

THESE MINUTES ARE SUBJECT TO APPROVAL BY THE BOARD OF FINANCE

The Board of Finance held a regular on Monday, April 10, 2017 in the Council Chambers at the Municipal Center, 3 Primrose Street, Newtown, CT. Chairman John Godin called the meeting to order at 7:30pm.

Present: James Gaston, John Godin, Kelley Johnson, Mark Boland, Sandy Roussas

Absent: Aaron Carlson

Also Present: Finance Director Robert Tait, Director of Public Works Fred Hurley and one member of the press

VOTER COMMENT – None

COMMUNICATIONS – None

MINUTES – Mr. Gaston moved to approve the amended March 23, 2017 minutes. Ms. Johnson seconded, motion unanimously approved

FIRST SELECTMAN REPORT – None

FINANCE DIRECTORS REPORT – Mr. Tait reviewed the Legislative Council adjustments to the budget (Attachment A). Mr. Gaston asked if the LC would make the BOE whole if the special education grant wasn't received. Mr. Tait explained, depending on how much, it will be a combination of timing, belt tightening and fund balance. They will not know how much until the state budget is finalized. They further reduced state grants close to a total of \$3 million. What they are banking on is at the most, we have a \$3 million dollar reduction to state grants. Mr. Gaston, expressed concern that the voters are not going to be voting for the services instead they are concentrated on the mill rate. By reducing the roads, we are going to go back to where we were. Mr. Tait explained that we are up to \$1.5 million plus \$1 million in bonding. The reduction in PD contractual is with the private security at FFH. The biggest at risk is the special education \$1,031,481. If it does not materialize, to make up for the loss, it will either come from increased ECS grant, savings, delayed hiring or the fund balance.

NEW BUSINESS

Recommendation to Legislative Council to appoint audit firm – Mr. Tait explained that the LC asked him to do an RFP for auditing services, which three companies responded to. They were all evaluated by Mr. Tait, Mr. Bienkowski and Mr. Godin. They had a ranking criteria and they all came very close to picking the same company, Mahoney Sabol (Attachment B). Mr. Gaston moved the BOF recommends the LC appoint the audit firm of Mahoney Sabol, Ms. Johnson seconded, motion unanimously approved.

Transfer \$5,000 from Contingency to Selectman Other Expenses – Fred Hurley explained that the power company will not allow anything within 10 feet of their wires, which is why we can't hang banners on Queen Street now. He presented a proposal that will allow them to hang banners on Queen Street and stay at least 10' from any power lines (Attachment C). Mr. Gaston

added that this has been going on for over 25 years. There is a tremendous request for this service and it is only for non-profit. The original proposal from the town was 50/50 but since the town is putting up the poles the borough will pay more. Ms. Roussas moved to approve the transfer of \$5,000 from Contingency to Selectman Other Expenditures, Ms. Johnson seconded, motion approved with one abstained (Gaston) (Attachment D).

UNFINISHED BUSINESS

Senior Tax Relief – Ms. Johnson presented an Analysis of CT Senior Tax Relief Option (Attachment E). John Godin asked Board members to review Ms. Johnson's presentation and have a conversation next meeting regarding deferrals or freezes. They will go through each option pros and cons. Mr. Godin also gave the Board a timeline from the Ryan Knapp, Ordinance Committee Chairman (Attachment F).

