

TOWN OF WOODSTOCK, CONNECTICUT

**FEDERAL AND STATE
SINGLE AUDITS**

FOR THE YEAR ENDED JUNE 30, 2023

TOWN OF WOODSTOCK, CONNECTICUT
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INTERNAL CONTROL AND COMPLIANCE REPORT

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

To the Board of Finance
Town of Woodstock, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Woodstock, Connecticut, (the Town) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 28, 2023.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedules of federal and state findings and questioned costs as items 2023-001 and 2023-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedules of federal and state findings and questioned costs as item 2023-003.

Town's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town's responses to the findings identified in our audit and described in the accompanying schedules of findings and questioned costs. The Town's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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



Certified Public Accountants
Glastonbury, Connecticut
December 28, 2023

FEDERAL SINGLE AUDIT SECTION

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,
ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Finance
Town of Woodstock, Connecticut

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Woodstock, Connecticut's, (the Town) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2023. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs.

In our opinion, the Town of Woodstock, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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 audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated December 28, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Mahoney Sabol + Company, LLP

Certified Public Accountants
Glastonbury, Connecticut
December 28, 2023

TOWN OF WOODSTOCK, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor; Pass-Through Grantor; Program Title; Description	Pass-Through Entity Identification Number	Assistance Listing Number	Passed Through to Subrecipients	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Child Nutrition Cluster:				
Passed through the Connecticut Department of Education:				
National School Lunch Program - Commodities	-	10.555	\$ -	\$ 9,362
National School Lunch Program - 2023	12060-SDE64370-20560	10.555	-	118,674
National School Lunch Program - 2022	12060-SDE64370-20560	10.555	-	17,154
			-	145,190
School Breakfast Program - 2023	12060-SDE64370-20508	10.553	-	14,564
School Breakfast Program - 2022	12060-SDE64370-20508	10.553	-	1,782
			-	16,346
Fresh Fruit and Vegetable Program (FFVP)	-	10.582	-	9,987
Total Child Nutrition Cluster			-	171,523
Passed through the Connecticut Department of Education:				
State Administrative Expenses for Child Nutrition	12060-SDE64370-23126	10.560	-	29,004
COVID 19 State Pandemic Electronic Benefit Transfer Administrative Costs Grant	12060-SDE63470-29802	10.649	-	1,256
Total U.S. Department of Agriculture			-	201,783
U.S. DEPARTMENT OF EDUCATION				
Passed through Eastconn:				
English Language Acquisition State Grants	-	84.365	-	342
Special Education Cluster:				
Passed through the Connecticut Department of Education:				
Special Education Grants to States - 2023	12060-SDE64370-20977	84.027	-	354,215
Special Education Grants to States - Stipend - 2023	12060-SDE64370-20977	84.027	-	10,000
COVID 19 Special Education Grants to States - ARP - 2022	12060-SDE64370-23083	84.027X	-	58,769
Special Education Grants to States - Special Education Activities - 2021	12060-SDE64370-20977	84.027	-	10,000
Special Education Grants to States - Paraeducator Professional Development Activities - 2021	12060-SDE64370-20977	84.027	-	5,000
			-	437,984
Special Education Preschool Grants - 2023	12060-SDE64370-20983	84.173	-	13,137
COVID 19 Special Education Preschool Grants - ARP - 2022	12060-SDE64370-29684	84.173X	-	7,478
			-	20,615
Total Special Education Cluster			-	458,599
Passed through the Connecticut Department of Education:				
Education Stabilization Fund:				
Elementary & Secondary School Emergency Relief Fund (ESSER):				
COVID 19 ESSER - ARP - 2021	12060-SDE64370-29636	84.425U	-	638,766
COVID 19 ESSER II - 2021	12060-SDE64370-29571	84.425D	-	87,630
COVID 19 ESSER II - Special Education Recovery Activities Grant - 2021	12060-SDE64370-29571	84.425D	-	24,081
COVID 19 ESSER II - Bonus Dyslexia Recovery Grant - 2021	12060-SDE64370-29571	84.425D	-	1,300
			-	751,777
Supporting Effective Instruction State Grants - 2022	12060-SDE64370-20858	84.367	-	20,074
Supporting Effective Instruction State Grants - 2023	12060-SDE64370-20858	84.367	-	29,611
			-	49,685
Student Support and Academic Enrichment Program - 2023	12060-SDE64370-22854	84.424	-	13,895
Title I Grants to Local Educational Agencies - 2023	12060-SDE64370-20679	84.010	-	168,908
Total U.S. Department of Education			-	1,443,206
U.S. DEPARTMENT OF THE TREASURY				
Passed through the Connecticut Office of Policy and Management:				
COVID 19 Coronavirus State and Local Fiscal Recovery Funds	12060-OPM20600-29669	21.027	-	636,431
Passed through the Connecticut Department of Education:				
COVID 19 Coronavirus State and Local Fiscal Recovery Funds - ARP Free Meals for Students	12060-SDE64370-28105	21.027	-	216,101
			-	852,532
Total U.S. Department of the Treasury			-	852,532
U.S. ELECTION ASSISTANCE COMMISSION				
Passed through the Connecticut Secretary of the State:				
Help America Vote Act Requirements	12060-SOS12500-21465	90.401	-	2,443
TOTAL FEDERAL AWARDS			\$ -	\$ 2,499,964

The accompanying notes are an integral part of this schedule.

