide for benefits based on current service. This percentage varies by police and fire versus general employees, and within those two groups, for populations covered by Social Security versus those not covered by Social Security. The statute also requires each municipality to pay an annual amount for benefits based on service prior to the unit's date of participation. This amount is a level dollar amortization (including interest and principal) over varying time periods depending upon the unit's date of participation and other factors.

b. Contributions made:

- The contributions are actuarially determined using the entry age normal method.
- The actuarial assumptions used are the same as those used to compute the actuarial accrued liability discussed in section 3 above.
- A summary of the employer contributions made in dollars and as a percentage of the covered payroll for the current year and each of the preceding two years is:

Year Ended June 30,	Covered Payroll	Employer Contribution	
		in Dollars	as Percent
2013	\$ 1,179,916	\$ 139,112	11.79%
2012	\$ 1,161,435	\$ 134,360	11.57%
2011	\$ 1,210,819	\$ 115,028	9.50%

Ten year historical trend information

Ten year historical trend information designed to provide information about MERS' progress made in accumulating sufficient assets to pay benefits when due may be obtained through the Municipal Employees' Retirement System - Fund B, Office of the State Comptroller, 55 Elm Street, Hartford, CT 06106.

I. Other Post Employment Benefits

Plan Description - The Town provides certain health care benefits for retired employees through a single-employer defined benefit plan administered by the Town of Woodstock, Connecticut in accordance with various collective bargaining agreements. The plan does not issue a separate financial statement.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
 June 30, 2013

3. Detailed Notes on All Funds (Continued)

Eligibility	Teachers and Administrators - A Teacher or Administrator retiring under the Connecticut State Teachers Retirement System shall be eligible to receive health benefits for self and spouse.
Cost Sharing	All retirees pay 100% of the premiums less the amount paid to the Town by the Teachers' Retirement Board.
Plan of Coverage	Various medical, dental and pharmaceutical plans depending on whether retirement is prior to age 65 or after 65.

Actuarial Assumptions and Methods

The government has elected to use the alternative approach to calculate OPEB related benefits. This allows financial statement preparers to use certain simplifying assumptions to project benefits without the use of an actuary. The significant assumptions to apply this method were developed by the Board of Education with the use of an outside vendor.

Latest Actuarial Date	June 30, 2012
Actuarial Cost Method	Entry Age
Discount Rate	4.50%
Payroll Growth Rate	1.07%
Medical Inflation	Initial rate of 9.0% grading down to an ultimate inflation rate of 3.0% in 2020 and later
Amortization Method	Level percentage of projected payroll
Remaining amortization	30 years, closed
Mortality	RP-2000 projected forward 10 years
Turnover	Standard turnover assumptions – GASB 45 paragraph 35b
Retirement	Average retirement age of 62
Future Retiree Coverage	100% are assumed to elect coverage at retirement
Future Dependent Coverage	Male 50%; Female 30% with female spouses assumed to be 3 years younger than males.

Schedule of Funding Progress

The schedule of funding progress presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. There is no requirement for funding and the plan has not been funded. The Town has not yet established a formal funding plan or a trust at this time. Below is a schedule of funding progress. (Data in the table below is only presented since the year of transition.):

Valuation Date	Value of Assets	Accrued Liability	Excess (Unfunded) Actuarial Accrued Liability	Funded Ratio	Covered Payroll	Excess (Unfunded) Liability as a % of Covered Payroll
June 30, 2012	\$ -	\$ 7,895,074	\$ 7,895,074	0.0%	\$ 5,386,026	146.6%
June 30, 2009	\$ -	\$ 10,969,660	\$ 10,969,660	0.0%	\$ 4,557,569	240.7%

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

Schedule of Employer Contributions

The schedule of employer contributions is as follows. (Data in the table below is only presented since the year of transition):

Year Ended June 30,	Annual Required Contributions	Actual Contributions Made	Percentage Contributed
2013	\$ 567,789	\$ 73,907	13.0%
2012	\$ 561,778	\$ 94,856	16.9%
2011	\$ 721,256	\$ 106,085	14.7%
2010	\$ 707,808	\$ 76,124	10.8%
2009	\$ 780,497	\$ 140,078	17.9%

Annual Required Contribution (ARC)

The Annual Required Contribution ("ARC") for the OPEB program consists of two pieces:

Past Service Cost (a catch-up accrual to amortize the Unfunded Accrued Liability). The amortization period is 30 years starting on July 1, 2007. The ARC is assumed to be paid at the beginning of the fiscal year. Interest is also calculated on the Unfunded Accrued Liability and added to the Annual Required Contribution.

Normal Cost is the present value of the portion of the projected benefit attributable to the current year (the cost of benefits earned each year should be accrued in that year), plus

The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortized any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

Annual OPEB Cost and Net OPEB Obligation

The following table shows the components of the annual OPEB cost for the year, the amount actually contributed to the plan, and the changes in the Town's net OPEB obligation (asset):

Annual Required Contribution	\$ 567,789
Interest on Net OPEB Obligation	103,550
Adjustment to Annual Required Contribution	<u>(123,453)</u>
Annual OPEB Cost	547,886
Contributions made	<u>(73,907)</u>
Increase in net OPEB Obligation	473,979
Net OPEB Obligation - Beginning of the year	<u>2,301,104</u>
	<u>\$ 2,775,083</u>

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

3. Detailed Notes on All Funds (Continued)

Other Disclosures

The calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing costs between the employer and plan members to that point. The actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

4. Other Information

A. Litigation

The Town is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the Town's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the Town.

In 2008, the Town of Woodstock formally entered a Voluntary Remediation Program ("VRP"), in accordance with Connecticut General Statutes Section 22a-133x, for the Public Works Garage located at 215 Coatney Hill Road, in Woodstock, Connecticut (the "Site"). The VRP provides a framework for investigation, and, if necessary, remediation of soil and groundwater contamination. In accordance with CT Public Act 07-81, the Department of Energy and Environmental Protection (DEEP) assigned oversight of the VRP investigation and cleanup to a Licensed Environmental Professional (LEP); the Town retained CME Associates, Inc., ("CME") to serve in this capacity. In 2009, CME prepared a Site Remedial Action Plan which was approved by DEEP. The construction portion of the Remedial Action Plan was implemented in 2010-2011. Cleanup activities included removal and proper disposal of a small volume of petroleum contaminated soil, and the stabilization and capping of fill materials in accordance with State of Connecticut Solid Waste Regulations. Related activities included construction of a new salt storage building that prevents future releases of salt to the environment, and a system to treat storm water runoff from the Site.

