

Town of Woodstock, Connecticut

**Financial Statements
Internal Control Reports
and Compliance Reports**

For the Year Ended June 30, 2010

**Town of Woodstock, Connecticut
Financial Statements
For the Year Ended June 30, 2010**

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1
Management's Discussion and Analysis.....	3

Basic Financial Statements:

Exhibit

	Government-Wide Financial Statements:	
1	Statement of Net Assets	10
2	Statement of Activities	11
	Fund Financial Statements:	
3	Balance Sheet - Governmental Funds	12
4	Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	13
5	Statement of Fund Net Assets – Proprietary Funds.....	14
6	Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	15
7	Statement of Cash Flows – Proprietary Funds	16
8	Statement of Fiduciary Net Assets - Fiduciary Funds.....	17
	Notes to the Financial Statements	18

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Budgetary Basis) - General Fund	43
---	----

Combining and Individual Fund Financial Statements:

Statement

	Fund Descriptions	46
	Other Governmental Funds:	
1	Combining Balance Sheet	47
2	Combining Statement of Revenues, Expenditures and Changes in Fund Balances.....	48
	Special Revenue Funds:	
3	Combining Balance Sheet	49
4	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	51
	Capital Project Funds:	
5	Combining Balance Sheet	53
6	Combining Statement of Revenues, Expenditures and Changes in Fund Balances	54

**Town of Woodstock, Connecticut
Financial Statements
For the Year Ended June 30, 2010**

Table of Contents – Continued

	Proprietary Funds:	
7	Combining Statement of Net Assets	55
8	Combining Statement of Revenues, Expenses and Changes in Net Assets....	56
9	Combining Statement of Cash Flows	57
	Fiduciary Funds:	
10	Combining Statement of Changes in Assets and Liabilities	58

Supplementary Schedules:

Schedule

1	Report of the Property Tax Collector	59
2	Schedule of Changes in Fund Balance by Project – Capital and Nonrecurring Fund	60

Compliance Reports:

<u>Government Auditing Standards</u> Report	61
---	----

State Single Audit:

State Single Audit Report	63
Schedule of Expenditures of State Financial Assistance	66
Notes to the Schedule of Expenditures of State Financial Assistance	67
Schedule of Findings and Questioned Costs	68

Federal Single Audit:

Federal Single Audit Report	69
Schedule of Expenditures of Federal Assistance	71
Notes to the Schedule of Expenditures of Federal Assistance	72
Schedule of Findings and Questioned Costs	73

Independent Auditors' Report

Board of Finance
Town of Woodstock, Connecticut
Woodstock, Connecticut

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Woodstock, Connecticut as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Woodstock, Connecticut's management. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Woodstock, Connecticut as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America (GAAP).

As described in Note 1, the Town has implemented authoritative accounting pronouncements promulgated by the Governmental Accounting Standards Board (GASB) *Statement 51, Accounting and Financial Reporting for Intangible Assets*; and, *Statement 53, Accounting and Financial Reporting for Derivative Instruments*, as of June 30, 2010.

Independent Auditors' Report (Continued)

The Town has also made two prior period adjustments. These are described more fully in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated November 09, 2010 on our consideration of the Town of Woodstock, Connecticut's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and other 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 and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis immediately following this report and budgetary comparison information included in Required Supplementary Information (RSI) are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Woodstock, Connecticut's basic financial statements. The combining and individual fund financial statements and supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such combining and individual fund financial statements and supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Maier + Company

November 09, 2010

**Town of Woodstock, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

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, 2010. Please read it in conjunction with the Government's financial statements, which begin with Exhibit 1.

FINANCIAL HIGHLIGHTS

- Net assets of the Town decreased \$533,865 or 2.15% during the year primarily due to the continued implementation of GASB 45. This follows an increase to the net assets in the prior year of 2.27% or \$550,090.
- The combined fund balance of the Governmental Funds decreased \$211,396 from \$6,774,534 to \$6,563,138.
- Revenues increased by 0.72% while expenses increased 5.75%.
- The final budget for the General Fund for the fiscal year had expenditures exceeding revenues by \$421,625. The actual revenues for the year are \$294,870 more than budgeted and expenditures are \$111,223 less than budgeted for a positive budget variance of \$406,093.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets 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 Assets 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.

**Town of Woodstock, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

These two statements report the Government's *net assets* 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 assets 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 Assets and the Statement of Activities, the Government shows the following activity:

- **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 Assets 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 Statements of Fiduciary Net Assets 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.

**Town of Woodstock, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

THE GOVERNMENT AS A WHOLE

Net Assets

The Government's *combined* net assets *decreased* by \$533,865 from a year ago— *decreasing* from \$24,871,609 to \$24,337,744. Last year net assets *increased* by \$550,090. Our analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Government.

**Table 1
Net Assets (on Exhibit 1)**

	2010	Change During Year		2009
		Dollars	Percent	
Current and other assets	\$ 8,966,417	\$ (580,315)	-6.08%	\$ 9,546,732
Capital assets	21,716,137	516,972	2.44%	21,199,165
Total assets	30,682,554	(63,343)	-0.21%	30,745,897
Long-term debt outstanding	4,262,895	(553,022)	-11.48%	4,815,917
Other liabilities	2,081,915	1,023,544	96.71%	1,058,371
Total liabilities	6,344,810	470,522	8.01%	5,874,288
Net assets:				
Invested in capital assets, net of related debt	18,006,456	1,290,786	7.72%	16,715,670
Restricted				
Expendable	2,222,053	43,398	1.99%	2,178,655
Unrestricted	4,109,235	(1,868,049)	-31.25%	5,977,284
Total net assets	<u>\$ 24,337,744</u>	<u>\$ (533,865)</u>	<u>-2.15%</u>	<u>\$ 24,871,609</u>

Capital assets increased \$516,972 in the current year. The Town is now including development rights as intangible assets on the financial statements. This caused an increase in capital assets of \$427,730.

Long-term debt decreased \$553,022 as a result of repayments during the fiscal year.

Other liabilities increased \$1,023,544 due to increased amortization of other post employment benefits of \$629,792 due to the continued implementation of GASB 45 and an increase of \$294,921 for medical claims payable in the Internal Service Fund.

Change in Net Assets

Revenues increased \$165,851 from \$22,944,132 to \$23,109,983. Operating grants and contributions increased \$182,069 this fiscal year.

General government expenses decreased \$244,214 due mainly to the unrealized losses in the Herbert W. Bowen Fund in the prior year of \$222,409. Current year unrealized losses were \$22,783.

**Town of Woodstock, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

Public Works Expenses increased \$457,236 primarily as a result of more road projects being done in the current year than the prior year.

Education expenses increased \$1,038,307. This was primarily related to the amortization of post employment benefits of \$629,792 as well as the increase in medical claims paid in the Internal Service Fund of \$328,487.

**Table 2
Change in Net Assets (on Exhibit 2)**

	2010	Change During Year		2009
		Dollars	Percent	
Revenues				
Program revenues:				
Charges for services	\$ 831,016	\$ (65,716)	-7.33%	\$ 896,732
Operating grants and contributions	7,820,355	182,069	2.38%	7,638,286
Capital grants and contributions	317,791	76,294	31.59%	241,497
General revenues:				
Property taxes	13,963,238	23,720	0.17%	13,939,518
Grants and contributions	57,700	(55,851)	-49.19%	113,551
Interest and investment earnings	41,991	(52,766)	-55.69%	94,757
Gain on disposal of capital assets	13,422	23,522	100.00%	(10,100)
Other general revenues	64,470	34,579	115.68%	29,891
Total revenues	<u>23,109,983</u>	<u>165,851</u>	<u>0.72%</u>	<u>22,944,132</u>
Program expenses				
General government	1,818,919	(244,214)	-11.84%	2,063,133
Public safety	787,324	7,256	0.93%	780,068
Public works	1,170,099	457,236	64.14%	712,863
Health, recreations and welfare	724,518	52,507	7.81%	672,011
Education	18,983,186	1,038,307	5.79%	17,944,879
Interest on long-term debt	159,802	(29,937)	-15.78%	189,739
Total expenses	<u>23,643,848</u>	<u>1,281,155</u>	<u>5.73%</u>	<u>22,362,693</u>
Increase (decrease) in net assets	<u>\$ (533,865)</u>	<u>\$ (1,115,304)</u>	<u>-191.82%</u>	<u>\$ 581,439</u>

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.

The total cost of all programs for the current fiscal year was \$23,484,046 compared to \$22,172,954 in the prior year which is an increase of 5.91%. The net cost of these services increased from \$13,396,439 to \$14,514,884 or an increase of \$8.35%.

**Town of Woodstock, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

**Table 3
Governmental Type Activities**

	Total Cost of Services			Incr. Decr.	Net Cost of Services			Incr. Decr.
	2010	2009			2010	2009		
Governmental Activities								
General government	\$ 1,818,919	\$ 2,063,133	-11.84%		\$ 1,596,823	\$ 1,798,261	-11.20%	
Public safety	787,324	780,068	0.93%		717,253	713,972	0.46%	
Public works	1,170,099	712,863	64.14%		636,769	213,728	197.93%	
Health, recreation and welfare	724,518	672,011	7.81%		457,186	152,693	199.42%	
Education	18,983,186	17,944,879	5.79%		11,106,853	10,517,785	5.60%	
Totals	\$ 23,484,046	\$ 22,172,954	5.91%		\$ 14,514,884	\$ 13,396,439	8.35%	

THE GOVERNMENT'S FUNDS

This year the fund balance (in total) decreased \$211,396. Principal payments on long-term debt are a reduction in fund balance when the payments on the debt are made. Debt payments are never a direct reduction in net assets on the government-wide statements. Likewise, purchases of capital assets are a reduction in fund balance when the purchase is made. Capital asset purchases are never a direct reduction in net assets on the government-wide statements.

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

- Receivables decreased \$98,131 in the current year.
- Investment income in the Bowen Fund was \$154,341 higher in the current year due mainly to a lower decrease in market value than in the prior year.
- Proceeds from capital lease increased \$150,436 as a result of the acquisition of an F-350 truck and a street sweeper.

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

**Town of Woodstock, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

**Table 4
General Fund - Budget Summary**

Revenues	Final Budget	Actual	Variance
Property Taxes	\$13,549,480	\$ 13,766,682	\$ 217,202
Intergovernmental	6,484,975	6,596,443	111,468
Local Revenue	489,384	433,483	(55,901)
Intergovernmental transfers	-	22,101	22,101
Total Revenues	20,523,839	20,818,709	294,870
Expenditures			
General Government	1,791,949	1,690,481	101,468
Public Safety	759,210	758,415	795
Public Works	1,773,999	1,766,271	7,728
Health, Recreation and Welfare	174,940	173,708	1,232
Education	15,487,086	15,487,086	-
Debt Service	932,717	932,717	-
Intergovernmental Transfers	211,305	211,305	-
Total Expenditures	21,131,206	21,019,983	111,223
Increase (Decrease) in Fund Balance	\$ (607,367)	\$ (201,274)	\$ 406,093

Revenues were \$294,870 better than was anticipated while expenditures were \$111,223 less than budgeted.