TOWN OF WOODSTOCK, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accounting policies of the Town of Woodstock, Connecticut, (the Town) conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The information in the schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule of expenditures of federal awards presents only a selected portion of the operations of the Town, it is not intended to, and does not, present the financial position, changes in fund balances, changes in net position or cash flows of the Town.

Basis of Accounting

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the basic financial statements. 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 expenditure column of the schedule of expenditures of federal awards.

NOTE 2 - INDIRECT COST RATE

The Town has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance. The Town has no federal awards for which an indirect cost rate is applicable.

NOTE 3 - OTHER FEDERAL ASSISTANCE

The United States Department of Agriculture provides commodities to the Town's schools. Amounts of \$9,362 and \$9,987 have been reflected in the expenditures column in the accompanying schedule of expenditures of federal awards, which represents the fair market value of donated commodities received under the National School Lunch program and the Fresh Fruits and Vegetables program, respectively, during the year ended June 30, 2023.

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

TOWN OF WOODSTOCK, CONNECTICUT
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? ✓ Yes _____ None reported

Noncompliance material to financial statements noted? _____ Yes ✓ No

FEDERAL AWARDS

Internal control over major programs:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ Yes ✓ None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? _____ Yes ✓ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program
84.425	Education Stabilization Fund
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? ✓ Yes _____ No

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2023-001: Significant Deficiency in Internal Control over Financial Reporting - *Reconciliation of the School District's General Ledger with the Town's General Ledger*

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

Condition: Expenditures reported by the School District did not fully reconcile with expenditures reported by the Town.

TOWN OF WOODSTOCK, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS *(Continued)*

Finding 2023-001: Significant Deficiency in Internal Control over Financial Reporting - *Reconciliation of the School District's General Ledger with the Town's General Ledger (Continued)*

Effect: Immaterial misstatements were identified and corrected during the audit process. Reconciliation issues related to a limited number of nonrecurring transactions and transactions occurring near year end. The effect is that financial reporting may not be accurate as errors may not be detected and corrected on a timely basis.

Cause: Ineffective reconciliation controls.

Repeat finding: Yes

Recommendation: We recommend that the School District work with the Town to ensure all of the School District's activity is properly captured in the Town's general ledger. Differences should be investigated and resolved in a timely manner.

Views of Responsible Officials: Management of School District agrees with the finding and intends to take corrective action to address the deficiency.

Finding 2023-002: Significant Deficiency in Internal Control over Financial Reporting - *School District's Accounting and Reconciliation Controls over the Education Grant and Cafeteria Funds*

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

Condition: Grant revenues are currently being recognized on a cash basis rather than on a modified accrual basis of accounting. As a result, revenues and the related receivables or deferrals are not always complete and accurate.

Effect: Misstatements were identified and corrected during the audit process to adjust grant revenues to a modified accrual basis of accounting. The effect is that revenues and related receivables or deferrals may not be properly recorded in the School District's general ledger.

Cause: Ineffective accounting and reconciliation controls over the School District's general ledger.

Recommendation: We recommend that the School District develop year end closing procedures to record grant revenues and related balance sheet amounts on a modified accrual basis of accounting.

Repeat finding: Yes

Views of Responsible Officials: Management of School District agrees with the finding and intends to take corrective action to address the deficiency.

Finding 2023-003: Noncompliance - *Connecticut General Statutes (CGS) Section 10-222. Appropriations and Budget.*

Criteria: Pursuant to CGS Section 10-222, expenditures by the board of education shall not exceed the appropriation made by the municipality, with such money as may be received from other sources for school purposes.

TOWN OF WOODSTOCK, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS *(Continued)*

Finding 2023-003: Noncompliance - *Connecticut General Statutes (CGS) Section 10-222. Appropriations and Budget (Continued)*

Condition: Expenditures reported by School District for the year ended June 30, 2023 exceeded the appropriations made by the Town in the amount of \$31,207.

Effect: The effect is an unauthorized use of the Town's unassigned fund balance in the amount of \$31,207.

Cause: Ineffective accounting and reconciliation controls over the School District's general ledger.