As part of a long-term monitoring program, the Town continues to test Site groundwater for petroleum hydrocarbons, heavy metals and salt constituents, and to monitor private drinking water wells in the area for salt constituents. The results of these monitoring efforts are reported to DEEP and to the private well owners. To date, monitoring results indicate that the plume of petroleum compounds in groundwater on the Public Works Garage Site is stable and confined to the Site. Monitoring for salt-related constituents indicates that the salt plume emanating from the Site is stable and salt concentrations in all area drinking water wells is less than relevant standards. On-site and off-site groundwater monitoring will continue for the foreseeable future.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

4. Other Information (Continued)

B. Contingencies

Grants - The Town participates in various Federal and State grant programs. These programs are subject to program compliance audits pursuant to the Federal and State Single Audit Acts. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Town anticipates such amounts, if any, to be immaterial.

School Building Grants - Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the Town abandons, sells, leases, demolishes or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, will owe a portion of the State funding back to the State. For projects with a cost of over of two million dollars or over, the contingency will be amortized over twenty years. For smaller projects, the contingency will be amortized over ten years.

C. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the Town carries commercial insurance except as noted below. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

The general government self-insures its full time municipal employees and the highway foreman for dental and vision claims through the use of an internal service fund. Maximum liability to the Town for each employee's family is \$2,100 for dental/vision claims plus \$300 can be added in lieu of life insurance coverage.

The Board of Education self-insures its employees for medical and dental claims through the use of an internal service fund. Maximum liability to the Board of Education per employee is \$30,000. The Board of Education retains an insurance policy for employee claims in excess of \$30,000. A third party administers the plan for which the Board of Education pays an administrative fee. The following is a summary of changes in claims liability during the year:

Year Ended	Beginning Claims Payable	Current Year Claims	Claim Payments	Ending Claims Payable
General Government				
2011	\$ 1,575	\$ 38,032	\$ (39,607)	\$ -
2012	\$ -	\$ 35,286	\$ (35,012)	\$ 274
2013	\$ 274	\$ 33,358	\$ (33,283)	\$ 349
Education				
2011	\$ 513,577	\$ 915,108	\$ (1,130,782)	\$ 297,903
2012	\$ 297,903	\$ 1,459,069	\$ (1,432,890)	\$ 324,082
2013	\$ 324,082	\$ 1,259,780	\$ (1,376,101)	\$ 207,761

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

4. Other Information (Continued)

The internal service funds are substantially funded by the Town's General Fund based on estimates for the number of employees and type of coverage (single or family) and trends in the insurance claims and estimates for administration. The claims liability, reported in the internal service funds at June 30, 2013, are based on the requirements of GASB Statements number 10 and 30, which require that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is possible that a liability has been incurred at the date of the financial statements and the amount of the possible loss can be reasonably estimated. The amount of claim accrual estimated is based on the ultimate cost of settling the claim which includes past experience data, inflation, other future economic and societal factors and incremental claim adjustment expenses, net of estimated subrogation recoveries. The claim accrual estimate does not include other allocated or unallocated claims adjustment expenses.

D. Jointly Governed Organizations

The Town, in a joint venture with the Town of Eastford, Connecticut has created the Camp Nahaco Park Commission to oversee and maintain the Camp Nahaco Park. The Commission consists of four registered voters from each Town as appointed by their respective Boards of Selectmen. The Commission adopts an annual operating budget. Each Town's Board of Selectmen includes \$900 in their budget to offset expense. The Town of Woodstock includes the Commission's financial activities in these annual financial statements as a Special Revenue Fund.

E. GASB Pronouncements Issued, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) is the standard setting board for governmental entities. The following are statements which have been approved by GASB, but are not yet effective:

- GASB Statement 61 – *The Financial Reporting Entity: Omnibus* – This statement modifies certain requirements for inclusion of component units in the financial reporting entity, amends the criteria for reporting component units, and clarifies the reporting of equity interests in legally separate organizations. This statement is effective for periods beginning after June 15, 2012.
- GASB Statement 66 – *Technical Corrections - 2012* – This statement resolves conflicting guidance. This statement is effective for periods beginning after December 15, 2012.
- GASB Statement 68 - *Accounting and Financial Reporting for Pensions* – This statement, and GASB Statement 67 applicable to pension plans, improves information provided by state and local government employers for better decision making, accountability, interperiod equity, and creating additional transparency. This statement is effective for fiscal years beginning after June 15, 2014.
- GASB Statement 69 – *Government Combinations and Disposals of Government Operations* - This statement establishes accounting and financial reporting standards related to a variety of transactions such as mergers, acquisitions, and transfers of operations. This statement is effective for government combinations and disposals of government operations occurring in financial reporting periods beginning after December 15, 2013.

Town of Woodstock, Connecticut

Notes to Financial Statements (Continued)
June 30, 2013

4. Other Information (Continued)

- GASB Statement 70 – *Accounting and Financial Reporting for Nonexchange Financial Guarantees* – This statement improves the accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This statement is effective for fiscal years beginning after June 15, 2013.