Significant variances are summarized as follows:

- Property tax collections were \$217,202 better than expected. Prior year tax and interest collections were \$119,216 higher than anticipated. Current year collections were 98.1% which was higher than the budgeted collection rate of 97.25%
- Intergovernmental revenues were \$111,468 higher than budgeted due primarily to increased special education grants received.
- Local revenue was \$55,901 lower than budgeted for. This was primarily a result of lower interest rates than anticipated as interest income was \$47,288 lower than budgeted.
- General government expenditures were \$101,468 lower than budgeted as a result of all departments keeping within their budget.

**Town of Woodstock, Connecticut
Management's Discussion and Analysis
For the Year Ended June 30, 2010**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of this year, the Government had \$31,522,606 (depreciable and nondepreciable) invested government activity capital assets. This amount represents a net increase (including additions and deductions) of \$725,660 from last year. This is primarily due to the addition of intangible assets in the current year. There were also numerous road projects along with the purchase of an F-350 and street sweeper. More detailed information about the Government's capital assets is presented in Note 5 to the financial statements.

Debt

At year end, the Government had \$3,579,619 in bonds and notes outstanding. This is a decrease of \$847,152 from last year. The Government's general obligation bond rating continues to carry an A2 rating. More detailed information about the Government's long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Government's elected and appointed officials considered many factors when setting the fiscal-year 2010-11 budget and tax rates. Although the State was predicting being able to pay its current obligations to municipalities, it was not expected that State grants to municipalities would increase significantly. Although a revaluation was recently done, the new assessments will not be in effect until the 2011-2012 budget year. The 2010-11 budget year will be the last year with the October 1, 2005 assessments. The real estate market has declined significantly since the last revaluation.

These factors were taken into account when adopting the General Fund budget for 2010-11 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
Statement of Net Assets
June 30, 2010

	<u>Governmental Activities</u>
Assets	
Cash and cash equivalents	\$ 4,402,171
Investments	309,043
Receivables, net of allowance for collection losses	2,231,574
Inventory	1,318
Other long-term assets - deferred debt costs	127,351
Restricted assets for trust	1,894,960
Capital assets:	
Not being depreciated	2,330,351
Being depreciated, net of accumulated depreciation	<u>19,385,786</u>
Total assets	<u>30,682,554</u>
Liabilities	
Accounts payable	666,586
Accrued wages and benefits	31,248
Due to others	8,670
Accrued interest	45,230
Deferred revenue	91,319
Net other post employment benefit obligation	1,238,862
Noncurrent liabilities:	
Due within one year	1,042,092
Due in more than one year	<u>3,220,803</u>
Total liabilities	<u>6,344,810</u>
Net assets	
Invested in capital assets, net of related debt	18,006,456
Restricted net assets:	
Expendable	2,222,053
Unrestricted net assets	<u>4,109,235</u>
Total net assets	<u><u>\$ 24,337,744</u></u>

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

Town of Woodstock, Connecticut
Statement of Activities
For the Year Ended June 30, 2010

Functions/Programs	Program Specific Revenues				Net (Expense) Revenue	
	Expenses	Charges for Services	Grants and Contributions			Total
			Operating	Capital		
Governmental activities:						
General government	\$ (1,818,919)	\$ 149,069	\$ 73,027	\$ -	\$ (1,596,823)	
Public safety	(787,324)	59,987	10,084	-	(717,253)	
Public works	(1,170,099)	184,802	255,169	93,359	(636,769)	
Health, recreation and welfare	(724,518)	190,602	76,730	-	(457,186)	
Education	(18,983,186)	246,556	7,405,345	224,432	(11,106,853)	
Interest on long-term debt	(159,802)	-	-	-	(159,802)	
Total governmental activities	<u>\$ (23,643,848)</u>	<u>\$ 831,016</u>	<u>\$ 7,820,355</u>	<u>\$ 317,791</u>	<u>(14,674,686)</u>	
General revenues:						
Property taxes, payments in lieu of taxes, interest and liens					13,963,238	
Grants and contributions					57,700	
Interest and investment earnings					41,991	
Gain on disposal of capital asset					13,422	
Miscellaneous					64,470	
Total general revenues					<u>14,140,821</u>	
Changes in net assets					(533,865)	
Net assets, beginning of the year					<u>24,871,609</u>	
Net assets, end of the year					<u>\$ 24,337,744</u>	

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

Town of Woodstock, Connecticut
Balance Sheet
Governmental Funds
June 30, 2010

	General Fund	WPCA	Herbert W. Bowen Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 3,466,326	\$ 362,325	\$ 697	\$ 306,813	\$ 4,136,161
Investments	-	-	-	309,043	309,043
Receivables	1,317,666	423,998	-	489,910	2,231,574
Inventory	-	-	-	1,318	1,318
Restricted assets for trust	-	-	1,894,960	-	1,894,960
Due from other funds	-	-	-	1,131,435	1,131,435
Total assets	\$ 4,783,992	\$ 786,323	\$ 1,895,657	\$ 2,238,519	\$ 9,704,491
Liabilities and fund balance					
Liabilities					
Accounts payable	\$ 136,782	\$ 567	\$ -	\$ 14,085	\$ 151,434
Accrued expenses	31,248	-	-	-	31,248
Deferred revenue	1,256,681	362,916	-	158,474	1,778,071
Due to other funds	1,054,831	81,341	-	44,428	1,180,600
Total liabilities	2,479,542	444,824	-	216,987	3,141,353
Fund balance					
Reserved	292,935	-	1,895,657	353,955	2,542,547
Unreserved, reported in:					
General Fund	1,641,515	-	-	-	1,641,515
General Fund - Designated	370,000	-	-	-	370,000
Special Revenue Fund	-	341,499	-	1,413,033	1,754,532
Capital Projects Fund	-	-	-	(7,780)	(7,780)
Capital Projects Fund - Designated	-	-	-	256,594	256,594
Permanent Funds - Designated	-	-	-	5,730	5,730
Total fund balance	2,304,450	341,499	1,895,657	2,021,532	6,563,138
Total liabilities and fund balance	\$ 4,783,992	\$ 786,323	\$ 1,895,657	\$ 2,238,519	

Reconciliation of net assets to fund balances - total governmental funds:

Less: Long-term liabilities not due and payable in current period:

Bonds, notes, capital leases payable and unamortized premiums on bond costs	(3,719,760)
Compensated absences and special termination benefits	(268,582)
Claims and judgments	(104,553)
Landfill closure	(170,000)
Other post employment benefits	(1,238,862)
Accrued interest payable	(45,230)

Plus:

Deferred charges on bond costs (to be amortized over the life of the bond)	127,351
Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	21,716,137
Other long-term assets not available to pay for current period expenditures, recorded as deferred revenue in the funds	1,686,752

The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets

(208,647)

Net assets reported on the government-wide financial statements (Exhibit 1)

\$ 24,337,744

Town of Woodstock, Connecticut
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	General Fund	WPCA	Herbert W. Bowen Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes, interest and lien fees	\$ 13,766,682	\$ -	\$ -	\$ -	\$ 13,766,682
Intergovernmental revenues	7,356,429	-	-	1,010,279	8,366,708
Charges for services	358,452	143,032	-	316,590	818,074
Investment income	27,712	1,110	(8,082)	12,627	33,367
Other revenue	47,319	96	-	104,984	152,399
	<u>21,556,594</u>	<u>144,238</u>	<u>(8,082)</u>	<u>1,444,480</u>	<u>23,137,230</u>
Expenditures					
Current expenditures:					
General government	1,867,611	-	-	5,713	1,873,324
Public safety	742,917	-	-	25,192	768,109
Public works	1,769,194	130,164	-	87,264	1,986,622
Health, recreation and welfare	137,406	-	-	168,681	306,087
Education	16,248,453	-	-	1,080,777	17,329,230
Capital outlay	181,591	-	-	80,389	261,980
Debt service	923,170	95,117	-	-	1,018,287
	<u>21,870,342</u>	<u>225,281</u>	<u>-</u>	<u>1,448,016</u>	<u>23,543,639</u>
Excess (deficiency) of revenues over expenditures	<u>(313,748)</u>	<u>(81,043)</u>	<u>(8,082)</u>	<u>(3,536)</u>	<u>(406,409)</u>
Other financing sources (uses)					
Proceeds from capital lease	181,591	-	-	-	181,591
Proceeds from sale of capital assets	-	-	-	13,422	13,422
Operating transfers in	22,101	-	-	385,966	408,067
Operating transfers out	(381,395)	-	(2)	(26,670)	(408,067)
	<u>(177,703)</u>	<u>-</u>	<u>(2)</u>	<u>372,718</u>	<u>195,013</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(491,451)</u>	<u>(81,043)</u>	<u>(8,084)</u>	<u>369,182</u>	<u>(211,396)</u>
Fund balance, beginning of the year	<u>2,795,901</u>	<u>422,542</u>	<u>1,903,741</u>	<u>1,652,350</u>	<u>6,774,534</u>
Fund balance, end of the year	<u>\$ 2,304,450</u>	<u>\$ 341,499</u>	<u>\$ 1,895,657</u>	<u>\$ 2,021,532</u>	<u>\$ 6,563,138</u>

Reconciliation of the statement of revenues, expenditures and changes in fund balances (above) to the statement of activities (Exhibit 2)

Net change in fund balances - total governmental funds (above)	\$ (211,396)
Transactions involving the treatment of capital outlays:	
Plus: Capital outlays treated as expenditures here, but capitalized on Exhibit 2	1,153,390
Less: Depreciation expense recorded in Exhibit 2, but not considered in the fund statements	(636,418)
Transactions involving the treatment of long-term debt:	
Plus: Principal repayments:	
General obligation bonds	765,000
Notes payable	82,152
Capital lease financing	(73,338)
Post-closure landfill costs	10,000
Expenses not requiring the use of current financial resources:	
Compensated absences benefits payable	(2,311)
Special termination benefits payable	(127,288)
Other post employment benefit costs	(629,792)
Claims and judgements payable	(104,553)
Accrued interest payable	7,893
Amortization of bond premium	3,360
Amortization of bond issue costs and deferred charges	(42,451)
Revenue in the Statement of Activities (Exhibit 2) that is deferred in this statement	
State reimbursement of bond principal	(330,657)
Increase in property tax receivable, interest and lien fees	60,305
Decrease in sewer assessment receivable, interest and lien fees	(42,394)
Decrease in sewer use receivable, interest and lien fees	(3,920)
Increase in other intergovernmental receivables	70,703
Internal service funds are used by management to charge the costs of medical insurance premiums	
The net expense of the internal service funds is reported with government activities	(482,150)
Changes in net assets of governmental activities (Exhibit 2)	<u>\$ (533,865)</u>

