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**FEDERAL SINGLE AUDIT**

**AND**

**STATE SINGLE AUDIT**

**OF THE**

**TOWN OF NEWTOWN, CONNECTICUT**

*FOR THE YEAR ENDED*  
*JUNE 30, 2011*

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**TOWN OF NEWTOWN, CONNECTICUT**

FEDERAL SINGLE AUDIT  
AND  
STATE SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2011

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**Federal  
Single  
Audit**

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TOWN OF NEWTOWN, CONNECTICUT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed through State Department of Education:			
School Lunch - Cluster:			
School Breakfast Program.....	10.553	12060-20508-82079-170005	\$ 8,585
National School Lunch Program- Cash.....	10.555	12060-20560-80279-170005	175,738
National School Lunch Program- Commodities.....	10.555	12060-20560-80279-170006	40,988
Special Milk Program for Children.....	10.556	12060-20500-82079-170005	2,541
Total School Lunch - Cluster.....			227,852
Child and Adult Care Food Program.....	10.558		15,273
TOTAL U.S. DEPARTMENT OF AGRICULTURE.....			243,125
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Passed through State Department of Economic and Community Development:			
Community Development Block Grant/States Program (State Administered Small Cities Program).....	14.228		19,800
<u>U.S. DEPARTMENT OF JUSTICE</u>			
Passed through State Department of Policy and Management			
Bulletproof Vest Partnership Program.....	16.607		975
Passed through State Department of Public Safety			
ARRA: Eward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories.....	16.803		18,000
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
Passed through State Department of Transportation:			
ARRA - Highway Planning and Construction.....	20.205		522,527
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grant.....	20.601		35,246
TOTAL U.S. DEPARTMENT OF TRANSPORTATION.....			557,773
<u>U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION</u>			
National Clean Diesel Emissions Reduction Program.....	66.039		15,400
State Clean Diesel Grant Program.....	66.040		95,248
Brownfields Assessment and Cleanup Cooperative Agreements.....	66.818		113,621
TOTAL U.S. DEPARTMENT OF ENVIRONMENTAL PROTECTION.....			224,269
<u>U.S. DEPARTMENT OF ENERGY</u>			
Passed through Office of Policy and Management:			
ARRA - Energy Efficiency and Conservation Block Grant (EECBG).....	81.128		81,946
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed through State Department of Education:			
Title I Grants to Local Educational Agencies.....	84.010	12060-20679-82070-2011-170002-SDE00005	111,586
Special Education - Cluster:			
Special Education - Grants to States (IDEA, Part B).....	84.027	12060-20977-82032-2011-170002	225,878
Special Education - Grants to States (IDEA, Part B).....	84.027	12060-20977-82032-2010-170002	674,790
Total Special Education - Grants to States (IDEA, Part B).....	84.027		900,668
Special Education - Preschool Grants (IDEA Preschool).....	84.173	12060-20983-82032-2010-170002	28,797
ARRA - Special Education - Grants to States (IDEA, Part B), Recovery Act.....	84.391	12060-29011-82032-2011-170002	516,009
ARRA - Special Education - Preschool Grants (IDEA Preschool), Recovery Act.....	84.392	12060-29012-82032-2011-170002	22,780
Total Special Education - Cluster.....			1,468,254
Career and Technical Education - Basic Grants to States.....	84.048	12060-20742-84010-2010-170003-SDE00006	5,369
Career and Technical Education - Basic Grants to States.....	84.048	12060-20742-84010-2011-170002	39,350
Total Career and Technical Education - Basic Grants to States.....	84.048		44,719
Safe and Drug-Free Schools and Communities - State Grants.....	84.186	12060-20873-84131-2011-170002	1,846

See notes to Schedule of Expenditures of Federal Awards

(Continued)

TOWN OF NEWTOWN, CONNECTICUT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONCLUDED)