Town of Woodstock, Connecticut

Required Supplementary Information
June 30, 2013

Town of Woodstock, Connecticut

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis) - General Fund
 Year Ended June 30, 2013

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Revenues					
Property Tax Revenues					
Current taxes	\$ 14,073,054	\$ -	\$ 14,073,054	\$ 14,153,602	\$ 80,548
Motor vehicle supplement	100,000	-	100,000	135,686	35,686
Prior taxes	135,000	-	135,000	175,036	40,036
Interest and lien fees	70,000	-	70,000	101,289	31,289
Total Property Tax Revenues	14,378,054	-	14,378,054	14,565,613	187,559
Intergovernmental Revenues					
Education Cost Sharing	5,453,688	-	5,453,688	5,438,657	(15,031)
Transportation	70,978	-	70,978	84,138	13,160
Special education excess cost	97,452	-	97,452	115,902	18,450
Middle School reimbursements	319,733	-	319,733	319,741	8
Municipal revenue sharing	-	-	-	130,510	130,510
In lieu of taxes	14,242	-	14,242	15,972	1,730
Mashantucket Pequot grant	37,143	-	37,143	32,458	(4,685)
Elderly homeowners	52,000	-	52,000	45,848	(6,152)
Totally disabled	800	-	800	1,044	244
Additional veterans' exemption	7,000	-	7,000	6,955	(45)
Local capital improvement program	87,112	-	87,112	85,394	(1,718)
FEMA grant	-	-	-	158,289	158,289
Total Intergovernmental Revenues	6,140,148	-	6,140,148	6,434,908	294,760
Other Income					
Inland/Wetlands	1,000	-	1,000	695	(305)
Planning and zoning fees	10,000	-	10,000	12,507	2,507
Building permit fees	40,000	-	40,000	74,059	34,059
Interest earned	20,000	-	20,000	8,493	(11,507)
Conveyance tax	60,000	-	60,000	63,624	3,624
Town clerk fees	45,000	-	45,000	59,775	14,775
Landfill permits	180,000	-	180,000	194,269	14,269
Utility grant	25,000	-	25,000	19,580	(5,420)
Miscellaneous income	28,000	-	28,000	34,383	6,383
Trust fund interest	20	-	20	8	(12)
Fuel usage fees	24,000	-	24,000	46,822	22,822
WPCA administration fees	4,100	-	4,100	4,100	-
Cell tower rental	30,000	-	30,000	25,493	(4,507)
Transfer into General Fund	50,000	-	50,000	27,122	(22,878)
Total Other Income	517,120	-	517,120	570,930	53,810
Total Revenues	21,035,322	-	21,035,322	21,571,451	536,129

(Continued)

Town of Woodstock, Connecticut

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis) - General Fund
 Year Ended June 30, 2013

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Expenditures					
General Government					
Board of selectmen	\$ 162,856	\$ (4,236)	\$ 158,620	\$ 158,620	\$ -
Assessor	98,412	(7,000)	91,412	91,412	-
Tax collector	102,201	(582)	101,619	101,619	-
Finance	132,793	(341)	132,452	132,452	-
Town clerk	118,685	(771)	117,914	117,914	-
Election	26,280	(1,713)	24,567	24,567	-
Probate court	3,446	61	3,507	3,507	-
Town counsel	20,000	(3,296)	16,704	16,704	-
Town hall	137,665	(21,756)	115,909	115,909	-
Data processing	64,094	(3,787)	60,307	60,307	-
Insurance and employee benefits	877,986	(25,218)	852,768	852,768	-
Planning and zoning commission	7,300	(5,113)	2,187	2,187	-
Town planner	74,463	1,226	75,689	75,689	-
Inland/Wetlands commission	5,000	(4,157)	843	843	-
Economic development commission	375	(375)	-	-	-
Contingency fund	50,000	-	50,000	-	50,000
Boards and commissions	45,357	(9,709)	35,648	35,648	-
Total General Government	1,926,913	(86,767)	1,840,146	1,790,146	50,000
Public Safety					
Building department	115,544	(1,207)	114,337	114,337	-
Fire marshal	22,558	246	22,804	22,804	-
Fire protection association	442,500	-	442,500	442,500	-
Police protection	9,485	149	9,634	9,634	-
Public safety boards and commissions	184,886	1,325	186,211	186,211	-
Total Public Safety	774,973	513	775,486	775,486	-
Public Works					
Highway department	1,341,237	23,729	1,364,966	1,364,966	-
Fuel depot	24,000	19,208	43,208	43,208	-
Environmental	53,900	(12,660)	41,240	41,240	-
Transfer station/recycling center	246,024	-	246,024	246,024	-
Total Public Works	1,665,161	30,277	1,695,438	1,695,438	-
Health, Recreation and Welfare	192,577	(2,511)	190,066	190,066	-
Board of Education	15,737,205	-	15,737,205	15,672,168	65,037
Debt Service					
Principal	710,000	-	710,000	710,000	-
Interest	128,133	-	128,133	128,133	-
Continuing disclosure	1,000	(251)	749	749	-
Capital Outlay - Lease payment	74,495	-	74,495	74,495	-
Debt Service	913,628	(251)	913,377	913,377	-

(Continued)

Town of Woodstock, Connecticut

Required Supplementary Information
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Budgetary Basis) - General Fund
 Year Ended June 30, 2013

	Budgeted Amounts			Actual Budgetary Basis	Variance with Final Budget
	Original	Additional Appropriations and Transfers	Final		
Transfer Out	\$ -	\$ 204,595	\$ 204,595	\$ 204,595	\$ -
Total Expenditures	<u>21,210,457</u>	<u>145,856</u>	<u>21,356,313</u>	<u>21,241,276</u>	<u>115,037</u>
Excess (Deficiency) of Revenues Over Expenditures - Budgetary Basis	<u>\$ (175,135)</u>	<u>\$ 145,856</u>	<u>\$ (320,991)</u>	\$ 330,175	<u>\$ 651,166</u>
Adjustments to Generally Accepted Accounting Principles (GAAP):					
Transfer to Nonlapsing Fund for Board of Education				(66,389)	
Payments on Behalf of the Town Not Recorded on a Budgetary Basis					
Revenues from Teachers' Retirement				1,107,276	
Expenditures for Teachers' Retirement				(1,107,276)	
Previous Year Encumbrance recorded on Modified Accrual Basis, but not the Budget Basis				(64,687)	
Other Financing Sources - Difference in Treatment of Lease Financing					
Proceeds from Lease Financing				304,924	
Purchase of Trucks with Lease Financing				(304,924)	
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP Basis (Exhibit 4)				<u>\$ 199,099</u>	

Notes to Required Supplementary Information: A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The Town does not recognize as income or expenditures payments made for the teacher's retiremer by the State of Connecticut on the Town's behalf; 2. Revenues and expenditures from capital leasing and for renewing or refunding long-term debt are included in the budget as the net revenue or expenditure expected; 3. Encumbrances are treated as expenditures against the budget in the year committed; 4. Payroll is budgeted on a cash basis.