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

Town of Woodstock, Connecticut
Statement of Fund Net Assets
Proprietary Funds
June 30, 2010

	Governmental Activities
	Internal
	Service Funds
Assets	
Current Assets:	
Cash and cash equivalents	\$ 266,010
Due from other funds	40,495
	<hr/>
Total assets	306,505
	<hr/>
Liabilities	
Current Liabilities:	
Accounts payable	515,152
	<hr/>
Total liabilities	515,152
	<hr/>
Net assets	
Unrestricted net assets	(208,647)
	<hr/>
Total net assets	\$ (208,647)
	<hr/> <hr/>

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

Town of Woodstock, Connecticut
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Governmental Activities
	Internal Service Funds
Operating revenues:	
Charges for services	\$ 1,187,983
Total operating revenues	<u>1,187,983</u>
Operating expenses:	
Claims expenses	1,357,564
Administrative expenses and insurance premiums	<u>312,569</u>
Total operating expenses	<u>1,670,133</u>
Operating loss	(482,150)
Total net assets - beginning of the year	<u>273,503</u>
Total net assets - end of the year	<u><u>\$ (208,647)</u></u>

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

Town of Woodstock, Connecticut
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Governmental Activities <hr/> Internal Service Funds <hr/>
Cash flows from operating activities:	
Receipts from customers	\$ 1,182,135
Claims paid	(1,061,097)
Payments for insurance and administration	(312,569)
	<hr/>
Net cash provided by operating activities	(191,531)
	<hr/>
Net increase in cash and cash equivalents	(191,531)
	<hr/>
Cash and cash equivalents - beginning of the year	457,541
	<hr/>
Cash and cash equivalents - end of the year	\$ 266,010
	<hr/> <hr/>
 Reconciliation of operating income	
to net cash provided by operating activities	
Operating loss	\$ (482,150)
Adjustments to reconcile operating income to net cash	
provided by operating activities:	
Change in assets and liabilities:	
Receivables	(5,848)
Accounts payable	296,467
	<hr/>
Net cash provided by operating activities	\$ (191,531)
	<hr/> <hr/>

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

Town of Woodstock, Connecticut
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	<u>Agency Funds</u>
Assets	
Cash and cash equivalents	\$ 53,688
Due from other funds	<u>8,670</u>
Total assets	<u>62,358</u>
Liabilities	
Due to others	<u>62,358</u>
Total liabilities	<u>62,358</u>
Net assets	<u><u>\$ -</u></u>

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

Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010

Note 1 - Summary of Significant Accounting Policies

A. Reporting entity

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 led 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. An elected board of finance is the budget making authority and supervises the town financial matters.

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) 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. The criterion, provided by the Government Accounting Standards Board (GASB), has been considered and there are no agencies or entities which should be presented with this government.

B. Government-wide and fund financial statements

The *government-wide financial statements* (Exhibits 1 and 2) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Fiduciary funds are excluded from the government-wide financial statements. *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 activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the Town's policy is to use its restricted resources first. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate *fund financial statements* are provided for governmental funds and fiduciary funds (Exhibits 3 through 8). *Governmental activities*, activities which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Major individual governmental funds are reported as separate columns in the fund financial statements. *Fiduciary funds* are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

C. Measurement focus, accounting basis, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The Town reports the following major governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *WPCA Fund* accounts for the collection of sewer assessments and use charges used to fund the sewer operations.

The *Herbert W. Bowen Fund* accounts for earnings on an endowment that may be used for purposes that support the Town's operations.

**Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010**

The Town reports the following proprietary fund types:

The *Internal Service Funds* account for risk financing for medical insurance benefits.

Additionally, the Town reports the following fiduciary fund types:

The *Agency Funds* account for funds held on behalf of others.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and internal service funds financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Town has elected not to follow subsequent private-sector guidance.

D. Assets, liabilities, and net assets

1) Deposits and investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Investments for the Town are generally reported at fair value. Nonparticipating, interest-earning investment contracts are generally reported at cost plus accrued earnings.

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. In general for most of the funds, this includes deposits in allowable banks, obligations of the United States of America and obligations of any State or political subdivision, which is tax exempt. Certain Fiduciary Funds are allowed more flexibility in investing.

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.

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.

**Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010**

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.

2) Receivables

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, penalties and interest are assessed.

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.

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance is calculated using a two tier formula based on prior experience and current knowledge.

3) Activity between funds

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

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in appropriate governmental funds to indicate that they are not available for appropriation and are not expendable financial resources.

4) Inventories and prepaid items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

**Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010**

5) 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.

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 is considered inexhaustible and, therefore, not depreciated. Property, plant, and equipment of the Town is depreciated using the straight line method over the following estimated useful lives:

Assets	Years	Capitalization Threshold
Buildings	50-75	\$20,000
Building improvements	50	\$20,000
Land improvements	75	\$20,000
Vehicles	12-20	\$5,000
Furniture and equipment	10-50	\$5,000
Infrastructure:		
Bridges	50-75	\$100,000
Roads and drainage	50-75	\$100,000
Sidewalks	50-75	\$100,000
Sewer systems	50-75	\$100,000

6) Restricted assets

The Herbert W. Bowen and Memorial Funds are restricted to expenditures of the investment income for the donor designated purposes. Any appreciation of these funds is also restricted.

7) Compensated absences

It is the Town's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is a liability for unpaid accumulated sick leave since the Town has a policy to pay any amounts when employees separate from service with the Town. All vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010**

8) Long-term obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. 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, are reported as debt service expenditures.

9) Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

E. Subsequent Events

Subsequent events have been evaluated through the date of this report, November 09, 2010.

F. Changes in Financial Statements

The Town implemented Governmental Accounting Standards Board (GASB) Statement 51, *Accounting and Financial Reporting for Intangible Assets*, as of June 30, 2010. This statement establishes accounting and financial reporting requirements for intangible assets (including easements, water rights, timber rights, patents, trademarks, and computer software) to reduce these inconsistencies, thereby enhancing the comparability of the accounting and financial reporting of such assets among state and local governments.

The Town implemented Governmental Accounting Standards Board (GASB) Statement 53, *Accounting and Financial Reporting for Derivative Instruments*, of June 30, 2010. This Statement addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments, if applicable.

The Town made a prior period adjustment to account for a change in the prior year accounts payable. This increased Net Assets by \$22,260. The Town also made a prior period adjustment to account for a change in the other post employment benefits liability as a result of an updated calculation that was performed. This increased Net Assets by \$31,349.

**Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010**

Note 2 - Budgeting

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:

- **Teacher's Retirement** - The Town does not recognize as income or expenditures payments made for the teacher's 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. On the statements prepared under Generally Accepted Accounting Principles, encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities.
- **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.

B. Budget Calendar

The Boards of Selectmen and Education submit requests for appropriation 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.

**Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010**

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 \$185,742 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.

Note 3 – Deposits and Investments

A. Cash and Cash Equivalents

The following is a summary of cash and cash equivalents at year end:

Governmental Funds	\$ 4,136,161
Proprietary Funds	266,010
Agency Funds	53,688
Total Cash and Cash Equivalents	<u>\$ 4,455,859</u>

B. Custodial Credit Risk on Deposits

As of June 30, 2010, the carrying amount of the Town's deposits with financial institutions was:

Deposits	\$ 1,080,061
Plus: External Investment Pools treated as cash and cash equivalents	3,684,841
Less: Certificates of Deposit treated as investments	309,043
Total Cash and Cash Equivalents	<u>\$ 4,455,859</u>

Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010

The bank balance of the deposits, \$1,730,480, was exposed to custodial credit risk as follows:

1 Covered by Federal Depository Insurance	\$ 1,058,180
2 Collateralized with securities held by the pledging institution's trust department:	
In the Town's name	36,074
3 Uninsured and uncollateralized	636,226
Total Deposits	<u>\$ 1,730,480</u>

C. External Investment Pools Treated as Cash and Cash Equivalents

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 pool, 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 rated AAAm by Standard & Poor. This is the highest rating for money market funds and investment pools.

D. Investments

At June 30, 2010, the Town's investments consisted of the following:

	HW Bowen Fund	Other Governmental Funds	Total Investments
Certificates of Deposit	\$ -	\$ 309,043	\$ 309,043
Equity Stocks	1,894,960	-	1,894,960
	<u>\$ 1,894,960</u>	<u>\$ 309,043</u>	<u>\$ 2,204,003</u>

E. Credit Risk and Interest Rate Risk of Investments

As of June 30, 2010 the range of maturities of the investments was as follows:

Type of Investment	Avg. Credit Rating	Fair Value	Investment Maturity	
			Less than 1 Year	1 to 5 Years
Certificates of Deposit	*	\$ 309,043	\$ 309,043	\$ -
Equity stocks	NA	1,894,960	1,894,960	
		<u>2,204,003</u>	<u>2,204,003</u>	<u>-</u>

Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010

* **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.