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE PROJECT NUMBER	EXPENDITURES
Improving Teacher Quality State Grants.....	84.367	12060-20858-84131-2011-170002	\$ 79,030
Improving Teacher Quality State Grants.....	84.367	12060-20858-84131-2010-170002	26,846
Total Improving Teacher Quality State Grants.....	84.367		<u>105,876</u>
State Fiscal Stabilization Fund (SFSF) - Cluster: ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act.....	84.397	12060-29054-2009-82016-170002	<u>614,836</u>
TOTAL U.S. DEPARTMENT OF EDUCATION.....			<u>2,347,117</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through State Department of Public Health:			
Public Health Emergency Preparedness.....	93.069	2010-1088	41,404
Public Health Emergency Preparedness.....	93.069	2011-1088	131,255
Preventative Health and Health Services Block Grant.....	93.991	2011-0096	2,011
Emerging Infections Program.....	93.283	2011-0222	21,220
Passed through State Department of Social Services:			
Social Services Block Grant.....	93.667		<u>255,092</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES.....			<u>450,982</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through State Emergency Management & Homeland Security:			
Emergency Operations Center (EOC) Grant Program.....	97.001		27,715
Disaster Grants - Public Assistance (Presidentially Declared Disasters).....	97.036		100,296
Homeland Security Grant Program.....	97.067		78,033
Passed through State of Connecticut Military Department:			
Emergency Management Performance Grants.....	97.042		<u>6,376</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY.....			<u>212,420</u>
TOTAL FEDERAL AWARDS.....			<u>\$ 4,156,407</u>

(Concluded)

**TOWN OF NEWTOWN, CONNECTICUT**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011

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**1. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Newtown, Connecticut, conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The following is the significant policy relating to federal awards:

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting and a current financial resources measurement focus. 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 Organizations.

**2. NONCASH FEDERAL AWARDS**

The Town received and expended \$49,988 of USDA donated commodities under the National School Lunch Program.

**3. SUBRECIPIENTS**

Town of Newtown provided federal awards to subrecipients as follows:

CFDA Number	Program Name	Amount
10.558	Child and Adult Care Food Program	\$ 15,273
93.667	Social Services Block Grant	255,092
93.991	Preventative Health and Health Services Block Grant	2,011

**TOWN OF NEWTOWN, CONNECTICUT**

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011

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Summary Schedule of Prior Audit Findings

- There were no prior audit findings or questioned costs.

TOWN OF NEWTOWN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

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SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?       yes   x  no

Significant deficiency(ies) identified?       yes   x  none reported

Noncompliance material to financial statements noted?       yes   x  no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?       yes   x  no

Significant deficiency(ies) identified?       yes   x  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  
Circular A-133, Section .510(a)?       yes   x  no

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
20.205	ARRA - Highway Planning and Construction
84.027/84.173	Special Education Cluster
84.394/84.397	State Fiscal Stabilization Fund Cluster

Dollar threshold used to distinguish  
between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?   x  yes       no

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs related to the Federal Award programs.



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INDEPENDENT AUDITORS' 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

Legislative Council  
Town of Newtown, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Newtown, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 10, 2011. 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

Management of the Town is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town'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, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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 over financial reporting 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.



Town of Newtown, Connecticut  
Page Two

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Town in a separate letter dated November 10, 2011.

This report is intended solely for the information and use of management, the Legislative Council, others within the entity, 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.

*Kostin, Ruffkess & Company, LLC*

Farmington, Connecticut  
November 10, 2011



Business Advisors and Certified Public Accountants

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INDEPENDENT AUDITORS' 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

Legislative Council  
Town of Newtown, Connecticut

Compliance

We have audited the Town of Newtown, Connecticut's compliance with the types of compliance requirements described in the Circular A-133 Compliance Supplement that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2011. The Town's major federal 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 federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town'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 types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town 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 federal programs for the year ended June 30, 2011.

Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Town's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.



Town of Newtown, Connecticut  
Page Two

Internal Control Over Compliance (Continued)

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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 Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 10, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of management, the Legislative Council, others within the entity, 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.

*Kostin, Ruffkes & Company, LLC*

Farmington, Connecticut  
November 10, 2011

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**State  
Single  
Audit**

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**TOWN OF NEWTOWN, CONNECTICUT**