Town of Woodstock, Connecticut

Combining Fund Financial Statements
June 30, 2013

Town of Woodstock, Connecticut

Combining Balance Sheet
Other Governmental Funds
June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Permanent Fund Memorial Funds	Total Other Governmental Funds
ASSETS				
Cash and equivalents	\$ 63,163	\$ 370,643	\$ 5,730	\$ 439,536
Investments	34,051	294,166	-	328,217
Other receivables				
Accounts	11,280	-	-	11,280
Loans	495,678	-	-	495,678
Intergovernmental	6,852	-	-	6,852
Due from other funds	916,054	516,308	-	1,432,362
Inventories	3,133	-	-	3,133
Total Assets	<u>\$ 1,530,211</u>	<u>\$ 1,181,117</u>	<u>\$ 5,730</u>	<u>\$ 2,717,058</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 3,171	\$ 442	\$ -	\$ 3,613
Due to other funds	3,372	74,598	-	77,970
Unearned revenues - performance	87,162	-	-	87,162
Total Liabilities	<u>93,705</u>	<u>75,040</u>	<u>-</u>	<u>168,745</u>
Deferred inflows of resources				
Deferred revenues - not available	<u>4,445</u>	<u>-</u>	<u>-</u>	<u>4,445</u>
Fund balances				
Nonspendable	3,133	-	5,730	8,863
Restricted	1,103,578	60,083	-	1,163,661
Committed	-	432,951	-	432,951
Assigned	326,035	624,769	-	950,804
Unassigned	(685)	(11,726)	-	(12,411)
Total Fund Balances	<u>1,432,061</u>	<u>1,106,077</u>	<u>5,730</u>	<u>2,543,868</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,530,211</u>	<u>\$ 1,181,117</u>	<u>\$ 5,730</u>	<u>\$ 2,717,058</u>

Town of Woodstock, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances
 Other Governmental Funds
 Year Ended June 30, 2013

	Special Revenue Funds	Capital Projects Funds	Permanent Fund- Memorial Funds	Total Other Governmental Funds
REVENUES				
License and permits	\$ 306,422	\$ -	\$ -	\$ 306,422
Intergovernmental	822,971	300	-	823,271
Miscellaneous revenue	140,199	19,898	-	160,097
Investment earnings	374	6,102	8	6,484
Total Revenues	<u>1,269,966</u>	<u>26,300</u>	<u>8</u>	<u>1,296,274</u>
EXPENDITURES				
Current				
General government	36,925	-	-	36,925
Public works	229,984	-	-	229,984
Health, welfare, and recreation	237,702	-	-	237,702
Education	861,336	81,986	-	943,322
Debt service	22,340	-	-	22,340
Capital outlay	-	296,731	-	296,731
Total Expenditures	<u>1,388,287</u>	<u>378,717</u>	<u>-</u>	<u>1,767,004</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(118,321)</u>	<u>(352,417)</u>	<u>8</u>	<u>(470,730)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	44,007	295,213	-	339,220
Transfers out	(27,122)	-	(8)	(27,130)
Sale of capital assets	-	333	-	333
Total Other Financing Sources (Uses)	<u>16,885</u>	<u>295,546</u>	<u>(8)</u>	<u>312,423</u>
Net Change in Fund Balances	(101,436)	(56,871)	-	(158,307)
Fund Balances - Beginning of Year	<u>1,533,497</u>	<u>1,162,948</u>	<u>5,730</u>	<u>2,702,175</u>
Fund Balances - End of Year	<u>\$ 1,432,061</u>	<u>\$ 1,106,077</u>	<u>\$ 5,730</u>	<u>\$ 2,543,868</u>

Town of Woodstock, Connecticut

Combining Balance Sheet
 Special Revenue Funds
 June 30, 2013

	Conservation Commission Fund	School Cafeteria Fund	Quasset School Fund	Education Grant Fund	Revaluation Fund
ASSETS					
Cash and equivalents	\$ 1,751	\$ 41,101	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Other receivables					
Accounts	-	11,280	-	-	-
Loans	-	-	-	-	-
Intergovernmental	-	-	-	6,852	-
Due from other funds	-	-	4,675	148,439	84,776
Inventories	-	3,133	-	-	-
Total Assets	<u>\$ 1,751</u>	<u>\$ 55,514</u>	<u>\$ 4,675</u>	<u>\$ 155,291</u>	<u>\$ 84,776</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ -	\$ 245	\$ -	\$ -
Due to other funds	-	-	-	-	-
Unearned revenues - performance	-	5,935	-	27,109	-
Total Liabilities	<u>-</u>	<u>5,935</u>	<u>245</u>	<u>27,109</u>	<u>-</u>
Deferred inflows of resources					
Deferred revenues - not available	-	4,445	-	-	-
Fund balances					
Nonspendable	-	3,133	-	-	-
Restricted	-	-	-	30,727	-
Assigned	1,751	42,001	4,430	97,455	84,776
Unassigned	-	-	-	-	-
Total Fund Balances	<u>1,751</u>	<u>45,134</u>	<u>4,430</u>	<u>128,182</u>	<u>84,776</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances:					
	<u>\$ 1,751</u>	<u>\$ 55,514</u>	<u>\$ 4,675</u>	<u>\$ 155,291</u>	<u>\$ 84,776</u>

(Continued)

Town of Woodstock, Connecticut

Combining Balance Sheet
 Special Revenue Funds
 June 30, 2013

	Beautification Committee	Recreation Committee	Recycling Fund	Town Beach Fund	Town Aid Road Fund
ASSETS					
Cash and equivalents	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-	-
Other receivables					
Accounts	-	-	-	-	-
Loans	-	-	-	-	-
Intergovernmental	-	-	-	-	-
Due from other funds	1,320	43,010	24,809	-	526,019
Inventories	-	-	-	-	-
Total Assets	<u>\$ 1,320</u>	<u>\$ 43,010</u>	<u>\$ 24,809</u>	<u>\$ -</u>	<u>\$ 526,019</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities					
Accounts payable	\$ -	\$ 315	\$ -	\$ 145	\$ -
Due to other funds	-	-	-	540	-
Unearned revenues - performance	-	-	-	-	-
Total Liabilities	<u>-</u>	<u>315</u>	<u>-</u>	<u>685</u>	<u>-</u>
Deferred inflows of resources					
Deferred revenues - not available	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances					
Nonspendable	-	-	-	-	-
Restricted	-	-	-	-	526,019
Assigned	1,320	42,695	24,809	-	-
Unassigned	-	-	-	(685)	-
Total Fund Balances	<u>1,320</u>	<u>42,695</u>	<u>24,809</u>	<u>(685)</u>	<u>526,019</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 1,320</u>	<u>\$ 43,010</u>	<u>\$ 24,809</u>	<u>\$ -</u>	<u>\$ 526,019</u>