Note 4 - Receivables

Receivables as of year end for the Town's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	WPCA	Other Governmental Funds
Taxes	\$ 351,984	\$ -	\$ -
Intergovernmental - long-term	936,719	-	67,155
Intergovernmental - short-term	3,548	-	118,511
Sewer Usage Fees	-	90,614	-
Sewer Assessments	-	330,263	-
Small Cities grant loans - long-term	-	-	304,244
Interest and fees on receivables	82,118	4,848	-
Other	9,085	-	-
Gross receivables	1,383,454	425,725	489,910
Less: allowance for uncollectibles	(65,788)	(1,727)	-
Total receivables	<u>\$ 1,317,666</u>	<u>\$ 423,998</u>	<u>\$ 489,910</u>

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent net property taxes, interest and liens receivable, net	\$ 316,414	\$ -
Delinquent net sewer charges, interest and liens receivable	32,818	-
Sewer assessments not yet due	330,098	-
Grants not received within 60 days	1,007,422	-
Educational grants paid in advance	-	88,022
Lunches paid in advance of earnings	-	3,297
Total deferred/unearned revenue for governmental funds	<u>\$ 1,686,752</u>	<u>\$ 91,319</u>

Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010

Note 5 - Capital Assets

Capital asset activity for the year was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 1,902,621	\$ -	\$ -	\$ 1,902,621
Intangible Assets	-	427,730	-	427,730
	<u>1,902,621</u>	<u>427,730</u>	<u>-</u>	<u>2,330,351</u>
Capital assets being depreciated:				
Land improvements	1,135,482	-	-	1,135,482
Buildings and improvements	17,723,364	30,924	-	17,754,288
Furniture and equipment	323,098	28,249	-	351,347
Vehicles	2,990,961	307,089	-	3,298,050
Infrastructure	6,293,690	359,398	-	6,653,088
	<u>28,466,595</u>	<u>725,660</u>	<u>-</u>	<u>29,192,255</u>
Less: accumulated depreciation	<u>(9,170,052)</u>	<u>(636,417)</u>	<u>-</u>	<u>(9,806,469)</u>
	<u>19,296,543</u>	<u>89,243</u>	<u>-</u>	<u>19,385,786</u>
Net capital assets	<u>\$ 21,199,164</u>	<u>\$ 516,973</u>	<u>\$ -</u>	<u>\$ 21,716,137</u>

Depreciation expense was charged to functions/programs of the government as follows:

General government	\$ 37,440
Public safety	27,762
Public works	171,201
Health, recreation and welfare	37,471
Education	362,543
Total depreciation expense - governmental activities	<u>\$ 636,417</u>

Note 6 - Interfund Activities

A. Interfund transfers:

Fund transfers are generally used to finance specific activities with General Fund revenues:

	Transfers in to:		
	General Fund	Other Governmental	Total
Transfers out of:			
General Fund	\$ -	\$ 381,395	\$ 381,395
Herbert W. Bowen Fund	2	-	2
Other governmental	22,099	4,571	26,670
Total transfers out	<u>\$ 22,101</u>	<u>\$ 385,966</u>	<u>\$ 408,067</u>

Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010

B. Due to/from other funds

The following are temporary borrowings between funds. These are either expected to be paid off within one year or have no agreed payment terms:

Receivable Fund	Payable Fund	Amount
General Fund	Other Governmental Funds	\$ 44,428
General Fund	WPCA	81,341
Other Governmental Funds	General Fund	1,131,435
Internal Service Funds	General Fund	40,495
Agency Funds	General Fund	8,670
		<u>\$ 1,306,369</u>

Note 7 – Long-Term Debt

A. Changes in long-term liabilities

Long-term liability activity for the year ended June 30, 2010, was as follows:

	Opening Balance	Additions	Reductions	Ending Balance	Due Within One Year
General Obligation Bonds:					
Clean Water Fund	\$ 561,771	\$ -	\$ (82,152)	\$ 479,619	\$ 83,810
Schools/General Refunding	2,455,000	-	(645,000)	1,810,000	630,000
Schools	1,410,000	-	(120,000)	1,290,000	120,000
Total Bonds Payable	4,426,771	-	(847,152)	3,579,619	833,810
Post Closure Landfill Costs	180,000	-	(10,000)	170,000	10,000
Capital Lease - BOS Software	22,608	-	(7,061)	15,547	7,525
Capital Lease - School buses	34,116	-	(34,116)	-	-
Capital Lease - Street Sweeper	-	181,591	(67,076)	114,515	64,225
Compensated Absences	138,983	2,311	-	141,294	41,291
Special Termination Benefits	-	127,288	-	127,288	45,000
Claims and Judgments - MIRMA	-	104,553	-	104,553	36,881
Bond Premiums	13,439	-	(3,360)	10,079	3,360
	<u>\$ 4,815,917</u>	<u>\$ 415,743</u>	<u>\$ (968,765)</u>	<u>\$ 4,262,895</u>	<u>\$ 1,042,092</u>

B. 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 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. Payments on these bonds have been made out of the General Fund and are all charged to expenditures. General obligation bonds currently outstanding are as follows:

Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010

Purpose	Original Amount	Matures in Year Ending	Interest Rates	Remaining Amount
Clean Water Fund	\$ 1,580,232	2016	2.00%	\$ 479,619
Schools/General Refunding	\$ 7,035,000	2013	2.00%-3.80%	1,810,000
Schools	\$ 2,370,000	2021	4.75%-6.00%	1,290,000
				<u>\$ 3,579,619</u>

Annual debt service requirements to maturity for general obligation bonds are as shown in the following schedule.

Year Ending June 30,	Principal	Interest	Year Ending June 30,	Principal	Interest
2011	\$ 833,811	\$ 141,617	2017	115,000	27,140
2012	820,502	110,375	2018	115,000	21,131
2013	772,228	80,509	2019	115,000	15,094
2014	208,989	51,279	2020	115,000	9,056
2015	210,785	41,590	2021	115,000	3,019
2016	158,304	34,561			
			Total	<u>\$ 3,579,619</u>	<u>\$ 535,371</u>

C. 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 General Long-Term Debt Account Group. The actual costs may vary based on actual events, inflation, changes in technology and applicable laws and regulations. During the year the actual costs amounted to \$16,146.

D. Capital lease

The Town has entered into several lease agreements to finance the acquisition of capital assets. These leases qualify as capital leases for accounting purposes. The following is a summary of the future minimum lease payments and the present value of the net minimum lease payments under the leases:

<u>Year Ending June 30</u>	
2011	\$ 76,962
2012	61,264
Total Minimum Lease Payments	<u>138,226</u>
Less: Amount Representing Interest	<u>(8,164)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 130,062</u>

**Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010**

The debt service payments on the capital leases are being paid through the General Fund. The assets are included in the capital fixed assets with costs of \$212,746 and total accumulated depreciation of \$29,090.

E. Refinancing of bonds

On November 15, 2002 the Town issued \$7,035,000 in General Obligation Bonds with variable interest rates from 2.0% to 3.8% to advance refund \$6,605,000 of outstanding bonds with average interest rates from 4.0% to 6.5% percent. The net proceeds were 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. The balance of the in-substance defeased debt which remains outstanding at June 30th is \$1,025,000 and \$660,000.

The Town advance refunded old bonds to reduce its total debt service payments over the next twelve years by \$359,756 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$351,162.

F. Special 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 will begin in 2010-2011 for three previous employees that became eligible to receive these benefits. These employees will continue to receive benefits through 2012-2013.

G. 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 \$36,881 are due on July 1st through 2012. This liability is recorded at the present value of the future payments.

H. Debt limitations under Connecticut State Statutes

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 of Woodstock, Connecticut are as follows:

Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010

Total tax collections (including interest and lien fees) for the year	\$ 13,784,322
Reimbursements for revenue loss on tax relief for the elderly (C.G.S. 12-129d)	-
Debt limitation base	<u>\$ 13,784,322</u>

	General Purpose	Schools	Sewers	Urban Renewal	Pension Deficit
Debt limitation:					
2 1/4 times base	\$ 31,014,725	\$ -	\$ -	\$ -	\$ -
4 1/2 times base	-	62,029,449	-	-	-
3 3/4 times base	-	-	51,691,208	-	-
3 1/4 times base	-	-	-	44,799,047	-
3 times base	-	-	-	-	41,352,966
	<u>31,014,725</u>	<u>62,029,449</u>	<u>51,691,208</u>	<u>44,799,047</u>	<u>41,352,966</u>
Indebtedness:					
Bonds and notes payable	108,060	2,991,940	479,619	-	-
Amount to be provided	-	(936,719)	(330,263)	-	-
	<u>108,060</u>	<u>2,055,221</u>	<u>149,356</u>	<u>-</u>	<u>-</u>
Debt limitation in excess of debt outstanding and authorized	<u>\$ 30,906,665</u>	<u>\$ 59,974,228</u>	<u>\$ 51,541,852</u>	<u>\$ 44,799,047</u>	<u>\$ 41,352,966</u>

In no case shall total indebtedness exceed seven times annual receipts from taxation \$ 96,490,254

Note 8 - Equity

A. Reserved fund balances

Fund Balances are reported in the Fund Financial Statements. Reserved Fund Balances represent those portions of the fund equity not available for appropriation for expenditures or legally segregated for a specific future use. At June 30, 2010 this consisted of:

	General Fund	Herbert W. Bowen Fund	Other Governmental Funds
Trust fund principal	\$ -	\$ 1,895,657	\$ -
To balance next year's budget	292,275	-	-
Encumbrances	660	-	-
Capital projects under PA 05-228	-	-	26,241
Special grants	-	-	22,152
School Cafeteria	-	-	1,318
Small Cities	-	-	304,244
	<u>\$ 292,935</u>	<u>\$ 1,895,657</u>	<u>\$ 353,955</u>

Herbert W. Bowen donated New York bank and insurance stocks to the Town of Woodstock, Connecticut in the amount of \$5,000 at his death. The will stipulates that the Town must reinvest the income on these stocks to purchase additional shares of stock for one hundred years. After one hundred years, in the year 2051, the entire income from the fund can be applied yearly to reduce the taxes of the Town.

**Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010**

B. Designated fund balances

Designated Fund Balances represent those portions of fund balance in the fund financial statements for which the Town has tentative plans for future uses of these financial resources. At June 30, 2010, the General Fund had designated \$370,000 for Benzene Remediation. The Capital and Nonrecurring Fund had designated \$256,594 for various projects. The Memorial Funds had designated \$5,730 for principal balances.

C. Deficit Fund Balances

The Capital Project Fund, Highway Fund had a deficit fund balance of \$48,051. This is expected to turn around in the next fiscal year.

D. Restricted Net Assets

Restricted Net Assets are reported when constraints placed on net assets are either (1) externally imposed by creditors, grantors, contributors, or laws and regulations of other governments, or (2) imposed by law through constitutional provisions or enabling legislation of the Town.

	Nonexpendable	Expendable
Small Cities Receivables	\$ -	\$ 304,244
Grants restricted for a particular purpose	-	22,152
Bowen Fund restricted for a particular purpose	-	1,895,657
	<u>\$ -</u>	<u>\$ 2,222,053</u>

Note 9 - Employee Retirement Systems and Pension Plans

A. 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.

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 Teacher's Retirement Board.

Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010

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, 2010, the State contributed \$759,986 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, 2010 was \$7,926,639 of which \$4,914,141 was covered under this pension plan.

B. Connecticut Municipal Employee's Retirement Fund B

1) 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, 2009, there were 180 participating local governmental units (counting departments of municipalities that joined or reported separately as separate units). The MERS membership consisted of:

	Retirees and Beneficiaries	Terminated Vested	Active Vested	Active Non-Vested
Police and Fire:				
• Without Social Security	308	17	472	259
• With Social Security	225	15	274	125
General				
• Without Social Security	2,148	174	2,086	777
• With Social Security	2,774	335	3,252	1,560
Withdrawn – Municipalities*	7	0	NA	NA
Total Members	5,455	541	6,084	2,721

* The head count shown is included in the groups above

Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010

- 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 2009 is \$51,700.
- 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.

2) 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 the Financial Statements
For the Year Ended June 30, 2010**

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.