Recommendation: We recommend that the School District implement effective accounting and reconciliation controls over its general ledger to ensure budgetary compliance.

Repeat finding: No

Views of Responsible Officials: Management of School District agrees with the finding.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No federal award findings or questioned costs were reported.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

Finding 2022-001, Significant Deficiency in Internal Control over Financial Reporting - *Reconciliation of the School District's General Ledger with the Town's General Ledger*, has been repeated as current year finding 2023-001.

Finding 2022-002, Significant Deficiency in Internal Control over Financial Reporting - *School District's Accounting and Reconciliation Controls over the Education Grant and Cafeteria Funds*, has been repeated as current year finding 2023-002.

Finding 2022-003, Significant Deficiency in Internal Control over Financial Reporting - *School District's Budgetary Monitoring Controls*, is no longer considered to be a significant deficiency.

STATE SINGLE AUDIT SECTION

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

To the Board of Finance
Town of Woodstock, Connecticut

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Woodstock, Connecticut’s (the Town), compliance with the types of compliance requirements identified as subject to audit in the Office of Policy and Management’s *Compliance Supplement* that could have a direct and material effect on each of the Town’s major state programs for the year ended June 30, 2023. The Town’s major state programs are identified in the summary of auditor’s results section of the accompanying schedule of state findings and questioned costs.

In our opinion, the Town of Woodstock, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

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 audit requirements of the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Our responsibilities under those standards and the State Single Audit Act are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town’s state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Single Audit Act will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the State Single Audit Act, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of State Financial Assistance Required by the State Single Audit Act

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon, dated December 28, 2023, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Mahoney Sabol + Company, LLP

Certified Public Accountants
Glastonbury, Connecticut
December 28, 2023

TOWN OF WOODSTOCK, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core - CT Number	Passed Through to Subrecipients	Expenditures
NONEXEMPT PROGRAMS:			
CONNECTICUT STATE LIBRARY			
Direct:			
Historic Documents Preservation Grants	12060-CSL66094-35150	\$ -	\$ 5,500
DEPARTMENT OF EDUCATION			
Direct:			
Adult Education	11000-SDE64370-17030	-	8,423
Non Sheff Transportation	11000-SDE64370-12632	-	5,200
Healthy Foods Initiative	11000-SDE64370-16212	-	7,563
Child Nutrition State Matching Grant	11000-SDE64370-16211	-	3,978
School Breakfast	11000-SDE64370-17046	-	2,662
Talent Development	11000-SDE64370-12552	-	1,034
Total Department of Education		-	28,860
OFFICE OF POLICY AND MANAGEMENT			
Direct:			
Tiered Payment in Lieu of Taxes	11000-OPM20600-17111	-	8,053
Tiered Payment in Lieu of Taxes	12060-OPM20600-35458	-	103,257
Tiered Payment in Lieu of Taxes	12060-OPM20600-35691	-	2,176
		-	113,486
Local Capital Improvement Program	12050-OPM20600-40254	-	83,764
Municipal Grants In-Aid	12052-OPM20600-43587	-	13,187
Property Tax Relief for Veterans	11000-OPM20600-17024	-	3,753
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	-	835
Total Office of Policy and Management		-	215,025
DEPARTMENT OF TRANSPORTATION			
Direct:			
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	-	167,025
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459-34005	-	167,025
Total Department of Transportation		-	334,050
CONNECTICUT JUDICIAL BRANCH			
Direct:			
Court fees	34001-JUD95162-40001	-	1,355
DEPARTMENT OF SOCIAL SERVICES			
Direct:			
Medicaid	11000-DSS60000-16020	-	20,151
Total State Financial Assistance Before Exempt Programs		-	604,941
EXEMPT PROGRAMS:			
DEPARTMENT OF EDUCATION			
Direct:			
Education Cost Sharing	11000-SDE64370-17041-82010	-	4,928,445
Excess Costs Student Based and Equity	11000-SDE64370-17047	-	176,320
Total Department of Education		-	5,104,765
OFFICE OF POLICY AND MANAGEMENT			
Direct:			
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	-	5,694
Total Exempt Programs		-	5,110,459
TOTAL STATE FINANCIAL ASSISTANCE		\$ -	\$ 5,715,400

The accompanying notes are an integral part of this schedule.

TOWN OF WOODSTOCK, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Woodstock, Connecticut, (the Town) under programs of the State of Connecticut for the year ended June 30, 2023. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs of the Town. Because the schedule of expenditures of state financial assistance presents only a selected portion of the operations of the Town, it is not intended to, and does not, present the financial position, changes in fund balances, changes in net position or cash flows of the Town.

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management. The following is a summary of the more significant policies relating to the aforementioned grant programs.