(Continued)

Town of Woodstock, Connecticut

Combining Balance Sheet
Special Revenue Funds
June 30, 2013

	Camp Nahaco Revenue Fund	Arboretum Fund	Bradford Marcy Cemetery Fund	Record Restoration Fund	Small Fund Cities	Miscellaneous Grants Fund	Total Special Revenue Funds
ASSETS							
Cash and equivalents	\$ -	\$ 1,123	\$ 809	\$ -	\$ 18,379	\$ -	\$ 63,163
Investments	14,318	-	19,733	-	-	-	34,051
Other receivables							
Accounts	-	-	-	-	-	-	11,280
Loans	-	-	-	-	495,678	-	495,678
Intergovernmental	-	-	-	-	-	-	6,852
Due from other funds	50,231	-	-	30,783	-	1,992	916,054
Inventories	-	-	-	-	-	-	3,133
Total Assets	<u>\$ 64,549</u>	<u>\$ 1,123</u>	<u>\$ 20,542</u>	<u>\$ 30,783</u>	<u>\$ 514,057</u>	<u>\$ 1,992</u>	<u>\$ 1,530,211</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
Liabilities							
Accounts payable	\$ 2,466	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,171
Due to other funds	-	802	2,030	-	-	-	3,372
Unearned revenues - performance	54,118	-	-	-	-	-	87,162
Total Liabilities	<u>56,584</u>	<u>802</u>	<u>2,030</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>93,705</u>
Deferred inflows of resources							
Deferred revenues - not available	-	-	-	-	-	-	4,445
Fund balances							
Nonspendable	-	-	-	-	-	-	3,133
Restricted	-	-	-	30,783	514,057	1,992	1,103,578
Assigned	7,965	321	18,512	-	-	-	326,035
Unassigned	-	-	-	-	-	-	(685)
Total Fund Balances	<u>7,965</u>	<u>321</u>	<u>18,512</u>	<u>30,783</u>	<u>514,057</u>	<u>1,992</u>	<u>1,432,061</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances:	<u>\$ 64,549</u>	<u>\$ 1,123</u>	<u>\$ 20,542</u>	<u>\$ 30,783</u>	<u>\$ 514,057</u>	<u>\$ 1,992</u>	<u>\$ 1,530,211</u>

Town of Woodstock, Connecticut

Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Special Revenue Funds
Year Ended June 30, 2013

	Conservation Commission	Dog License Fund	School Cafeteria Fund	Quasset School	Education Grant Fund	Revaluation Fund
REVENUES						
Licenses and permits	\$ -	\$ -	\$ 228,365	\$ -	\$ -	\$ -
Intergovernmental	-	-	69,977	-	487,416	-
Miscellaneous revenue	-	-	-	15	78,461	-
Investment earnings	1	-	-	-	-	-
Total Revenues	1	-	298,342	15	565,877	-
EXPENDITURES						
Current						
General government	-	-	-	1,691	-	27,298
Public works	-	-	-	-	-	-
Health, welfare, and recreation	-	-	-	-	-	-
Education	-	-	307,527	-	553,809	-
Debt service	-	-	-	-	-	-
Total Expenditures	-	-	307,527	1,691	553,809	27,298
Excess (Deficiency) of Revenues Over Expenditures	1	-	(9,185)	(1,676)	12,068	(27,298)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	-	-
Transfers out	-	(27,122)	-	-	-	-
Total Other Financing Sources (Uses)	-	(27,122)	-	-	-	-
Net Change in Fund Balances	1	(27,122)	(9,185)	(1,676)	12,068	(27,298)
Fund Balances - Beginning of Year	1,750	27,122	54,319	6,106	116,114	112,074
Fund Balances (Deficits) - End of Year	\$ 1,751	\$ -	\$ 45,134	\$ 4,430	\$ 128,182	\$ 84,776

(Continued)

Town of Woodstock, Connecticut

Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Special Revenue Funds
Year Ended June 30, 2013

	Beautification Committee	Recreation Committee	Recycling Fund	Town Beach	Town Aid Road
REVENUES					
Licenses and permits	\$ -	\$ 74,421	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	-	189,578
Miscellaneous revenue	-	-	1,323	2,650	25,331
Investment earnings	-	-	-	-	-
Total Revenues	<u>-</u>	<u>74,421</u>	<u>1,323</u>	<u>2,650</u>	<u>214,909</u>
EXPENDITURES					
Current					
General government	-	-	-	-	-
Public works	-	-	-	-	229,984
Health, welfare, and recreation	-	88,803	-	26,861	-
Education	-	-	-	-	-
Debt service	-	-	-	-	22,340
Total Expenditures	<u>-</u>	<u>88,803</u>	<u>-</u>	<u>26,861</u>	<u>252,324</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>(14,382)</u>	<u>1,323</u>	<u>(24,211)</u>	<u>(37,415)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	21,182	-	21,925	-
Transfers out	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>21,182</u>	<u>-</u>	<u>21,925</u>	<u>-</u>
Net Change in Fund Balances	-	6,800	1,323	(2,286)	(37,415)
Fund Balances - Beginning of Year	<u>1,320</u>	<u>35,895</u>	<u>23,486</u>	<u>1,601</u>	<u>563,434</u>
Fund Balances (Deficits) - End of Year	<u>\$ 1,320</u>	<u>\$ 42,695</u>	<u>\$ 24,809</u>	<u>\$ (685)</u>	<u>\$ 526,019</u>

(Continued)

Town of Woodstock, Connecticut

Combining Statement of Revenues,
Expenditures and Changes in Fund Balances
Special Revenue Funds
Year Ended June 30, 2013