3) 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, 2009, 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, 2008 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.

Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010

- 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.
- d. Actuarial accrued liability, value of assets and unfunded actuarial accrued liability as of July 1, 2009:
- | | |
|--------------------------------------|----------------------|
| Total actuarial accrued liability | \$1,820,858,153 |
| Actuarial value of assets | <u>1,618,566,498</u> |
| Unfunded actuarial accrued liability | <u>\$202,291,655</u> |
- e. During the year there were no changes in benefit provisions or actuarial assumptions.

4) 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
2010	\$ 1,360,773	\$ 102,058	7.50%
2009	\$ 1,672,837	\$ 97,636	5.84%
2008	\$ 1,036,479	\$ 72,553	7.00%

**Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010**

5) 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.

Note 10 – Other Post Employment Benefits (Opeb)

A. Plan Description

The Woodstock Public Schools Other Post Employment Benefit Program is 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.

Eligibility	Teachers and Certified Administrators - A Teacher or Certified 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.

B. Actuarial Assumptions and Methods

Latest Actuarial Date	June 30, 2009
Actuarial Cost Method	Entry Age
Discount Rate	4.50%
Payroll Growth Rate	1.90%
Medical Inflation	Initial rate of 9% grading down to an ultimate inflation rate of 3% in 2020 and later.
Amortization Method	Level percentage of projected payroll
Remaining amortization	30 years, closed
Mortality	RP2000 Mortality Table for Males and Females projected 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.

Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010

C. Schedule of Funding Progress

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.)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a % of Covered Payroll ((b-a)/c)
6/30/2009	\$ -	\$ 10,969,660	\$ 10,969,660	0.00%	\$ 4,557,569	241%

D. 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
2009	\$ 780,497	\$ 140,078	17.95%
2010	\$ 707,808	\$ 76,124	10.75%

E. 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, 2008. 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.

The annual calculation of Annual OPEB Cost (AOC) and Net OPEB Obligation (NOO) is as follows. (Data in the table below is only presented since the year of transition):

Past Service Cost	\$ 549,044
Normal Cost	156,872
Annual Required Contribution (ARC)	705,916
Expected Benefit Payouts	(76,124)
Increase in Net OPEB Obligation	<u>\$ 629,792</u>

Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010

F. 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 (ARC)	\$ 707,808
Interest on net OPEB obligation	27,408
Adjustment to annual required contribution	<u>(29,300)</u>
Annual OPEB cost	705,916
Contributions made	<u>(76,124)</u>
Increase (decrease) in net OPEB obligation	629,792
Net OPEB obligation (asset), beginning of year	609,070
Net OPEB obligation (asset), end of year	<u><u>\$ 1,238,862</u></u>

G. 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.

Note 11 - 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 \$1,750 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:

Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010

Year Ended	Beginning Claims Payable	Current Year Claims	Claim Payments	Ending Claims Payable
General Government:				
2008	\$ 5,190	\$ 29,328	\$ (32,872)	\$ 1,646
2009	\$ 1,646	\$ 27,386	\$ (29,003)	\$ 29
2010	\$ 29	\$ 31,218	\$ (29,672)	\$ 1,575
Education:				
2008	\$ 120,308	\$ 953,595	\$ (858,614)	\$ 215,289
2009	\$ 215,289	\$ 1,001,691	\$ (998,324)	\$ 218,656
2010	\$ 218,656	\$ 1,143,197	\$ (848,276)	\$ 513,577

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, 2010, 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.

Note 12 - Contingent Liabilities

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the Town expects such amounts, if any, to be immaterial.

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.

Town of Woodstock, Connecticut
Notes to the Financial Statements
For the Year Ended June 30, 2010

The Town has entered into negotiations with the State of Connecticut Department of Environmental Protection ("DEP") regarding a Consent Order for the investigation and, if necessary, remediation of environmental conditions emanating from activities at the town garage site. While the exact terms of the Consent Order have yet to be finalized, it is expected to require the Town to investigate the nature and extent of any on or off site contamination resulting from the town garage and salt storage shed operations. In addition, the Town is under an obligation to continue to monitor groundwater conditions at some of the neighboring properties due to the presence of salt contamination that is believed to have resulted from the salt storage shed operation.

Note 13 – Camp Nahaco Park Commission

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.

Note 14 – 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 #54 – *Fund Balance Reporting and Governmental Fund Type Definitions* – This statement provides clearer fund balance classifications that can be more consistently applied. This is effective for the year ending June 30, 2011.
- GASB #59 – *Financial Instruments Omnibus* – This statement updates and improves existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools. This is effective for the year ending June 30, 2011.

Town of Woodstock, Connecticut
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2010

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance
Revenues					
Property Tax Revenues					
Current taxes	\$ 13,269,480	\$ -	\$ 13,269,480	\$ 13,364,160	\$ 94,680
Motor vehicle supplement	80,000	-	80,000	83,306	3,306
Prior taxes	125,000	-	125,000	195,899	70,899
Interest and lien fees	75,000	-	75,000	123,317	48,317
Total Property Tax Revenues	13,549,480	-	13,549,480	13,766,682	217,202
Intergovernmental Revenues					
Education:					
Education cost sharing	5,390,055	-	5,390,055	4,642,306	(747,749)
ARRA - Education grant	-	-	-	495,678	495,678
ARRA - Government services	-	-	-	273,294	273,294
Transportation	198,195	-	198,195	92,343	(105,852)
Special education	75,000	-	75,000	288,978	213,978
Middle school construction grant	373,498	-	373,498	373,498	-
Non-Education:					
Manufacturers' property tax relief	55,820	-	55,820	64,430	8,610
In lieu of taxes	15,615	-	15,615	15,642	27
Mashantucket Pequot grant	45,985	-	45,985	31,096	(14,889)
Elderly circuit breaker	50,000	-	50,000	48,951	(1,049)
Tax relief - totally disabled	630	-	630	613	(17)
Boat registration	2,289	-	2,289	1,173	(1,116)
Additional veterans' exemption	6,000	-	6,000	6,615	615
Local capital improvement program	89,163	-	89,163	93,359	4,196
Town aid road grant	136,360	-	136,360	136,360	-
Utility grant	36,365	-	36,365	25,431	(10,934)
Homeland security grant	10,000	-	10,000	6,536	(3,464)
Other grants	-	-	-	140	140
Total Intergovernmental Revenues	6,484,975	-	6,484,975	6,596,443	111,468
Other Income					
Inland/Wetlands	2,000	-	2,000	1,280	(720)
Planning and zoning fees	2,500	-	2,500	5,730	3,230
Building permit fees	50,000	-	50,000	36,167	(13,833)
Investment income	75,000	-	75,000	27,712	(47,288)
Conveyance tax	60,000	-	60,000	68,295	8,295
Town clerk fees	40,000	-	40,000	45,492	5,492
Landfill fees	190,000	-	190,000	180,702	(9,298)
Miscellaneous income	20,000	-	20,000	25,166	5,166
Permanent trust funds	40	-	40	-	(40)
Fuel usage fees	24,000	-	24,000	16,686	(7,314)
WPCA administration fees	4,100	-	4,100	4,100	-
Cell tower rental	21,744	-	21,744	22,153	409
Total Other Income	489,384	-	489,384	433,483	(55,901)
Total Revenues	20,523,839	-	20,523,839	20,796,608	272,769

(continued)

See Accountants' Report

Town of Woodstock, Connecticut
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2010

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance
Other Financing Sources					
Transfer in	-	-	-	22,101	22,101
Total Other Financing Sources	-	-	-	22,101	22,101
Total Revenues and Other Financing Sources	20,523,839	-	20,523,839	20,818,709	294,870
Expenditures					
General Government					
Board of selectmen	150,570	(1,000)	149,570	149,457	113
Assessor	174,352	(1,185)	173,167	172,146	1,021
Tax collector	96,116	-	96,116	95,285	831
Finance	126,361	-	126,361	126,202	159
Town clerk	111,925	-	111,925	111,300	625
Election	25,740	(2,816)	22,924	19,685	3,239
Probate court	1,000	-	1,000	396	604
Town counsel	62,175	(22,911)	39,264	35,106	4,158
Town hall	137,538	(3,213)	134,325	130,070	4,255
Data processing	67,493	-	67,493	63,644	3,849
Insurance and employee benefits	722,635	(35,378)	687,257	687,256	1
Planning and zoning commission	12,300	(10,347)	1,953	1,953	-
Town planner	60,106	-	60,106	60,056	50
Inland/Wetlands commission	4,300	(2,544)	1,756	1,060	696
Economic development commission	250	-	250	-	250
Contingency fund	80,000	-	80,000	-	80,000
Boards and commissions	43,069	(4,587)	38,482	36,865	1,617
Total General Government	1,875,930	(83,981)	1,791,949	1,690,481	101,468
Public Safety					
Building department	109,107	(1,980)	107,127	106,906	221
Fire marshal	21,313	-	21,313	20,740	573
Fire protection association	423,100	-	423,100	423,100	-
Police protection	9,255	(1,263)	7,992	7,991	1
Public safety boards and commissions	196,573	3,105	199,678	199,678	-
Total Public Safety	759,348	(138)	759,210	758,415	795
Public Works					
Highway department	1,462,886	-	1,462,886	1,461,388	1,498
Fuel depot	24,000	-	24,000	17,918	6,082
Environmental	48,000	4,639	52,639	52,489	150
Transfer station/recycling center	271,033	(36,559)	234,474	234,476	(2)
Total Public Works	1,805,919	(31,920)	1,773,999	1,766,271	7,728
Health, Recreation and Welfare	175,346	(406)	174,940	173,708	1,232
Board of Education	15,396,610	90,476	15,487,086	15,487,086	-

(continued)

See Accountants' Report

Town of Woodstock, Connecticut
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Budgetary Basis)
General Fund
For the Year Ended June 30, 2010

	Original Budget	Additional Appropriations and Transfers	Final Budget	Actual	Variance
Debt Service					
Principal	765,000	-	765,000	765,000	-
Interest	158,170	-	158,170	158,170	-
Continuing disclosure	500	406	906	1,000	(94)
Lease payment	8,641	-	8,641	8,547	94
Total Debt Service	932,311	406	932,717	932,717	-
Total Expenditures	20,945,464	(25,563)	20,919,901	20,808,678	111,223
Other Financing Uses					
Transfer out	-	211,305	211,305	211,305	-
Total Other Financing Uses	-	211,305	211,305	211,305	-
Total Expenditures and Other Financing Uses	20,945,464	185,742	21,131,206	21,019,983	111,223
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures	\$ (421,625)	\$ (185,742)	\$ (607,367)	\$ (201,274)	\$ 406,093
Adjustments to Generally Accepted Accounting Principles (GAAP):					
On behalf revenues from teachers' retirement netted in budget				759,986	
On behalf expenditures from teachers' retirement netted in budget				(759,986)	
Increased in accrued payroll not reported under budgetary basis				(8,420)	
Current year additions to encumbrances				660	
Prior year encumbrances liquidated in current year				(282,417)	
Proceeds from capital leases				181,591	
Acquisition of F350 and street sweeper				(181,591)	
Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing (Uses) - GAAP Basis				\$ (491,451)	

Notes to Required Supplementary Information: A formal, legally approved, annual budget is adopted for the General Fund. 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 teachers' retirement by the State of Connecticut on the Town's behalf; 2. The Town recognizes encumbrances payable as an expenditure in the year they were committed; 3. Payroll is recorded on a cash basis; 4. Capital leases, in the year of acquisition, are not included as other financing sources for the total lease and capital expenditures for the acquisition.