Voter Comments – None

Announcements – None

Having no further business, the meeting was adjourned at 8:43pm

Respectfully Submitted,
Arlene Miles, Clerk

Attachment A

2017 - 2018 BUDGET - LEGISLATIVE COUNCIL ADJUSTMENTS				
3/29/2017	2017-2018 BUDGET BOARD OF FINANCE	LEGISLATIVE COUNCIL	2017-2018 BUDGET LEGISLATIVE COUNCIL	COMMENTS
FUNCTION / DEPARTMENT / ACCOUNT	RECOMMENDED	ADJUSTMENTS	ADOPTED	
MEDICAL SELF-INSURANCE CONTRIBUTION				
VARIOUS DEPARTMENT GROUP INSURANCE ACCOUNTS	3,336,274	(63,630)	3,272,644	Due to improved medical claims experience since last analysis.
PENSION CONTRIBUTION				
VARIOUS DEPARTMENT RETIREMENT CONTR ACCOUNTS	1,500,485	(133,030)	1,367,455	Delay planned phase in to change in actuarial calculation and change in discount rate till next year.
DEBT SERVICE				
BOND PRINCIPAL	6,780,694	(14,500)	6,766,194	Estimate replaced by actual amounts from March bond issue. \$152,968 in interest adjustment represents the bond premium on the new issue.
BOND INTEREST	2,344,780	(173,906)	2,170,874	
TOWN HALL BOARD OF MANAGERS				
CONTRIBUTIONS	95,000	(10,000)	85,000	Reduce contribution to ETH BOM.
HIGHWAY				
ROAD IMPROVEMENTS	1,750,000	(250,000)	1,500,000	Reduction in road improvements would leave \$1,500,000 in the general fund and \$1,000,000 in the CIP funded by bonds (\$2,500,000 total)
POLICE				
CONTRACTUAL SERVICES	57,475	(20,000)	37,475	Reduction per Chief of Police.
EDUCATION				
EDUCATION LINE ITEM	74,827,438	(800,000) (1,031,481)	72,995,957	Justification: Medical self insurance \$173k; pension \$55k; BOE 2016-17 operating surplus \$265k; delay maint projects \$272; delay pay to play price reduction \$35k.
TOTAL TO DATE	115,992,078	(2,496,546)	113,495,532	
INTERGOVERNMENTAL REVENUES (STATE)				
EDUCATION COST SHARING GRANT		(1,500,000)		Reduce state revenue estimate due to expected state reductions in municipal aid. The budget reductions above will offset the effect of this action.
				***To account for an increase in special education grants applied directly to the BOE budget. See BOE budget page 178. The grant revenue of \$1,022,579 is expected to be increased by \$1,031,481. If it does not get increased by this amount the LC will make the BOE whole.
TOWN OF NEWTOWN				
2017 - 2018 BUDGET - LEGISLATIVE COUNCIL ADJUSTMENTS				
4/5/2017	2017-2018 BUDGET BOARD OF FINANCE	LEGISLATIVE COUNCIL	2017-2018 BUDGET LEGISLATIVE COUNCIL	COMMENTS
FUNCTION / DEPARTMENT / ACCOUNT	RECOMMENDED	ADJUSTMENTS	ADOPTED	
INSURANCE				
INSURANCE OTHER THAN	1,165,500	(25,000)	1,140,500	Due to final premium (amount) notice.
CAPITAL AND NON RECURRING				
TRANSFER OUT	300,000	(75,000)	225,000	Planned capital item,s in detail, stay the same. To account for this, \$75,000 from the 2016-17 contingency will be transferred to the capital non recurring account.
3/29/2017 REDUCTIONS		(2,496,546)		
TOTAL	115,992,078	(2,596,546)	113,395,532	

*** ANNUAL BUDGET REFERENDUM ***

LEGAL NOTICE

TUESDAY, APRIL 25, 2017 AT 6am - 8pm
AT THE NEWTOWN MIDDLE SCHOOL

PROPOSED BUDGET ADOPTED BY THE LEGISLATIVE COUNCIL (TOWN CHARTER 6-20)

TOWN OF NEWTOWN BUDGET SUMMARY LEGISLATIVE COUNCIL ADOPTED BUDGET April 5, 2017

	<u>2016-2017</u>	<u>2017-2018</u>	<u>% CHANGE</u>
SUMMARY OF REVENUES & OTHER FINANCING SOURCES - BY TYPE:	(amended)		
PROPERTY TAXES	102,836,991	104,900,767	2.0%
INTERGOVERNMENTAL	8,541,438	5,555,045	-35.0%
CHARGES FOR SERVICES	2,223,700	2,147,470	-3.4%
INVESTMENT INCOME	200,000	400,000	100.0%
OTHER REVENUES	205,250	217,250	5.8%
OTHER FINANCING SOURCES	175,000	175,000	0.0%
	<u>114,182,379</u>	<u>113,395,532</u>	-0.7%

