

Town of Woodbridge

Report to the Board of Finance
December 28, 2017



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Board of Finance
Town of Woodbridge

Attention: Board of Finance Members

We are pleased to present this report related to our audit of the basic financial statements of Town of Woodbridge, Connecticut (the Town) for the year ended June 30, 2017. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for Town of Woodbridge, Connecticut's financial reporting process.

This report is intended solely for the information and use of the Board of Finance and management and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to Town of Woodbridge, Connecticut.

RSM US LLP

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Required Communications

Generally accepted auditing standards (AU-C 260, *The Auditor's Communication With Those Charged With Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the basic financial statement audit as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial reporting process.

Area	Comments
Our Responsibilities With Regard to the Financial Statement Audit	Our responsibilities under auditing standards generally accepted in the United States of America and <i>Government Auditing Standards</i> , issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated July 6, 2017. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.
Overview of the Planned Scope and Timing of the Financial Statement Audit	We have issued a separate communication dated July 6, 2017 regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.
Accounting Policies and Practices	<p>Preferability of Accounting Policies and Practices Under generally accepted accounting principles, in certain circumstances, management may select among alternative accounting practices. In our view, in such circumstances, management has selected the preferable accounting practice.</p> <p>Adoption of, or Change in, Accounting Policies Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Town. Following is a description of significant accounting policies or their application that were either initially selected or changed during the year.</p> <ul style="list-style-type: none"><li data-bbox="669 1264 1458 1806">• GASB Statement No. 74, <i>Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans</i>, addresses reporting by OPEB plans that administer benefits on behalf of governments. Statement No. 74 addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria. The Statement follows the framework for financial reporting of defined benefit OPEB plans in Statement No. 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments. Statement No. 74 also sets forth note disclosure requirements for defined contribution OPEB plans. The implementation of this Statement resulted in more extensive footnote disclosures and additional RSI schedules.

Area	Comments
Accounting Policies and Practices (Continued)	<ul style="list-style-type: none"> • GASB Statement No. 77, <i>Tax Abatement Disclosures</i>. The implementation of this Statement had no impact on the Town's financial statements. • GASB Statement No. 78, <i>Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans</i>. This standard narrows the scope and applicability of GASB Statement No. 68, Accounting and Financial Reporting for Pensions, to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan meeting specific criteria. The implementation of this Statement had no impact on the Town's financial statements. • GASB Statement No. 80, <i>Blending Requirements for Certain Component Units – An Amendment of GASB Statement No. 14</i>. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. The implementation of this Statement had no impact on the Town's financial statements. <p>Significant or Unusual Transactions We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance.</p> <p>Management's Judgments and Accounting Estimates Summary information about the process used by management in formulating particularly sensitive accounting estimates and about our conclusions regarding the reasonableness of those estimates is in the attached Summary of Significant Accounting Estimates.</p>
Audit Adjustments	There were no audit adjustments proposed by us and recorded by Town of Woodbridge, Connecticut.
Uncorrected Misstatements	We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.
Disagreements With Management	We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the basic financial statements.
Consultations With Other Accountants	We are not aware of any consultations management had with other accountants about accounting or auditing matters.
Significant Issues Discussed With Management	No significant issues arising from the audit were discussed with or were the subject of correspondence with management.

Area	Comments
Significant Difficulties Encountered in Performing the Audit	We did not encounter any significant difficulties in dealing with management during the audit.
Letter(s) Communicating Significant Deficiencies and Material Weaknesses in Internal Control over Financial Reporting	There were no significant deficiencies or material weaknesses in internal control over financial reporting identified during our audit of the basic financial statements and major awards, as required by the <i>Government Auditing Standards</i> and <i>the State Single Audit Act</i> .
Significant Written Communications Between Management and Our Firm	Copies of significant written communications between our firm and the management of the Town, including the representation letter provided to us by management, are attached as Exhibit A.

Summary of Significant Accounting Estimates

Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. You may wish to monitor throughout the year the process used to determine and record these accounting estimates. The following describes the significant accounting estimates reflected in the Town's June 30, 2017, basic financial statements.