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2011

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	STATE GRANT PROGRAM CORE-CT NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<b>DEPARTMENT OF EDUCATION:</b>			
Adult Education.....	11000-SDE64000-17030	11000-17030-84003-2011-170013	\$ 3,439
Health Services.....	11000-SDE64000-17034	11000-17034-82010-2011-170006	9,279
Magnet Schools.....	11000-SDE64000-17057	11000-17057-82061-2011	46,800
Child Nutrition State Matching Grant.....	11000-SDE64000-16211	11000-16211-82051-2011-170005	28,635
<b>DEPARTMENT OF TRANSPORTATION:</b>			
Town Aid Road Grants Transportation Fund.....	12052-DOT57000-43455		62,427
Town Aid Road Grants Transportation Fund.....	13033-DOT57000-43459		171,674
<b>DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT:</b>			
Small Town Economic Assistance Program (STEAP).....	12052-ECD46000-42411	2010097001	69,637
<b>DEPARTMENT OF ENVIRONMENTAL PROTECTION:</b>			
Projected Open Space and Watershed Land Acquisition Grant Program.....	12052-DEP43000-40506		500,000
Invasive Species Control Grant.....	12060-DEP44140-35169		329
<b>CONNECTICUT STATE LIBRARY:</b>			
Historic Documents Preservation Grants.....	12606-CSL66094-35150		6,000
<b>DEPARTMENT OF LABOR:</b>			
Connecticut Youth Employment Program.....	11000-DOL40000-12205		20,873
<b>MENTAL HEALTH AND ADDICTION SERVICES:</b>			
Drug Assets Forfeiture Funds.....	11000-MHA53000-35148		5,308
<b>OFFICE OF POLICY AND MANAGEMENT:</b>			
Property Tax Relief for Elderly and Totally Disabled Homeowners.....	11000-OPM20600-17018		131,383
Property Tax Relief for Elderly Homeowners - Freeze Program.....	11000-OPM20600-17021		1,872
Property Tax Relief for Veterans.....	11000-OPM20600-17024		11,664
Property Tax Relief for Manufacturing Machinery Equipment and Commercial Vehicles.....	11000-OPM20600-17031		192,643
Local Capital Improvement Program.....	12050-OPM20600-40254		198,000
Municipal Video Competition.....	12060-OPM20600-35362		5,327
Housing for Economic Growth - Technical Assistance Grant.....	12060-OPM20600-90526		1,700
<b>STATE COMPTROLLER:</b>			
Payment in Lieu of Taxes (PILOT) on State-Owned Property.....	11000-OSC15910-17004		912,401
Boat Grant.....	12027-OSC15910-40211		7,274
<b>DEPARTMENT OF PUBLIC SAFETY:</b>			
Telecommunications Fund.....	12060-DPS32740-35190		76,136
Statewide Emergency Telecommunications-Regionalization Study.....	12060-DPS32741-35190		20,000
<b>DEPARTMENT OF HEALTH:</b>			
Local and District Departments of Health.....	11000-DPH48500-17009		57,204
<b>TOTAL STATE ASSISTANCE BEFORE EXEMPT PROGRAMS.....</b>			<b>2,540,005</b>
<b>EXEMPT PROGRAMS:</b>			
<b>DEPARTMENT OF EDUCATION:</b>			
School Construction Projects - Principal.....	13010-SDE64000-40901	13010-40901-82003-2011-170001	554,752
School Construction Projects - Principal.....	13010-SDE64000-40901	13010-40901-82003-2010-170001	166,887
School Construction Projects - Interest.....	13009-SDE64000-40896	13009-40896-82004-2011-170063	106,794
School Construction Projects - Interest.....	13009-SDE64000-40896	13009-40896-82004-2010-170063	35,079
School Construction Projects - Progress.....	13010-SDE64000-40901	13010-40901-82006-2010-170001	8,161,826
Transportation of School Children.....	11000-SDE64000-17027	11000-17027-82010-2011-170005	79,579
Education Cost Sharing.....	11000-SDE64000-17041	11000-17041-82010-2011-170002	3,717,626
Excess Cost - Student Based.....	11000-SDE64000-17047	11000-17047-82016-2011	465,515
Excess Cost - Student Based.....	11000-SDE64000-17047	11000-17047-82018-2011	1,113,849
Excess Cost - Student Based.....	11000-SDE64000-17047	11000-17047-82019-2011	3,116
Excess Cost - Student Based.....	11000-SDE64000-17048	11000-17047-82163-2011	66,386
Nonpublic School Transportation.....	11000-SDE64000-17049	11000-17049-82010-2011-170006	15,035
<b>STATE COMPTROLLER:</b>			
Mashantucket Pequot/Mohegan Fund.....	12009-OSC15910-17005		684,286
<b>TOTAL EXEMPT PROGRAMS.....</b>			<b>15,170,730</b>
<b>GRAND TOTAL STATE FINANCIAL ASSISTANCE.....</b>			<b>\$ 17,710,735</b>