**Town of Woodstock, Connecticut
Fund Descriptions**

Special Revenue Funds:

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Capital Project Funds:

Capital project funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

Permanent Funds:

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

Town of Woodstock, Connecticut
Combining Balance Sheet
Other Governmental Funds
June 30, 2010

	Special Revenue Funds	Capital Project Funds	Permanent Fund Memorial Funds	Total Other Governmental Funds
Assets				
Cash and cash equivalents	\$ 181,295	\$ 119,767	\$ 5,751	\$ 306,813
Investments	309,043	-	-	309,043
Receivables	422,755	67,155	-	489,910
Inventory	1,318	-	-	1,318
Due from other governmental funds	928,096	203,339	-	1,131,435
Total assets	\$ 1,842,507	\$ 390,261	\$ 5,751	\$ 2,238,519
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ 8,127	\$ 5,958	\$ -	\$ 14,085
Deferred revenue	91,319	67,155	-	158,474
Due to other governmental funds	2,314	42,093	21	44,428
Total liabilities	101,760	115,206	21	216,987
Fund balance				
Reserved	327,714	26,241	-	353,955
Designated	-	256,594	5,730	262,324
Unreserved, undesignated	1,413,033	(7,780)	-	1,405,253
Total fund balance	1,740,747	275,055	5,730	2,021,532
Total liabilities and fund balance	\$ 1,842,507	\$ 390,261	\$ 5,751	\$ 2,238,519

See Accountants' Report

Town of Woodstock, Connecticut
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds
For the Year Ended June 30, 2010

	Special Revenue Funds	Capital Project Funds	Permanent Fund Memorial Funds	Total Other Governmental Funds
Revenues				
Intergovernmental revenues	\$ 1,010,279	\$ -	\$ -	\$ 1,010,279
Charges for services	316,590	-	-	316,590
Investment income	11,279	1,327	21	12,627
Other	100,368	4,616	-	104,984
Total revenues	1,438,516	5,943	21	1,444,480
Expenditures				
Current expenditures:				
General government	5,713	-	-	5,713
Public safety	25,192	-	-	25,192
Public works	3,963	83,301	-	87,264
Health, recreation and welfare	168,681	-	-	168,681
Education	1,080,777	-	-	1,080,777
Capital expenditures	-	80,389	-	80,389
Total expenditures	1,284,326	163,690	-	1,448,016
Excess (deficiency) of revenues over expenditures	154,190	(157,747)	21	(3,536)
Other financing sources and (uses)				
Proceeds from sale of capital assets	-	13,422	-	13,422
Operating transfers in	179,248	206,718	-	385,966
Operating transfers out	(26,649)	-	(21)	(26,670)
Total other financing sources and (uses)	152,599	220,140	(21)	372,718
Excess (deficiency) of revenues over expenditures and other financing sources and (uses)	306,789	62,393	-	369,182
Fund balance, beginning of the year	1,433,958	212,662	5,730	1,652,350
Fund balance, end of the year	\$ 1,740,747	\$ 275,055	\$ 5,730	\$ 2,021,532

See Accountants' Report

Town of Woodstock, Connecticut
Combining Balance Sheet
Special Revenue Funds
June 30, 2010

	Conservation Commission	Dog License Fund	Cafeteria Fund	School Fund	Quasnet School	Special Educational Fund	Revaluation Fund	Beautification Committee	Benzene Project	Recreation Committee	Small Cities
Assets											
Cash and cash equivalents	\$ 1,745	\$ -	\$ 35,811	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,578
Investments	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	10,020	-	-	59,782	-	-	-	-	304,244
Inventory	-	-	1,318	-	-	-	-	-	-	-	-
Due from other governmental funds	-	26,618	-	6,672	6,672	56,708	166,669	1,320	28,649	32,112	-
Total assets	\$ 1,745	\$ 26,618	\$ 47,149	\$ 6,672	\$ 6,672	\$ 116,490	\$ 166,669	\$ 1,320	\$ 28,649	\$ 32,112	\$ 307,822
Liabilities and fund balance											
Liabilities											
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -	412	\$ -	\$ -	\$ -	\$ 3,201	\$ -
Deferred revenue	-	-	3,297	-	-	88,022	-	-	-	-	-
Due to other governmental funds	-	-	-	-	-	-	-	-	-	-	1,059
Total liabilities	-	-	3,297	-	-	88,434	-	-	-	3,201	1,059
Fund balance											
Reserved	-	-	1,318	-	-	22,152	-	-	-	-	304,244
Unreserved, undesignated	1,745	26,618	42,534	6,672	6,672	5,904	166,669	1,320	28,649	28,911	2,519
Total fund balance	1,745	26,618	43,852	6,672	6,672	28,056	166,669	1,320	28,649	28,911	306,763
Total liabilities and fund balance	\$ 1,745	\$ 26,618	\$ 47,149	\$ 6,672	\$ 6,672	\$ 116,490	\$ 166,669	\$ 1,320	\$ 28,649	\$ 32,112	\$ 307,822

Sheet 1 of 2

Town of Woodstock, Connecticut
Combining Balance Sheet
Special Revenue Funds
June 30, 2010

	Open Space	Recycling Fund	Town Beach	Town Aid Road	Camp		Bradford		Total
					Nahaco Revenue	Arboretum Fund	Marcy Cemetery Fund	Record Restoration Fund	
Assets									
Cash and cash equivalents	\$ 135,872	\$ -	\$ -	\$ -	\$ -	\$ 1,015	\$ 3,274	\$ -	\$ 181,295
Investments	276,469	-	-	-	14,007	-	18,567	-	309,043
Receivables	-	-	-	-	-	-	-	48,709	422,755
Inventory	-	-	-	-	-	-	-	-	1,318
Due from other governmental funds	30,462	24,676	350	480,158	48,525	-	-	25,177	928,096
Total assets	\$ 442,803	\$ 24,676	\$ 350	\$ 480,158	\$ 62,532	\$ 1,015	\$ 21,841	\$ 73,886	\$ 1,842,507
Liabilities and fund balance									
Liabilities									
Accounts payable	\$ -	\$ -	\$ 250	\$ 2,100	\$ 2,164	\$ -	\$ -	\$ -	\$ 8,127
Deferred revenue	-	-	-	-	-	-	-	-	91,319
Due to other governmental funds	-	-	-	-	-	-	1,255	-	2,314
Total liabilities	-	-	250	2,100	2,164	-	1,255	-	101,760
Fund balance									
Reserved	-	-	-	-	-	-	-	-	327,714
Unreserved, undesignated	442,803	24,676	100	478,058	60,368	1,015	20,586	73,886	1,413,033
Total fund balance	442,803	24,676	100	478,058	60,368	1,015	20,586	73,886	1,740,747
Total liabilities and fund balance	\$ 442,803	\$ 24,676	\$ 350	\$ 480,158	\$ 62,532	\$ 1,015	\$ 21,841	\$ 73,886	\$ 1,842,507

Sheet 2 of 2

See Accountants' Report

Town of Woodstock, Connecticut
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the Year Ended June 30, 2010

	Conservation Commission	Dog License Fund	School Cafeteria Fund	School Quasset Fund	Special Educational Fund	Revaluation Fund	Beautification Committee	Benzene Project	Recreation Committee	Small Cities	Open Space
Revenues											
Intergovernmental revenues	\$ -	\$ -	\$ 70,052	\$ -	\$ 755,056	\$ -	\$ -	\$ -	\$ -	\$ 75,000	\$ 3,617
Charges for services	-	-	222,449	-	-	-	-	-	32,835	-	-
Investment income	5	-	-	-	-	-	-	-	-	-	10,219
Other	-	7,134	-	-	52,461	-	-	-	8,439	-	3,798
Total revenues	5	7,134	292,501	-	807,517	-	-	-	41,274	75,000	17,634
Expenditures											
Current expenditures:											
General government	-	-	-	-	-	-	-	-	-	-	-
Public safety	-	25,192	-	-	-	-	-	-	-	-	-
Public works	-	-	-	-	-	-	-	-	-	-	-
Health, recreation and welfare	-	-	-	-	-	-	-	-	57,865	20,309	-
Education	-	-	278,344	-	802,433	-	-	-	-	-	-
Total expenditures	-	25,192	278,344	-	802,433	-	-	-	57,865	20,309	-
Excess (deficiency) of revenues over expenditures	5	(18,058)	14,157	-	5,084	-	-	-	(16,591)	54,691	17,634
Other financing sources and (uses)											
Operating transfers in	-	24,564	-	-	-	83,333	-	-	14,368	4,571	29,587
Operating transfers out	-	-	-	-	-	-	-	(22,078)	-	(4,571)	-
Total other financing sources and (uses)	-	24,564	-	-	-	83,333	-	(22,078)	14,368	-	29,587
Excess (deficiency) of revenues over expenditures and other financing sources and (uses)	5	6,506	14,157	-	5,084	83,333	-	(22,078)	(2,223)	54,691	47,221
Fund balance, beginning of the year	1,740	20,112	29,695	6,672	22,972	83,336	1,320	50,727	31,134	252,072	395,582
Fund balance, end of the year	\$ 1,745	\$ 26,618	\$ 43,852	\$ 6,672	\$ 28,056	\$ 166,669	\$ 1,320	\$ 28,649	\$ 28,911	\$ 306,763	\$ 442,803

Sheet 1 of 2

Town of Woodstock, Connecticut
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Special Revenue Funds
For the Year Ended June 30, 2010