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
OPEB Plans/Assumptions	The Town has an actuarial valuation performed to determine the annual required contribution and funds accordingly. Any net difference between the annual required contribution and actual contributions from or on behalf of the Town are recorded as a net asset or obligation in the governmental activities of the Town.	The Town utilizes the services of actuaries to determine the Town's Annual Required Contribution. Management and the actuary determine the appropriateness of the actuarial assumptions to be utilized. The actuary then performs the calculation which is reviewed and approved by management of the Town.	We have audited the underlying data supporting the estimate and reviewed management's methodology which appears properly and consistently applied and have deemed the resulting estimate to be reasonable.
Cost-Sharing Plans/Assumptions	The Cost Sharing Plan has an actuarial valuation performed to determine the annual required contribution and funds accordingly. Any difference between the annual required contribution and actual contributions from the Town are recorded as a net asset or obligation in the governmental activities of the Town.	The Cost Sharing Plan utilizes the services of actuaries to determine the Town's Annual Required Contribution. Management and the actuary determine the appropriateness of the actuarial assumptions to be utilized. The actuary then performs the calculation which is reviewed and approved.	We have audited the underlying data supporting the estimate and reviewed management's methodology which appears properly and consistently applied and have deemed the resulting estimate to be reasonable.
Fair Value of Financial Instruments	Investments are valued on a daily basis at fair value as defined by GASB Statement No. 72, <i>Fair Value Measurement and Application</i> , as "the price that would be received to sell an asset or paid to transfer a liability in an orderly	Investments in debt securities are generally valued by independent pricing services based on market transaction for normal, institutional-size trading units of similar securities. Pricing techniques take into account appropriate factors	We obtained an independent price from a source different from the Town and determined that the fair value appeared reasonable. Due to the inherent uncertainty of valuations, estimated

Estimate	Accounting Policy	Management's Estimation Process	Basis for Our Conclusions on Reasonableness of Estimate
	<p>transaction between market participants at the measurement date.</p>	<p>such as yield, quality, coupon rate, maturity, type of issue, trading characteristics and other data, as well as broker quotes. Debt securities for which quotation are readily available may also be valued based upon an over-the-counter or exchange bid quotation.</p>	<p>values may differ significantly from values that would have been used had a ready market existed for the alternative investment securities, and the differences could be material. We have reviewed the procedures used by the</p> <p>Town in preparing the valuations of investment securities and have inspected the underlying documentation. We believe management's valuation of investments is reasonable.</p>

Exhibit A—Significant Written Communications Between Management and Our Firm

- Representation Letter



TOWN OF WOODBRIDGE
DEPARTMENT OF FINANCE
11 MEETINGHOUSE LANE
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ANTHONY F. GENOVESE
ADMINISTRATIVE OFFICER
DIRECTOR OF FINANCE

December 28, 2017

RSM US LLP
157 Church Street
New Haven, CT 06510

This representation letter is provided in connection with your audit of the basic financial statements of Town of Woodbridge, Connecticut (the Town) as of and for the year ended June 30, 2017 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects in accordance with accounting principles generally accepted in the United States (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of December 28, 2017:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated July 6, 2017, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions, including and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements, and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. There are no unasserted claims or assessments that our lawyer has advised us are probable of assertion and must be disclosed in accordance with Statement of Financial Accounting Standards No.5 and/ or GASB Statement No. 10.
9. We have no direct or indirect, legal or moral obligation for any debt of any organization, public or private, or to special assessment bond holders that is not disclosed in the financial statement.
10. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance. In connection therewith, we specifically represent

that we are responsible for determining that we are not subject to the requirements of the Federal Single Audit Act because we have not received, expended or otherwise been the beneficiary of the required amount of federal awards during the period of this audit.

11. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

12. We have provided you with:

- a. Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
- b. Additional information that you have requested from us for the purpose of the audit;
- c. Unrestricted access to persons within the Town from whom you determined it necessary to obtain audit evidence.
- d. Minutes of the meetings of the governing boards and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.