See notes to Schedule of Expenditures of State Financial Assistance

**TOWN OF NEWTOWN, CONNECTICUT**

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2011

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Various departments and agencies of the State of Connecticut have provided financial assistance to the Town of Newtown through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including Department of Education, Department of Transportation, Department of Economic and Community Development, Department of Environmental Protection, Department of Labor, Mental Health and Addiction Services, Office of Policy and Management, Connecticut State Library, State Comptroller, Department of Public Safety and the Department of Public Safety.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Newtown, Connecticut, conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board. The following is the significant policy relating to State financial assistance.

Basis of Presentation

The accompanying Schedule of Expenditures of State Financial Assistance is presented on the modified accrual basis of accounting and a current financial resources measurement focus.

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.

**2. LOAN PROGRAM**

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the Schedule of Expenditures of State Financial Assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2011.

DEPARTMENT OF ENVIRONMENTAL PROTECTION:

Clean Water Funds (21014-OTT14230-40001):

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance July 1, 2010</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
06/30/97	2.0%	\$ 4,570,000	\$ 1,673,936	\$ 243,592	\$ 1,430,344
10/30/98	2.0%	16,128,596	6,611,048	845,495	5,765,553
10/31/03	2.0%	516,000	355,943	24,067	331,876

Drinking Water Funds (21017-OTT14230-40001):

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance July 1, 2010</u>	<u>Retired</u>	<u>Balance June 30, 2011</u>
06/29/06	2.32%	\$ 171,738	\$ 138,233	\$ 7,499	\$ 130,734

**TOWN OF NEWTOWN, CONNECTICUT**

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2011

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Summary Schedule of Prior Audit Findings

- There were no prior audit findings or questioned costs.

**TOWN OF NEWTOWN, CONNECTICUT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2011

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?       yes   x  no

State Financial Assistance

Internal control over major programs:

- Material weakness(es) identified?       yes   x  no
- Significant deficiency(ies) identified?       yes   x  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   x  no

- Dollar threshold used to distinguish between type A and type B programs: \$200,000
- 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>
DEPARTMENT OF TRANSPORTATION:		
Town Aid Road Grants Transportation Fund	12052-DOT57000-43455	\$ 62,427
Town Aid Road Grants Transportation Fund	13033-DOT57000-43459	171,674
DEPARTMENT OF ENVIRONMENTAL PROTECTION:		
Projected Open Space and Watershed Land Acquisition Grant Program	12052-DEP43000-40506	500,000
STATE COMPTROLLER:		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OSC15910-17004	912,401

II. FINANCIAL STATEMENTS FINDINGS

There were no findings reported relating to the Town's financial statements.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

There were no findings or questioned costs reported relating to State Financial Assistance programs.



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INDEPENDENT AUDITORS' 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

Legislative Council  
Town of Newtown, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Newtown, Connecticut, as of and for the year ended June 30, 2011, which collectively comprise the Town's basic financial statements and have issued our report thereon dated November 10, 2011. 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

Management of the Town is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town'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's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town'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, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of 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 over financial reporting 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.



Town of Newtown, Connecticut  
Page Two

Compliance and Other Matters

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

We noted certain matters that we reported to management of the Town in a separate letter dated November 10, 2011.

This report is intended solely for the information and use of management, the Legislative Council, others within the entity, the Office of Policy and Management, 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.

*Kostin, Ruffkess & Company, LLC*

Farmington, Connecticut  
November 10, 2011



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INDEPENDENT AUDITORS' 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

Legislative Council  
Town of Newtown, Connecticut

Compliance

We have audited the Town of Newtown, 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's major state programs for the year ended June 30, 2011. 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's management. Our responsibility is to express an opinion on 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'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's compliance with those requirements.

In our opinion, the Town 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, 2011.

Internal Control over Compliance

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



Town of Newtown, Connecticut  
Page Two

Internal Control Over Compliance (Continued)

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a state program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be 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, business-type activities, each major fund and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2011, and have issued our report thereon dated November 10, 2011, which contained unqualified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements as a whole. The 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

*Kostin, Ruffkess & Company, LLC*