	Recycling Fund	Town Beach	Town Aid Road	Camp		Bradford		Record Restoration	Total
				Nahaco Revenue	Arboretum Fund	Cemetery Fund		Fund	
Revenues									
Intergovernmental revenues	\$ -	\$ -	\$ 51,654	\$ 1,191	\$ -	\$ -	\$ -	\$ 53,709	\$ 1,010,279
Charges for services	-	-	-	59,803	-	-	-	1,503	316,590
Investment income	-	-	-	241	3	811	-	-	11,279
Other	-	1,788	25,245	-	-	-	-	1,503	100,368
Total revenues	-	1,788	76,899	61,235	3	811	-	56,715	1,438,516
Expenditures									
Current expenditures:									
General government	-	-	-	-	-	659	-	5,054	5,713
Public safety	-	-	-	-	-	-	-	-	25,192
Public works	863	-	3,100	-	-	-	-	-	3,963
Health, recreation and welfare	-	23,963	-	66,544	-	-	-	-	168,681
Education	-	-	-	-	-	-	-	-	1,080,777
Total expenditures	863	23,963	3,100	66,544	-	659	-	5,054	1,284,326
Excess (deficiency) of revenues over expenditures	(863)	(22,175)	73,799	(5,309)	3	152	-	51,661	154,190
Other financing sources and (uses)									
Operating transfers in	-	21,925	-	900	-	-	-	-	179,248
Operating transfers out	-	-	-	-	-	-	-	-	(26,649)
Total other financing sources and (uses)	-	21,925	-	900	-	-	-	-	152,599
Excess (deficiency) of revenues over expenditures and other financing sources and (uses)	(863)	(250)	73,799	(4,409)	3	152	-	51,661	306,789
Fund balance, beginning of the year	25,539	350	404,259	64,777	1,012	20,434	-	22,225	1,433,958
Fund balance, end of the year	\$ 24,676	\$ 100	\$ 478,058	\$ 60,368	\$ 1,015	\$ 20,586	\$ -	\$ 73,886	\$ 1,740,747

Sheet 2 of 2

Town of Woodstock, Connecticut
Combining Balance Sheet
Capital Project Funds
June 30, 2010

	Landfill Closure	Reserve Fund For Capital and Nonrecurring Expenditures	Highway Fund	Total
Assets				
Cash and cash equivalents	\$ -	\$ 119,767	\$ -	\$ 119,767
Receivables	-	-	67,155	67,155
Due from other governmental funds	-	203,339	-	203,339
Total assets	\$ -	\$ 323,106	\$ 67,155	\$ 390,261
Liabilities and fund balance				
Liabilities				
Accounts payable	\$ -	\$ -	\$ 5,958	\$ 5,958
Deferred revenue	-	-	67,155	67,155
Due to other governmental funds	-	-	42,093	42,093
Total liabilities	-	-	115,206	115,206
Fund balance				
Reserved	-	26,241	-	26,241
Unreserved, designated	-	256,594	-	256,594
Unreserved, undesignated	-	40,271	(48,051)	(7,780)
Total fund balance	-	323,106	(48,051)	275,055
Total liabilities and fund balance	\$ -	\$ 323,106	\$ 67,155	\$ 390,261

See Accountants' Report

Town of Woodstock, Connecticut
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Capital Project Funds
For the Year Ended June 30, 2010

	Landfill Closure	Reserve Fund For Capital and Nonrecurring Expenditures	Highway Fund	Total
Revenues				
Investment income	\$ -	\$ 1,327	\$ -	\$ 1,327
Other	-	4,616	-	4,616
Total revenues	-	5,943	-	5,943
Expenditures				
Current expenditures:				
Public works	16,146	-	67,155	83,301
Capital expenditures	-	80,389	-	80,389
Total expenditures	16,146	80,389	67,155	163,690
Excess (deficiency) of revenues over expenditures	(16,146)	(74,446)	(67,155)	(157,747)
Other financing sources and (uses)				
Proceeds from sale of capital assets	-	13,422	-	13,422
Operating transfers in	-	206,718	-	206,718
Total other financing sources and (uses)	-	220,140	-	220,140
Excess (deficiency) of revenues over expenditures and other financing sources and (uses)	(16,146)	145,694	(67,155)	62,393
Fund balance, beginning of the year	16,146	177,412	19,104	212,662
Fund balance, end of the year	\$ -	\$ 323,106	\$ (48,051)	\$ 275,055

See Accountants' Report

Town of Woodstock, Connecticut
Combining Statement of Net Assets
Proprietary Funds
June 30, 2010

	Internal Service Funds		
	Town Employees' Benefits Fund	Board of Education Employees' Benefits Fund	Total
Assets			
Current assets			
Cash and cash equivalents	\$ -	\$ 266,010	\$ 266,010
Due from other funds	40,495	-	40,495
Total assets	40,495	266,010	306,505
Liabilities			
Current liabilities			
Accounts payable	1,575	513,577	515,152
Total liabilities	1,575	513,577	515,152
Net assets			
Unrestricted net assets	38,920	(247,567)	(208,647)
Total net assets	\$ 38,920	\$ (247,567)	\$ (208,647)

See Accountants' Report

Town of Woodstock, Connecticut
Combining Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Year Ended June 30, 2010

	Internal Service Funds		
	Town Employees' Benefits Fund	Board of Education Employees' Benefits Fund	Total
Operating revenues:			
Charges for services	\$ 35,520	\$ 1,152,463	\$ 1,187,983
Total operating revenues	35,520	1,152,463	1,187,983
Operating expenses:			
Claims	31,218	1,326,346	1,357,564
Administrative expenses and insurance premiums	-	312,569	312,569
Total operating expenses	31,218	1,638,915	1,670,133
Operating income	4,302	(486,452)	(482,150)
Change in net assets	4,302	(486,452)	(482,150)
Total net assets - beginning of the year	34,618	238,885	273,503
Total net assets - end of the year	\$ 38,920	\$ (247,567)	\$ (208,647)

See Accountants' Report

Town of Woodstock, Connecticut
Combining Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2010

	Internal Service Funds		
	Town Employees' Benefits Fund	Board of Education Employees' Benefits Fund	Total
Cash flows from operating activities:			
Receipts from customers	\$ 29,672	\$ 1,152,463	\$ 1,182,135
Claims paid	(29,672)	(1,031,425)	(1,061,097)
Payments for insurance and administration	-	(312,569)	(312,569)
Net cash provided by operating activities	-	(191,531)	(191,531)
Net increase in cash and cash equivalents	-	(191,531)	(191,531)
Cash and cash equivalents - beginning of the year	-	457,541	457,541
Cash and cash equivalents - end of the year	<u>\$ -</u>	<u>\$ 266,010</u>	<u>\$ 266,010</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 4,302	\$ (486,452)	\$ (482,150)
Change in assets and liabilities:			
Receivables	(5,848)	-	(5,848)
Accounts payable	1,546	294,921	296,467
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ (191,531)</u>	<u>\$ (191,531)</u>

See Accountants' Report

Town of Woodstock, Connecticut
Combining Statement of Changes in Assets and Liabilities
Fiduciary Funds
For the Year Ended June 30, 2010

Agency funds:

	Balance Beginning	Additions	Deductions	Balance Ending
Student Activity Fund				
Assets:				
Cash	\$ 35,647	\$ 125,718	\$ 116,198	\$ 45,167
Liabilities:				
Due to Students	\$ 35,647	\$ 125,718	\$ 116,198	\$ 45,167
Employee Medical Savings Account				
Assets:				
Cash	\$ 14,401	\$ 27,007	\$ 32,887	\$ 8,521
Liabilities:				
Due to Employees	\$ 14,401	\$ 27,007	\$ 32,887	\$ 8,521
Land Review Fund				
Assets:				
Due from Other Funds	\$ 3,246	\$ 13,775	\$ 8,351	\$ 8,670
Liabilities:				
Due to Developers	\$ 3,246	\$ 13,775	\$ 8,351	\$ 8,670
Total Agency Funds				
Assets:				
Cash	\$ 50,048	\$ 152,725	\$ 149,085	\$ 53,688
Due from Other Funds	3,246	13,775	8,351	8,670
Total Assets	\$ 53,294	\$ 166,500	\$ 157,436	\$ 62,358
Liabilities:				
Due to Developers	\$ 53,294	\$ 166,500	\$ 157,436	\$ 62,358

See Accountants' Report

Town of Woodstock, Connecticut
Report of the Property Tax Collector
For the Year Ended June 30, 2010

Grand List	Beginning Receivable Balance	Current Year Levy	Lawful Corrections		Net Taxes Collectible	Collections During The Year			Transfer To Suspense	Ending Receivable Balance
			Additions	Deductions		Taxes	Interest	Liens		
2008	\$ -	\$ 13,729,553	\$ 5,918	\$ 20,980	\$ 13,714,491	\$ 13,472,806	\$ 49,221	\$ 615	\$ 3,046	\$ 238,639
2007	199,116	-	646	773	198,989	122,626	31,255	1,287	4,624	71,739
2006	59,234	-	132	164	59,202	35,752	13,504	621	3,312	20,138
2005	23,118	-	-	-	23,118	14,657	5,920	120	1,215	7,246
2004	11,872	-	-	-	11,872	5,271	3,855	72	1,649	4,952
2003	9,008	-	-	-	9,008	5,687	6,475	72	244	3,077
2002	7,026	-	134	-	7,160	4,772	4,209	96	107	2,281
2001	2,304	-	-	-	2,304	840	850	48	-	1,464
2000	1,304	-	-	-	1,304	970	959	24	-	334
1999	1,106	-	-	-	1,106	600	972	24	225	281
1998	506	-	-	-	506	-	-	-	225	281
1997	709	-	-	-	709	-	-	-	450	259
1996	270	-	-	-	270	-	-	-	-	270
1995	270	-	-	-	270	-	-	-	-	270
1994	257	-	142	-	399	142	-	-	-	257
	\$ 316,100	\$ 13,729,553	\$ 6,972	\$ 21,917	\$ 14,030,708	\$ 13,664,123	\$ 117,220	\$ 2,979	\$ 15,097	\$ 351,488

See Accountants' Report

Town of Woodstock, Connecticut
Schedule of Changes in Fund Balance by Project
Capital and Nonrecurring Fund
For the Year Ended June 30, 2010

	Fund Balance Activity					
	Beginning Balance	Transfers In	Other Revenues	Transfers Out	Internal Transfers	Ending Balance
Reserved Fund Balance:						
Capital projects from Public Act 05-228	\$ 21,732	\$ -	\$ 4,509	\$ -	\$ -	\$ 26,241
Total Reserved Fund Balance	21,732	-	4,509	-	-	26,241
Designated Fund Balance:						
Transfer station	24,061	-	-	-	-	9,731
Highway equipment	21,069	-	13,529	-	-	34,598
Plan of development	8,989	16,452	-	-	-	25,000
Town hall repairs	19,000	-	-	-	-	4,818
WES heating system	-	95,266	-	-	-	87,447
Computer technology	1,378	-	-	-	-	-
Roseland Park Road	-	80,000	-	-	-	80,000
Parking lot expansion	-	15,000	-	-	-	15,000
Highway projects	42,239	-	-	-	-	-
Total Designated Fund Balance	116,736	206,718	13,529	-	-	256,594
Undesignated, unreserved:						
Undesignated, unreserved	38,944	-	1,327	-	-	40,271
Total Fund Balance	\$ 177,412	\$ 206,718	\$ 19,365	\$ -	\$ -	\$ 323,106

**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**

Board of Finance
Town of Woodstock, Connecticut
Woodstock, Connecticut

We have audited the financial statements of the Town of Woodstock, Connecticut as of and for the year ended June 30, 2010 and have issued our report thereon dated November 09, 2010. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Town of Woodstock, Connecticut's internal control over financial reporting as a basis for designing our auditing procedures 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 of Woodstock, Connecticut's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Woodstock, Connecticut's internal control over financial reporting.