SUMMARY OF EXPENDITURES & OTHER FINANCING USES - BY FUNCTION:

BOARD OF SELECTMEN BUDGET:

GENERAL GOVERNMENT	4,431,588	4,514,575	1.9%
PUBLIC SAFETY	10,195,366	10,398,091	2.0%
PUBLIC WORKS	9,921,145	9,863,190	-0.6%
HEALTH AND WELFARE	1,566,961	1,564,350	-0.2%
PLANNING	811,846	808,587	-0.4%
RECREATION & LEISURE	3,701,260	3,745,209	1.2%
CONTINGENCY	138,702	200,000	44.2%
DEBT SERVICE	9,325,474	8,937,068	-4.2%
OTHER FINANCING USES	424,972	368,505	-13.3%



TOTAL BOARD OF SELECTMEN BUDGET

40,517,314	<u>40,399,575</u>	-0.3%
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BOARD OF EDUCATION BUDGET:

EDUCATION	73,665,065	72,995,957	-0.9%
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TOTAL BOARD OF EDUCATION BUDGET

73,665,065	<u>72,995,957</u>	-0.9%
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TOTAL TOWN OF NEWTOWN BUDGET

<u>114,182,379</u>	<u>113,395,532</u>	-0.7%
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TAX INFORMATION:

	<u>2016-2017</u>	<u>2017-2018</u>
NET TAXABLE GRAND LIST	3,083,371,154	3,111,856,918
AMOUNT OF REVENUE TO BE RAISED BY CURRENT TAXES	100,571,352	103,010,767
ASSUMED TAX COLLECTION RATE	99.00%	99.20%
TAX LEVY	101,587,224	103,841,499
MILL RATE	33.60	33.87
TAX RATE PERCENT DECREASE/INCREASE	1.62%	0.82%

AUDIT SERVICES PROPOSAL - EVALUATION RANKINGS

MahoneySabol

RANKING CRITERIA - (5 being the highest)	Evaluator			Notes	GRAND	
	#1	#2	#3		TOTAL	AVERAGE
Company's resource capability to perform required services.	4.0	5.0	5.0		14.0	4.7
Company's perception of project requirements.	5.0	4.7	5.0		14.7	4.9
Qualifications of staff.	4.0	4.3	5.0		13.3	4.4
Quality and content of approach to audit and schedule.	5.0	3.7	5.0		13.7	4.6
Similar assignments.	5.0	4.7	4.0		13.7	4.6
Fee for services.	3.0	2.7	4.0		9.7	3.2
Local presence	5.0	4.3	5.0		14.3	4.8
Total company staff listed	4.0	3.0	5.0		12.0	4.0
Use of technology detailed	4.0	4.0	3.0		11.0	3.7
Value added services	4.0	2.7	3.0		9.7	3.2
Completeness and professionalism of information submitted.	5.0	5.0	5.0		15.0	5.0
Overall impression - Total Score	48.0	44.1	49.0		141.1	12.8

O'Connor Davies

RANKING CRITERIA - (5 being the highest)	Evaluator			Notes	GRAND	
	#1	#2	#3		TOTAL	AVERAGE
Company's resource capability to perform required services.	5.0	5.0	5.0		15.0	5.0
Company's perception of project requirements.	5.0	4.7	5.0		14.7	4.9
Qualifications of staff.	4.0	4.7	5.0		13.7	4.6
Quality and content of approach to audit and schedule.	3.0	2.7	5.0		10.7	3.6
Similar assignments.	5.0	5.0	5.0		15.0	5.0
Fee for services.	3.0	2.7	3.0		8.7	2.9
Local presence	5.0	4.7	5.0		14.7	4.9
Total company staff listed	0.0	1.3	5.0		6.3	2.1
Use of technology detailed	2.0	1.3	4.0		7.3	2.4
Value added services	5.0	4.7	4.0		13.7	4.6
Completeness and professionalism of information submitted.	4.0	3.7	5.0		12.7	4.2
Overall impression - Total Score	41.0	40.5	51.0		132.5	12.0