	Camp Nahaco Revenue	Arboretum Fund	Bradford Marcy Cemetery Fund	Record Restoration Fund	Small Cities	Miscellaneous Grants Fund	Total Special Revenue Funds
REVENUES							
Licenses and permits	\$ -	\$ -	\$ -	\$ 3,636	\$ -	\$ -	\$ 306,422
Intergovernmental	-	-	-	4,000	72,000	-	822,971
Miscellaneous revenue	11,049	-	-	-	21,370	-	140,199
Investment earnings	51	1	321	-	-	-	374
Total Revenues	<u>11,100</u>	<u>1</u>	<u>321</u>	<u>7,636</u>	<u>93,370</u>	<u>-</u>	<u>1,269,966</u>
EXPENDITURES							
Current							
General government	-	-	950	6,651	-	335	36,925
Public works	-	-	-	-	-	-	229,984
Health, welfare, and recreation	73,030	-	-	-	49,008	-	237,702
Education	-	-	-	-	-	-	861,336
Debt service	-	-	-	-	-	-	22,340
Total Expenditures	<u>73,030</u>	<u>-</u>	<u>950</u>	<u>6,651</u>	<u>49,008</u>	<u>335</u>	<u>1,388,287</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(61,930)</u>	<u>1</u>	<u>(629)</u>	<u>985</u>	<u>44,362</u>	<u>(335)</u>	<u>(118,321)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	900	-	-	-	-	-	44,007
Transfers out	-	-	-	-	-	-	(27,122)
Total Other Financing Sources (Uses)	<u>900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,885</u>
Net Change in Fund Balances	(61,030)	1	(629)	985	44,362	(335)	(101,436)
Fund Balances - Beginning of Year	<u>68,995</u>	<u>320</u>	<u>19,141</u>	<u>29,798</u>	<u>469,695</u>	<u>2,327</u>	<u>1,533,497</u>
Fund Balances (Deficits) - End of Year	<u>\$ 7,965</u>	<u>\$ 321</u>	<u>\$ 18,512</u>	<u>\$ 30,783</u>	<u>\$ 514,057</u>	<u>\$ 1,992</u>	<u>\$ 1,432,061</u>

Town of Woodstock, Connecticut

Combining Balance Sheet
 Capital Projects Funds
 June 30, 2013

	Open Space Fund	Capital Nonrecurring Fund	Nonlapsing Education Fund	School Roof Fund	Highway Fund	Total Capital Projects Funds
ASSETS						
Cash and equivalents	\$ 245,909	\$ 124,734	\$ -	\$ -	\$ -	\$ 370,643
Investments	294,166	-	-	-	-	294,166
Due from other funds	5,000	286,911	173,683	19,950	30,764	516,308
Total Assets	<u>\$ 545,075</u>	<u>\$ 411,645</u>	<u>\$ 173,683</u>	<u>\$ 19,950</u>	<u>\$ 30,764</u>	<u>\$ 1,181,117</u>
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 442	\$ 442
Due to other funds	-	-	74,598	-	-	74,598
Total Liabilities	-	-	74,598	-	442	75,040
Fund balances						
Restricted	19,391	40,692	-	-	-	60,083
Committed	-	382,679	-	19,950	30,322	432,951
Assigned	525,684	-	99,085	-	-	624,769
Unassigned	-	(11,726)	-	-	-	(11,726)
Total Fund Balances	<u>545,075</u>	<u>411,645</u>	<u>99,085</u>	<u>19,950</u>	<u>30,322</u>	<u>1,106,077</u>
Total Liabilities and Fund Balance:	<u>\$ 545,075</u>	<u>\$ 411,645</u>	<u>\$ 173,683</u>	<u>\$ 19,950</u>	<u>\$ 30,764</u>	<u>\$ 1,181,117</u>

Town of Woodstock, Connecticut

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Capital Projects Funds

Year Ended June 30, 2013

	Open Space Fund	Capital Nonrecurring Fund	Nonlapsing Education Fund	School Roof Fund	Highway Fund	Total Capital Projects Funds
REVENUES						
Intergovernmental	\$ -	\$ 300	\$ -	\$ -	\$ -	\$ 300
Miscellaneous revenue	13,873	6,025	-	-	-	19,898
Investment earnings	5,587	515	-	-	-	6,102
Total Revenues	<u>19,460</u>	<u>6,840</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,300</u>
EXPENDITURES						
Current						
Education	-	-	81,986	-	-	81,986
Capital outlay	-	79,629	-	49	217,053	296,731
Total Expenditures	<u>-</u>	<u>79,629</u>	<u>81,986</u>	<u>49</u>	<u>217,053</u>	<u>378,717</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>19,460</u>	<u>(72,789)</u>	<u>(81,986)</u>	<u>(49)</u>	<u>(217,053)</u>	<u>(352,417)</u>
OTHER FINANCING SOURCES						
Transfers in	29,229	179,596	66,389	19,999	-	295,213
Sale of capital assets	-	333	-	-	-	333
Total Other Financing Sources	<u>29,229</u>	<u>179,929</u>	<u>66,389</u>	<u>19,999</u>	<u>-</u>	<u>295,546</u>
Net Change in Fund Balances	48,689	107,140	(15,597)	19,950	(217,053)	(56,871)
Fund Balances - Beginning of Year	<u>496,386</u>	<u>304,505</u>	<u>114,682</u>	<u>-</u>	<u>247,375</u>	<u>1,162,948</u>
Fund Balances - End of Year	<u>\$ 545,075</u>	<u>\$ 411,645</u>	<u>\$ 99,085</u>	<u>\$ 19,950</u>	<u>\$ 30,322</u>	<u>\$ 1,106,077</u>

Town of Woodstock, Connecticut

Combining Statement of Net Position
 Agency Funds
 Year Ended June 30, 2013

	Balance Beginning	Additions	Deductions	Balance Ending
Student Activity Fund				
Assets				
Cash	\$ 35,897	\$124,821	\$ (136,584)	\$ 24,134
Liabilities				
Due to others	\$ 35,897	\$124,821	\$ (136,584)	\$ 24,134
Employee Medical Savings Account				
Assets				
Cash	\$ 8,343	\$ 53,554	\$ (45,643)	\$ 16,254
Liabilities				
Due to others	\$ 8,343	\$ 53,554	\$ (45,643)	\$ 16,254
Land Review				
Assets				
Due from Other Funds	\$ 10,556	\$ 5,000	\$ (1,931)	\$ 13,625
Liabilities				
Due to others	\$ 10,556	\$ 5,000	\$ (1,931)	\$ 13,625
Total Agency Funds				
Assets				
Cash	\$ 44,240	\$178,375	\$ (182,227)	\$ 40,388
Due from other funds	10,556	5,000	(1,931)	13,625
Total Assets	\$ 54,796	\$183,375	\$ (184,158)	\$ 54,013
Liabilities				
Due to others	\$ 54,796	\$183,375	\$ (184,158)	\$ 54,013