Basis of Accounting

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements. In accordance with Section 4-236-22 of the regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity, and accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditure column of the schedule of expenditures of state financial assistance.

TOWN OF WOODSTOCK, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ ✓ Yes _____ None Reported

Noncompliance material to financial statements noted? _____ Yes ✓ No

STATE FINANCIAL ASSISTANCE

Internal control over major programs:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ Yes ✓ None Reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act? _____ Yes ✓ No

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

<u>State Grantor/ Program</u>	<u>State Grant Program Core-CT Number</u>	<u>Expenditures</u>
Department of Transportation:		
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	\$ 167,025
Town Aid Road Grants Transportation Fund	13033-DOT57131-43459-34005	167,025
		<u>\$ 334,050</u>
Office of Policy and Management:		
Tiered Payment in Lieu of Taxes	11000-OPM20600-17111	\$ 8,053
Tiered Payment in Lieu of Taxes	12060-OPM20600-35458	103,257
Tiered Payment in Lieu of Taxes	12060-OPM20600-35691	2,176
		<u>\$ 113,486</u>

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

SECTION II - FINANCIAL STATEMENT FINDINGS

Finding 2023-001: Significant Deficiency in Internal Control over Financial Reporting - *Reconciliation of the School District's General Ledger with the Town's General Ledger*

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

TOWN OF WOODSTOCK, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS *(Continued)*

Finding 2023-001: Significant Deficiency in Internal Control over Financial Reporting - *Reconciliation of the School District's General Ledger with the Town's General Ledger (Continued)*

Condition: Expenditures reported by the School District did not fully reconcile with expenditures reported by the Town.

Context: Immaterial misstatements were identified and corrected during the audit process. Reconciliation issues related to a limited number of nonrecurring transactions and transactions occurring near year end.

Effect: The effect is that financial reporting may not be accurate as errors may not be detected and corrected on a timely basis.

Cause: Ineffective reconciliation controls.

Repeat finding: Yes

Recommendation: We recommend that the School District work with the Town to ensure all of the School District's activity is properly captured in the Town's general ledger. Differences should be investigated and resolved in a timely manner.

Views of Responsible Officials: Management of School District agrees with the finding and intends to take corrective action to address the deficiency.

Finding 2023-002: Significant Deficiency in Internal Control over Financial Reporting - *School District's Accounting and Reconciliation Controls over the Education Grant and Cafeteria Funds*

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

Condition: Grant revenues are currently being recognized on a cash basis rather than on a modified accrual basis of accounting. As a result, revenues and the related receivables or deferrals are not always complete and accurate.

Context: Misstatements were identified and corrected during the audit process to adjust grant revenues to a modified accrual basis of accounting.

Effect: The effect is that revenues and related receivables or deferrals may not be properly recorded in the School District's general ledger.

Cause: Ineffective accounting and reconciliation controls over the School District's general ledger.

Recommendation: We recommend that the School District develop year end closing procedures to record grant revenues and related balance sheet amounts on a modified accrual basis of accounting.

Repeat finding: Yes

Views of Responsible Officials: Management of School District agrees with the finding and intends to take corrective action to address the deficiency.

TOWN OF WOODSTOCK, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II - FINANCIAL STATEMENT FINDINGS *(Continued)*

Finding 2023-003: Noncompliance - *Connecticut General Statutes (CGS) Section 10-222. Appropriations and Budget.*

Criteria: Pursuant to CGS Section 10-222, expenditures by the board of education shall not exceed the appropriation made by the municipality, with such money as may be received from other sources for school purposes.

Condition: Expenditures reported by School District for the year ended June 30, 2023 exceeded the appropriations made by the Town in the amount of \$31,207.

Effect: The effect is an unauthorized use of the Town's unassigned fund balance in the amount of \$31,207.

Cause: Ineffective accounting and reconciliation controls over the School District's general ledger.

Recommendation: We recommend that the School District implement effective accounting and reconciliation controls over its general ledger to ensure budgetary compliance.

Repeat finding: No

Views of Responsible Officials: Management of School District agrees with the finding.

SECTION III - STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No state financial assistance findings or questioned costs were reported.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

Finding 2022-001, Significant Deficiency in Internal Control over Financial Reporting - *Reconciliation of the School District's General Ledger with the Town's General Ledger*, has been repeated as current year finding 2023-001.

Finding 2022-002, Significant Deficiency in Internal Control over Financial Reporting - *School District's Accounting and Reconciliation Controls over the Education Grant and Cafeteria Funds*, has been repeated as current year finding 2023-002.

Finding 2022-003, Significant Deficiency in Internal Control over Financial Reporting - *School District's Budgetary Monitoring Controls*, is no longer considered to be a significant deficiency.