Ron L. Beaulieu & Company

RANKING CRITERIA - (5 being the highest)	Evaluator			Notes	GRAND	
	#1	#2	#3		TOTAL	AVERAGE
Company's resource capability to perform required services.	4.0	4.3	3.0		11.3	3.8
Company's perception of project requirements.	5.0	4.3	3.0		12.3	4.1
Qualifications of staff.	4.0	3.0	4.0		11.0	3.7
Quality and content of approach to audit and schedule.	5.0	3.7	5.0		13.7	4.6
Similar assignments.	5.0	3.3	4.0		12.3	4.1
Fee for services.	5.0	5.0	5.0		15.0	5.0
Local presence	0.0	1.7	2.0		3.7	1.2
Total company staff listed	0.0	1.3	3.0		4.3	1.4
Use of technology detailed	2.0	1.0	3.0		6.0	2.0
Value added services	2.0	1.7	3.0		6.7	2.2
Completeness and professionalism of information submitted.	5.0	3.3	5.0		13.3	4.4
Overall impression - Total Score	37.0	32.6	40.0		109.6	10.0

Pricing Comparison

Town budget = \$71,010

MahoneySabol - First year fee	\$ 71,500
Fee for five years	\$ 360,500
O'Connor Davies - First year fee	\$ 71,700
Fee for five years	\$ 380,480
Ron L. Beaulieu - First year fee	\$ 57,500
Fee for five years	\$ 287,500

Proposal to Provide Professional Services

Prepared For:

Town of
Newtown,
Connecticut

COPY

Prepared By:

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February 28, 2017



Table of Contents

Transmittal Letter	1
Technical Proposal	
General Requirements	5
Firm Qualifications and Experience	6
Partner, Supervisory and Staff Qualifications and Experience	10
Similar Engagements with Other Government Entities	17
Audit Approach	19
Appendix A – Peer Review Report	
Appendix B – Proposer Guarantees and Proposer Warranties	
Appendix C – Audit Services Fee Proposal	

February 28, 2017

Mr. Robert Tait
Director of Finance
Town of Newtown
3 Primrose Street
Newtown, CT 06470

Dear Mr. Tait:

We are pleased to present our qualifications and approach to provide professional auditing services for the Town of Newtown, Connecticut (the "Town"). The following paragraphs summarize why we believe Mahoney Sabol & Company, LLP ("MahoneySabol" or "MSCO") is uniquely qualified to render competent and responsive auditing services to the Town on a minimum cost basis.

Experienced Team

We provide an experienced governmental auditing team in order to serve the auditing needs of the Town. We realize that our most important asset is our people and that attracting and retaining high caliber employees is the key to success in any organization. We take pride in the fact that we are able to commit to year-to-year continuity of the engagement team assigned to the Town. Our clients have told us that they appreciate our lack of engagement team turnover and enjoy having an engagement team who is knowledgeable of their industry and their own unique operations. We believe that the use of experienced professionals during all segments of the engagement is critical to the performance of an efficient and effective audit.

Technical Expertise

We handle some of the most sophisticated governmental engagements of any firm our size. A significant portion of our practice is devoted to serving clients in the governmental/nonprofit sector. Our firm currently provides auditing services to 19 municipalities, 3 regional school districts, 2 quasi-public state agencies and 1 major special revenue fund of the State of Connecticut (the Special Transportation Fund).

Additional Benefits of MahoneySabol

MahoneySabol is a Connecticut based accounting firm with offices located in Glastonbury, Middletown and Essex. Our market share is growing rapidly. We believe this is happening because organizations appreciate our regional presence, expertise, client service, and lower cost structure. Our size is important, as it allows us to serve clients better than any of our competitors.