Town of Woodstock, Connecticut

Supplementary Schedules
June 30, 2013

Town of Woodstock, Connecticut

Report of the Property Tax Collector
Year Ended June 30, 2013

Grand List Year	Beginning Receivable Balance	Current Year Levy	Lawful Corrections		Net Taxes Collectible	Collections During the Year				Transfer to Suspense	Net Ending Receivable Balance
			Additions	Deductions		Taxes	Interest	Liens	Total		
2011	\$ -	\$14,596,126	\$8,293	\$35,693	\$14,568,726	\$14,338,073	\$ 47,399	\$ 501	\$14,385,973	\$ 1,637	\$ 229,016
2010	214,935	-	91	1,567	213,459	107,161	23,287	1,272	131,720	3,224	103,074
2009	101,966	-	-	688	101,278	46,245	17,010	624	63,879	6,190	48,843
2008	39,845	-	-	-	39,845	15,310	6,012	312	21,634	2,860	21,675
2007	4,867	-	-	-	4,867	1,297	1,150	24	2,471	193	3,377
2006	567	-	-	-	567	-	-	-	-	23	544
2005	596	-	-	-	596	23	26	-	49	50	523
2004	246	-	-	-	246	-	-	-	-	-	246
2003	237	-	-	-	237	-	-	-	-	-	237
2002	233	-	-	-	233	-	-	-	-	-	233
2001	219	-	-	-	219	-	-	-	-	-	219
2000	216	-	-	-	216	-	-	-	-	-	216
1999	281	-	-	-	281	-	-	-	-	-	281
1998	281	-	-	-	281	-	-	-	-	-	281
1997	259	-	-	-	259	-	-	-	-	-	259
1996	270	-	-	-	270	(22)	-	-	(22)	-	292
	<u>\$ 365,019</u>	<u>\$14,596,126</u>	<u>\$ 8,384</u>	<u>\$ 37,948</u>	<u>\$14,931,581</u>	<u>\$14,508,087</u>	<u>\$ 94,884</u>	<u>\$2,733</u>	<u>\$14,605,704</u>	<u>\$ 14,177</u>	<u>\$ 409,317</u>

Town of Woodstock, Connecticut

Schedule of Changes in Fund Balance by Project
 Capital Nonrecurring Fund
 Year Ended June 30, 2013

	Fund Balance Activity					Ending Balance
	Beginning Balance	Transfers In	Other Increases	Internal Transfers	Annual Expenditures	
Restricted Fund Balance						
Capital projects from Public Act 05-228	\$ 35,238	\$ -	\$ 5,454	\$ -	\$ -	\$ 40,692
Committed Fund Balance						
Transfer station	29,315	71,047	-	-	-	100,362
Highway equipment	58,203	40,000	332	-	-	98,535
Bradford Corner Road	67,391	14,822	-	-	(17,158)	65,055
Parking lot expansion	40,000	13,727	-	-	-	53,727
Public school security lock system	-	40,000	-	-	-	40,000
Plan of development	25,000	-	-	-	-	25,000
WES heating system	6,981	-	871	54,572	(62,424)	-
Town hall repairs	47	-	-	-	(47)	-
Total Committed Fund Balance	226,937	179,596	1,203	-	(79,629)	382,679
Unassigned Fund Balance	42,330	-	516	(54,572)	-	(11,726)
Total Fund Balance	\$ 304,505	\$ 179,596	\$ 7,173	\$ -	\$ (79,629)	\$ 411,645

See Independent Auditors' Report

Town of Woodstock, Connecticut

Internal Control and Compliance Reports
June 30, 2013

**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**

**The Board of Finance
Town of Woodstock, Connecticut**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Woodstock, Connecticut ("Town") as of and for the year ended June 30, 2013, 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 10, 2013.

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.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws,

O'CONNOR DAVIES, LLP
100 Great Meadow Road, Wethersfield, CT 06109 | Tel: 860.257.1870 | Fax: 860.257.1875 | www.odpkf.com

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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*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this report is not suitable for any other purposes.

O'Connor Davies, LLP

Wethersfield, Connecticut
December 10, 2013

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Town of Woodstock, Connecticut

State Single Audit
June 30, 2013

Report on Compliance for Each Major State Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

Independent Auditors' Report

**The Board of Finance
Town of Woodstock, Connecticut**

Report on Compliance for Each Major State Program

We have audited the Town of Woodstock, Connecticut's ("Town") compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2013. The Town's major state programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of 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 a major state 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 each major state program. 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 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, 2013.

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 our 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 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 significant deficiencies or material weaknesses. 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.

The purpose of this report on internal control over compliance is solely to describe the scope of 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 the Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of the Town as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated December 10, 2013, 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 Town's basic financial statements. The accompanying Schedule of Expenditures of State Financial Assistance is presented for purposes of additional analysis as required by the State Single Audit Act, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 taken as a whole.