13. All transactions have been recorded in the accounting records and are reflected in the financial statements.

14. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.

15. We have no knowledge of allegations of fraud or suspected fraud, affecting the Town's financial statements involving:

- a. Management.
- b. Employees who have significant roles in the internal control.
- c. Others where the fraud could have a material effect on the financial statements.

16. We have no knowledge of any allegations of fraud or suspected fraud affecting the Town's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.

17. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.

18. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.

19. We have disclosed to you the identity of the Town's related parties and all the related-party relationships and transactions of which we are aware.

20. We are aware of no significant deficiencies or material weaknesses in the design or operation of internal controls that could adversely affect the Town's ability to record, process, summarize, and report financial data.

21. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.

22. We have properly reflected and/or disclosed in the financial statements the effect of GASB Statements Nos. 74, 77, 78 and 80.

Supplementary Information

23. With respect to supplementary information presented in relation to the financial statements as a whole:
- We acknowledge our responsibility for the presentation of such information.
 - We believe such information, including its form and content, is fairly presented in accordance with accounting principles generally accepted in the United States of America.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - There are no underlying significant assumptions or interpretations regarding the measurement or presentation of such information.
 - When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
24. With respect to required supplementary information and management discussion and analysis as listed in the table of contents presented as required by the Government Accounting Standard Board to supplement the basic financial statements:
- We acknowledge our responsibility for the presentation of such required supplementary information.
 - We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by accounting principles generally accepted in the United States of America.
 - The methods of measurement or presentation have not changed from those used in the prior period.
 - The following are underlying significant assumptions or interpretations regarding the measurement or presentation of such information.
25. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Compliance Considerations

In connection with your audit, conducted in accordance with *Government Auditing Standards*, we confirm that management:

- Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
- Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
- Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any

other instances that warrant the attention of those charged with governance. There were no such instances.

29. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts. There were no such instances.
30. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements. There were no such instances.
31. Is responsible for 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.
32. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
33. Has a process to track the status of audit findings and recommendations.
34. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
35. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.


In connection with your audit of federal awards conducted in accordance with the State of Connecticut Single Audit Act we confirm:

36. Management is responsible for complying, and has complied, with the requirements of the State of Connecticut Single Audit Act.
37. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its state programs.
38. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for state programs that provides reasonable assurance that the auditee is managing state awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on its state programs.
39. Management has prepared the schedule of expenditures of state awards in accordance with the State of Connecticut Single Audit Act and has included expenditures made during the period being audited for all awards provided by state agencies in the form of grants, state cost reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance.


40. Management has identified and disclosed all of its government programs and related activities subject to the State of Connecticut Single Audit Act compliance audit.
41. Management has identified and disclosed to the auditor the requirements of laws, regulations, and the provisions of contracts and grant agreements that are considered to have a direct and material effect on each major program.
42. Management has made available all state awards (including amendments, if any) and any other correspondence relevant to state programs and related activities that have taken place with state agencies or pass-through entities.
43. Management is not aware of any amounts questioned and all known noncompliance with the direct and material compliance requirements of state awards.
44. Management believes that the auditee has complied with the direct and material compliance requirements (there was no noncompliance need to be disclosed to the auditor).
45. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to state program financial reports and claims for advances and reimbursements.
46. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
47. Management is not aware of any communications from grantors and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
48. Management has disclosed to the auditor the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
49. Management is responsible for taking corrective action on audit findings of the compliance audit.
50. Management has disclosed all known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stating that there were no such known instances.
51. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, that have occurred subsequent to the period covered by the auditor's report.
52. State program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
53. The copies of state program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the state agency or pass-through entity, as applicable.

- 54. Management has charged costs to state awards in accordance with applicable cost principles, the State of Connecticut Single Audit Act.
- 55. Management is responsible for, and has accurately prepared, the summary schedule of prior audit findings to include all findings required to be included by the State of Connecticut Single Audit Act.

Town of Woodbridge, Connecticut



Beth Heller
First Selectman



Anthony F. Genovese
Director of Finance