Transmittal Letter (continued)

We can offer the Town the following additional benefits:

Responsive Service: Choosing MahoneySabol allows the Town to receive a high level of audit quality that is on par with national firms. The Town will be one of our most important clients, which means the Town's needs will receive the highest priority and attention. In addition, our expertise with client transitions is important as it will minimize any internal apprehension or distraction to the Town. We will deliver all our products and services on time and on budget. We value our relationship with you and consider responsive service as the foundation of that relationship.

Partner Rotation: Our Public Sector Practice Group includes multiple partners that allows for partner rotation upon request of the Town. The main purpose of audit partner rotation is to bring a "fresh look" to the audit engagement while maintaining firm continuity and overall audit quality.

Unique Audit Approach: Our engagement approach balances the experience and creativity of our engagement team with leading-edge technology to implement an efficient 'risk based' audit approach.

National Firm Resources: We are an independent member of the BDO Alliance USA, a nationwide association of independently owned local and regional accounting, consulting and service firms with similar client service goals. The BDO Alliance USA presents an opportunity for firms to expand services to clients without jeopardizing our existing relationships or our autonomy by accessing the resources of BDO USA, LLP and other Alliance members. The BDO Alliance USA was developed to provide Member firms with an alternative strategy for gaining competitive advantage in the face of a changing business landscape. The Alliance represents an opportunity for BDO to enhance relationships with reputable firms that share a mutual business understanding. The BDO Alliance USA is a subsidiary of BDO USA, LLP, a Delaware limited liability partnership. Through this affiliation, our team has developed a network with technical experts in the governmental industry and with Alliance member firms that serve several types of governmental entities, including local governments. The Town will be the beneficiary of this high level of technical expertise.

True to Our Roots: The accounting industry in Connecticut has seen regional and local firms being consolidated upward by larger firms outside of Connecticut. In many cases this has resulted in service issues and fee increases. MahoneySabol has become the exception. MahoneySabol is committed to growing locally while staying connected to the communities where we and our clients, work, live and play.

Commitment to Quality Control

MahoneySabol is also one of a small percentage of accounting firms registered with and inspected by the Public Companies Accounting Oversight Board (PCAOB). The PCAOB was created by the Sarbanes-Oxley Act of 2002 to oversee auditors of public companies in order to protect the interest of investors and further the public interest in the preparation of informative, fair and independent audit reports. We are proud to be registered and believe it is a testament to the highest level of quality controls directed towards client service.

Transmittal Letter (continued)

Commitment to Corporate Governance and Internal Control

The public sector not only underwent profound changes in the financial reporting model, but also in terms of the accounting and regulatory environment which is placing additional emphasis on the prevention and detection of fraud, corporate governance, and auditor independence. We are committed to providing the Town with an objective assessment of its policies and procedures, and identifying high-risk areas. Our charge is to offer the Town recommendations and solutions to enhance controls in these high-risk areas and to be a valuable resource in the prevention and detection of fraud.

Understanding of the Services to be Provided

It is our understanding that we are to perform the following services for the Town of Newtown for the fiscal years ending June 30, 2017 with four optional one-year extensions:

1. An audit of the basic financial statements of the Town of Newtown. Our audit will be conducted 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.

At the conclusion of our audit, we will issue a report that expresses an opinion on whether the Town's basic financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Further, our report will include an "in relation to" paragraph covering the combining and individual fund financial statements and schedules, the schedule of expenditures of federal awards, and the schedule of expenditures of state financial assistance based on the results of the auditing procedures applied during the audit of the basic financial statements. Our report will also include a paragraph indicating that we have applied certain limited procedures regarding the methods of measurement and presentation of required supplementary information.

2. A federal single audit in accordance with 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).
3. A state single audit in accordance with Sections 4-230 through 4-236 of the Connecticut General Statutes and the provisions of the Connecticut Office of Policy and Management Compliance Supplement to the State Single Audit Act.