O'Connor Davies, LLP

Wethersfield, Connecticut
December 10, 2013

Town of Woodstock, Connecticut

Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2013

State Program Pass-Through Grantor Program Title	State Grant Program Core-CT Number	Expenditures
Connecticut State Library		
Historic Documents Preservation Grants	12060-CSL66094-35150	\$ 4,000
Department of Transportation		
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459	189,578
Office of Policy and Management		
Reimburse Towns - Tax Loss on State Property	11000-OPM20600-17004	14,052
Reimburse Property Tax - Disability Exemption	11000-OPM20600-17011	1,044
Property Tax Relief for Elderly Circuit Breaker	11000-OPM20600-17018	45,848
Property Tax Relief for Veterans	11000-OPM20600-17024	6,955
Local Capital Improvement Program (LOCIP)	12050-OPM20600-40254	85,394
Department of Education		
Child Nutrition State Match	11000-SDE64370-16211	3,738
Health Foods Initiative	11000-SDE64370-16212	8,120
Adult Education	11000-SDE64370-17030	9,047
Magnet Schools	11000-SDE64370-17057	<u>6,500</u>
Total State Financial Assistance before Exempt Programs		<u>374,276</u>
EXEMPT PROGRAMS		
Department of Education		
Education Cost Sharing	11000-SDE64000-17041	5,438,657
Public School Transportation	11000-SDE64000-17027	84,138
Special Education - Excess Cost - Student Based	11000-SDE64000-17047	115,902
School Construction Grants	13009-SDE64000-40896	10,802
School Construction Grants	13009-SDE64000-40901	308,939
Office of Policy and Management		
Municipal Revenue Sharing	12060-OPM20600-35458	116,737
Office of State Comptroller		
Mashantucket Pequot and Mohegan Fund Grant	12009-OSC15910-17005	<u>32,458</u>
Total exempt programs		<u>6,107,633</u>
Total State Financial Assistance		<u>\$ 6,481,909</u>

See Accountants' Report

Town of Woodstock, Connecticut

Notes to the Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2013

1. Summary of Significant Accounting Policies

General

The accompanying Schedule of Expenditures of State Financial Assistance includes state grant activity of the Town of Woodstock, Connecticut ("Town") under programs of the State of Connecticut for the fiscal year ended June 30, 2013. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town through grants and other authorizations in accordance with the General Statutes of the State of Connecticut.

The information in the Schedule of Expenditures of State Financial Assistance is presented based on regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The financial statements for the governmental fund types contained in the Town's basic financial statements are prepared on the modified accrual basis of accounting. The government-wide financial statements and the financial statements for the business-type activities are prepared on the full 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 for the current period,
- Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as certain other expenditures, when applicable, related to compensated absences, pension obligations, landfill closure costs, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

The expenditures reported on the Schedule of State Financial Assistance are reported on the accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations of the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

Town of Woodstock, Connecticut

Notes to the Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2013

2. Loan Programs

Department of Environmental Protection:

Clean Water Funds 21014-OTT14230-4001:

	Issue Date	Interest Rate	Original Amount	Beginning Balance	Issued	Retired	Ending Balance
277C	3/31/1998	2.00%	\$1,580,232	\$310,306	\$ -	\$ (87,228)	\$397,534

Town of Woodstock, Connecticut

Schedule of Findings and Questioned Costs
Year Ended June 30, 2013

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted yes no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of 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? yes no

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

State Grantor and Program	State Core-CT Number	Expenditures
Department of Transportation: Town Aid Road	13033-DOT57131-43459	\$189,578

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

Section II - Financial Statement Findings

No matters were reported.

Section III - State Financial Assistance Findings and Questioned Costs

No findings or questioned cost are reported relating to State financial assistance programs.

Town of Woodstock, Connecticut

Federal Single Audit
June 30, 2013

**Report on Compliance with Requirements that Could Have a Direct and Material Effect on
Each Major Program and on Internal Control
Over Compliance in Accordance with OMB Circular A-133, and on the Schedule of
Expenditures of Federal Awards**

Independent Auditors' Report

**To the Board of Finance
Town of Woodstock, Connecticut**

Report on Compliance for Each Major Federal Program

We have audited the Town of Woodstock, Connecticut's ("Town") compliance with the types of compliance requirements described in the U. S. Office of Management and Budget's ("OMB") *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2013. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Town's compliance for each of the Town's major federal 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 *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 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 each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

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Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 the 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 deficiencies, significant deficiencies or material weaknesses. 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.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the governmental activities and the business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2013, and have issued our report thereon dated December 10, 2013, which contained unqualified opinions on these financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditure of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over 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.

O'Connor Davies, LLP

Wethersfield, Connecticut
December 10, 2013

Town of Woodstock, Connecticut

Schedule of Expenditures of Federal Assistance
For the Year Ended June 30, 2013

Federal grantor/ Pass-Through grantor program title	Federal CFDA Number	Total Federal Program
Department of Education:		
Passed through the State of Connecticut:		
Title I - Current	84.010	\$ 90,388
Title II - Part A, Improving Teacher Quality - Current	84.367	36,190
IDEA, Part B, Section 611, Handicapped - Current	84.027	310,245
IDEA, Part B, Section 619, Preschool - Current	84.173	<u>9,623</u>
Total Department of Education		<u>446,446</u>
Department of Agriculture:		
Passed through the State of Connecticut:		
National School Lunch	10.555	55,843
Department of Housing and Urban Development:		
Passed through the State of Connecticut:		
Community Development Block Grant	14.219	72,000
Department of Homeland Security:		
Passed through the State of Connecticut:		
Emergency Management Performance Grant	97.042	<u>43,227</u>
Total Federal Financial Assistance		<u><u>\$ 617,516</u></u>

Town of Woodstock, Connecticut

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

1. Summary Of Significant Accounting Policies

General

The accompanying Schedule of Expenditures of Federal Awards presents activity of all federal award programs for the year ended June 30, 2013. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in the Schedule.

Basis of Accounting

The financial statements for the governmental fund types contained in Town of Woodstock, Connecticut's ("Town") basic financial statements are prepared on the modified accrual basis of accounting. The government-wide financial statements and the financial statements for the business-type activities are prepared on the full 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 for the current period,
- Expenditures are generally recorded when a liability is incurred except for debt service expenditures, as well as certain other expenditures, when applicable, related to compensated absences, pension obligations, landfill closure costs, claims and judgments, and other post-employment benefits which are recorded only when payment is due (matured).

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organization*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Town of Woodstock, Connecticut

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

Section 1 - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified? yes none reported

Type of report issued on compliance for major programs: Unmodified

Audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? yes no

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I, Part A of the ESEA
84.027	IDEA, Part B, Section 611, Handicapped
97.036	Disaster Grants – Public Assistance

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000
Auditee qualified as a low risk auditee? yes no

Section II - Financial Statement Findings:

No findings have been reported related to the financial statements.

Section III - Federal Financial Assistance Findings and Questioned Costs

No findings or questioned cost are reported relating to Federal financial assistance programs.