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, 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.

Our consideration of the internal control over financial reporting 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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Government Auditing Standards Report (Continued)

Compliance and Other Matters

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

This report is intended for the information and use of the management, Board of Finance, others within the Town of Woodstock, Connecticut, and federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Marien + Company

November 09, 2010

**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 The State Single Audit Act, And On The Schedule Of Expenditures
Of State Financial Assistance**

Board of Finance
Town of Woodstock, Connecticut
Woodstock, Connecticut

Compliance

We have audited the Town of Woodstock, Connecticut's compliance with the types of compliance requirements described in the *Office of Policy and Management Compliance Supplement* that could have a direct and material effect on each of the Town of Woodstock, Connecticut's major state programs for the year ended June 30, 2010. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town of Woodstock, Connecticut's management. Our responsibility is to express an opinion on the Town of Woodstock, Connecticut's compliance based on our audit.

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 of Woodstock, Connecticut'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. Our audit does not provide a legal determination on the Town of Woodstock, Connecticut's compliance with those requirements.

In our opinion, the Town of Woodstock, Connecticut complied, in all material respects, with the 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, 2010.

State Single Audit Report (Continued)

Internal Control over Compliance

Management of the Town of Woodstock, Connecticut is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to state programs. In planning and performing our audit, we considered the Town of Woodstock, Connecticut's internal control over compliance with requirements that could have a direct and material effect on a major state 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 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 of Woodstock, Connecticut'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 manner.

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, as defined above.

Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Woodstock, Connecticut as of and for the year ended June 30, 2010, and have issued our report thereon dated November 09, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Woodstock, Connecticut'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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

State Single Audit Report (Continued)

This report is intended solely for the information and use of the management, Board of Finance, others within the entity, the Office of Policy and Management, and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Marien + Company

November 09, 2010

Town of Woodstock, Connecticut
Schedule of Expenditures of State Financial Assistance
For the Year Ended June 30, 2010

State Program Pass-Through Grantor Program Title	State Grant Program Core-CT Number	Expenditures
Connecticut State Library		
Historic Documents Preservation Grants	12060-CSL66094-35150	\$ 5,000
Department of Environmental Protection		
Boat Grant	12060-DEP44434-35403	1,173
Department of Transportation		
Town Aid Roads	12052-DOT57131-43455	3,100
Town Aid Roads	13033-DOT57131-43459	-
Judicial Department		
Distributions to Towns	34001-JUD95162-40001	140
Office of Policy and Management		
Property Tax Disability Exemption	11000-OPM20600-17011	613
Property Tax Relief for Elderly and Totally Disabled	11000-OPM20600-17018	48,951
Property Tax Relief for Veterans	11000-OPM20600-17024	6,615
PILOT for Manufacturing and Commercial Vehicles	11000-OPM20600-17031	64,430
Local Capital Improvement Program (LOCIP)	12050-OPM20600-40254	122,418
Office of the State Comptroller		
PILOT on State Owned Property	11000-OSC15910-17004	15,642
Department of Education		
Child Nutrition Program (School Lunch State Match)	11000-SDE64370-16072	11,128
Adult Education	11000-SDE64370-17030	9,492
		<hr/>
Total State Financial Assistance before Exempt Programs		288,701
EXEMPT PROGRAMS		
Department of Education:		
Education Cost Sharing	11000-SDE64000-17041	4,642,306
Public School Transportation	11000-SDE64000-17027	92,343
Special Education - Excess Cost - Student Based	11000-SDE64000-17047	288,978
School Construction Grants	13009-SDE64000-40896	42,696
School Construction Grants	13009-SDE64000-40901	330,802
Office of the State Comptroller		
Mashantucket Pequot and Mohegan Fund Grant	12009-OSC15910-17005	31,096
		<hr/>
Total exempt programs		5,428,222
		<hr/>
Total State Financial Assistance		\$ 5,716,922
		<hr/> <hr/>

See Accountants' Report

Town of Woodstock, Connecticut
Notes to the Schedule of Expenditures of State Financial Assistance
June 30, 2010

Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Woodstock, Connecticut through grants and other authorizations in accordance with the General Statutes of the State of Connecticut.

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Woodstock, Connecticut conform to Generally Accepted Accounting Principles as applicable to governmental entities. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Certain revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain 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
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2010**

I. Summary of Audit Results

A. Financial Statements:

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

☐ Yes

☒ No

☐ Yes

☒ None reported

Noncompliance material to the financial statements noted?

☐ Yes

☒ No

B. State Financial Assistance:

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

☐ Yes

☒ No

☐ Yes

☒ None reported

Type of auditors' report issued on compliance for major programs:

Unqualified

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:

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Office of Policy and Management:		
PILOT for Manufacturing & Commercial Vehicles	11000-OPM20600-17031	\$64,430
Local Capital Improvement Program (LOCIP)	12050-OPM20600-40254	\$122,418

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

II. State Financial Assistance Findings And Questioned Costs

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

**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**

Board of Finance
Town of Woodstock, Connecticut
Woodstock, Connecticut

Compliance

We have audited the Town of Woodstock, Connecticut's compliance of the with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Town of Woodstock, Connecticut's major federal programs for the year ended June 30, 2010. The Town of Woodstock, Connecticut's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility of the Town of Woodstock, Connecticut's management. Our responsibility is to express an opinion on the Town of Woodstock, Connecticut's compliance based on our audit.

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 of Woodstock, Connecticut'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. Our audit does not provide a legal determination of the Town of Woodstock, Connecticut's compliance with those requirements.

In our opinion, the Town of Woodstock, Connecticut complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Federal Single Audit Report (Continued)

Internal Control over Compliance

The management of the Town of Woodstock, Connecticut is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Town of Woodstock, Connecticut's internal control over compliance to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 of Woodstock, Connecticut's internal control over compliance.

A deficiency in internal control over compliance 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, noncompliance 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 compliance requirement will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses in the internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities each major fund, and the aggregate remaining fund information of the Town of Woodstock, Connecticut, as of and for the year ended June 30, 2010, and have issued our report thereon dated November 09, 2010. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Town of Woodstock, Connecticut'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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of management, the Board of Finance, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Marion + Company

November 09, 2010

**Town of Woodstock, Connecticut
Schedule of Expenditures of Federal Assistance
For the Year Ended June 30, 2010**

Federal grantor/ Pass-Through grantor program title	Federal CFDA Number	Pass- Through Grantor's Number	Expenditures
Passed through the State of Connecticut:			
Title I - Current	84.010	12060-SDE64370-20679	\$ 96,978
Title I - ARRA	84.389	12060-SDE64370-29010	49,186
			<u>146,164</u>
Title II - Part A, Improving Teacher Quality - Current	84.367	12060-SDE64370-20858	31,803
			<u>31,803</u>
Title II - Part D, Technology - ARRA	84.390	12060-SDE64370-29063	1,902
			<u>1,902</u>
Title IV - Safe and Drug Free Schools - Current	84.186	12060-SDE64370-20873	4,355
			<u>4,355</u>
IDEA, Part B, Section 611, Handicapped - Current	84.027	12060-SDE64370-20977	330,432
IDEA, Part B, Section 611, Handicapped - ARRA	84.391	12060-SDE64370-29011	202,979
			<u>533,411</u>
IDEA, Part B, Section 619, Preschool - Current	84.173	12060-SDE64370-20983	13,091
IDEA, Part B, Section 619, Preschool - ARRA	84.392	12060-SDE64370-29012	8,100
			<u>21,191</u>
American Recovery and Reinvestment Act, SFSF: Govt Services	84.397	12060-SDE64370-29053	495,678
American Recovery and Reinvestment Act, SFSF: Education	84.394	12060-SDE64370-29054	273,294
			<u>768,972</u>
Total Department of Education			<u>1,507,798</u>
Department of Agriculture:			
Passed through the State of Connecticut:			
National School Lunch	10.555	12060-SDE64370-20560	52,508
Total Department of Agriculture			<u>52,508</u>
Department of Housing and Urban Development:			
Passed through the State of Connecticut:			
Community Development Block Grant	14.228	12060-ECD46350-20730	75,000
Total Department of Housing and Urban Development			<u>75,000</u>
Department of Homeland Security:			
Passed through the State of Connecticut:			
Emergency Management Performance Grant	97.042	12060-EHS99620-21881	6,536
Total Department of Homeland Security			<u>6,536</u>
Total Federal Financial Assistance			<u>\$ 1,641,842</u>

Town of Woodstock, Connecticut
Notes to the Schedule of Expenditures of Federal Assistance
For the Year Ended June 30, 2010

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Woodstock, Connecticut conform to Generally Accepted Accounting Principles as applicable to governmental entities. The following is a summary of the more significant policies relating to the aforementioned grant programs.

A. Basis of Accounting

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Certain revenues associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

B. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Woodstock, Connecticut 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, 2010**

I. Summary of Audit Results

A. Financial Statements:

Type of auditors' report issued:

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

☐ Yes

☒ No

☐ Yes

☒ None reported

Noncompliance material to the financial statements noted?

☐ Yes

☒ No

B. Federal Financial Assistance:

Internal control over major programs:

- Material weakness(es) identified?
- Significant deficiency(ies) identified?

☐ Yes

☒ No

☐ Yes

☒ None reported

Type of auditors' report issued on compliance for major programs:

Unqualified

Any 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:

CFDA #:84.027	Name: IDEA, Part B, Section 611, Handicapped
CFDA #:84.391	Name: IDEA, Part B, Section 611, Handicapped - ARRA
CFDA #:84.397	Name: American Recovery and Reinvestment Act, SFSF: Govt Services
CFDA #:84.394	Name: American Recovery and Reinvestment Act, SFSF: Education

Threshold used for distinguishing between Type A and Type B programs: \$300,000

Qualified as a low risk auditee:

☐ Yes ☒ No

II. Federal Financial Assistance Findings And Questioned Costs

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