At the conclusion of our single audit work, we will issue the following reports:

- A 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*.
- Report on compliance with requirements applicable to major federal award programs and on internal control over compliance in accordance with the Uniform Guidance.
- Report on compliance with requirements applicable to major state award programs and on internal control over compliance in accordance with the State Single Audit Act.

Transmittal Letter (continued)

Understanding of the Services to be Provided (continued)

4. Issuance of a report in accordance with Statements on Standards for Attestation Engagements, issued by the American Institute of Certified Public Accountants, based on the results of procedures required by the State Department of Education's Review Package.
5. Assistance in preparing the basic financial statements, including a comprehensive annual financial report (CAFR) for submission to the Government Finance Officer's Association Certificate of Achievement for Excellence in Financial Reporting Program.
6. Preparation of a management letter setting forth our observations and recommendations for constructive change.
7. Preparation of a document setting forth those communications required by our professional standards.
8. Meetings with management, Legislative Council and the Board of Finance at the completion of our work to present the audited financial statements and management letter. Meetings, as needed, throughout the year with respect to operational and accounting matters and industry developments.

Commitment to Perform the Work

We are committed to performing the services required within the time schedule specified in your request for proposal and we guarantee 'on-time/on-budget' performance of all project deliverables. This proposal constitutes a firm and irrevocable offer for 90 days.

We have read the Request for Proposal and fully understand its intent and contents. We certify that we have adequate personnel, insurance, equipment, and facilities to fulfill the specified requirements.

We are enthusiastic about providing auditing services for the Town of Newtown. If you should have any questions or desire any additional information, please contact me at 860.541.2000, as I have full authorization to make representations for the firm.

Very truly yours,



Michael J. VanDeventer, CPA
Partner

860-541-2000

BoF 4/10

LL 4/12

General Requirements

Independence

MahoneySabol has had no professional relationships involving the Town of Newtown in the previous five years and is independent of the Town as defined by auditing standards generally accepted in the United States of America and the U.S. Comptroller General's *Government Auditing Standards*.

Conflicts of Interest

MahoneySabol is not aware of any conflicts of interest arising from continued service to our existing clients and any engagements for the Town.

License to Practice in Connecticut

MahoneySabol and the engagement partners are licensed to practice in the State of Connecticut.

Affirmative Action

MahoneySabol is an equal opportunity/affirmative action employer.

Firm Qualifications and Experience

For over 25 years, clients have relied on MahoneySabol to help them achieve their business and personal financial goals. We earn our clients' trust by being truly useful to them—consistently delivering outstanding service based on deep industry experience, valuable insights, technical skills, personal attention, responsiveness, and significant partner involvement.

Full-service Certified Public Accountants and Business Advisors

Our services go beyond traditional accounting and include comprehensive tax, assurance and advisory solutions. We develop long-term relationships in order to truly get to know our clients.

Connecticut Presence

With offices in three locations throughout Connecticut and a total staff of more than 40, we are able to call upon all available resources in order to serve our clients effectively.

Memberships

MahoneySabol is a member of the Center for Audit Quality and the Governmental Audit Quality Center at the American Institute of Certified Public Accountants (AICPA). We are also a registered member of the Public Company Accounting Oversight Board (PCAOB), which was created out of the Sarbanes-Oxley Act. While the PCAOB is focused only on our public company practice, our internal quality control policies and procedures throughout the firm reflect an adherence to this higher standard applicable to all business.

Commitment to Quality Control

In December of 2013, our firm underwent an AICPA peer review, including a review of specific government engagements. The peer review team determined that the quality control system for our auditing and accounting practice met the stringent professional standards established by the AICPA. In addition, our 2013 report did not have an accompanying letter of comments which is an outstanding achievement (see Appendix A for our most recent issued Peer Review Report). In December of 2016, our firm underwent its most recent AICPA peer review. The review is substantially complete and the release of the final peer review report is pending AICPA approval.

MahoneySabol is also subject to periodic inspection by the PCAOB of our auditing practice applicable to SEC issuers. PCAOB inspections are designed to identify and address weaknesses and deficiencies related to audit conduct to determine if that portion of the firm's auditing practice is being conducted in accordance with PCAOB standards. Our most recent PCAOB inspection was conducted in 2016.

The firm has not had any federal or state desk audit reviews or disciplinary action taken against it by state regulatory bodies or professional organizations during the past three years or since its inception, nor is any such action pending against the firm. The firm has not defaulted on any contracts and there is currently no pending litigation involving the firm.

Firm Qualifications and Experience (continued)

Mission Statement and Values

The key to creating a truly great organization is an intense focus on a mission and a core set of values that guide peoples' actions.

Mission

Consolidation upstream into larger firms based outside of New England has become the Norm; Mahoney Sabol & Company, LLP has become the Exception.

We have made a commitment to remaining TRUE TO OUR ROOTS, growing locally while staying connected to the communities where we, and our CLIENTS, work, live and play.

Values

At Mahoney Sabol & Co., LLP, there is no bottom line where ethics are concerned. There are only the highest standards consistent throughout our Firm. You can count on INTEGRITY as our top priority.

Our commitment to the mission and values has helped earn us a reputation for excellence and the respect and trust of individuals and businesses throughout Connecticut. Many of our new clients come to us as the result of referrals from banks, law firms and existing clients who recommend us to their clients, friends and colleagues.

MahoneySabol is truly a full-service professional services firm. We are proud of our expertise in meeting the varied needs of our clients including auditing, accounting, tax, and management advisory services. As a Connecticut based firm, our dedication to the communities where we live and work is unparalleled.

Commitment to Education and Technology

All our partners and staff are provided with firm-paid continuing educational opportunities that exceed the minimum professional requirements. In this rapidly changing environment, you can be confident that your engagement team will be up-to-date on the latest changes in professional standards and accounting and financial reporting pronouncements.

Our significant investment in technology means that you enjoy better communication and efficiency. Our three offices enable us to staff engagements out of any office as special projects and requests arise, resulting in prompt, top quality service to our clients. Your engagement will be completed quickly and with minimum disruption to your operations.

Firm Qualifications and Experience (continued)

Public Sector Industry Practice

Our public sector industry team is made up of sixteen professionals as follows:

	Governmental Total
Professional	
Partners	2
Managers	3
Seniors	4
Staff	6
Administrative	1
	<u>16</u>

The team assigned to the engagement has a considerable amount of experience auditing and providing financial consulting in the governmental sector. Not only have they audited and compliance tested governmental entities and grant programs, they are also experienced in providing consulting services in the areas of financial reporting, grant compliance and controls, and in helping our clients implement paperwork-flow routines, internal controls and accounting systems adequate to support the reporting and compliance requirements of a local government.

Audit Practice

Our audit practice is varied and handles some of the most sophisticated engagements of any firm our size.

Our municipal, quasi-government and nonprofit practice provides financial and compliance auditing services to a wide range of clientele in the state. A significant portion of our practice is devoted to serving clients in this sector.

Our practice also deals with private-sector clients in many industries, including manufacturing, distribution, healthcare, real estate, and service. In addition, we have clients which must comply with SEC reporting requirements.

Firm Qualifications and Experience (continued)

Experience in Auditing Municipalities

A complete listing of current Connecticut municipal clients are as follows, including clients gained and lost during the previous three years are as follows:

Name of Government	Years of Service*	Population
Town of New Milford	2013 - present	27,000
Town of Montville	2013 - present	20,000
Town of Monroe	2013 - 2014	20,000
Town of Killingly	2013 - present	17,000
Town of Wolcott	2014 - present	17,000
Town of Ellington	2013 - present	16,000
Town of Plainfield	2013 - present	15,000
Town of East Windsor	2011 - present	11,000
Town of Somers**	2013 - present	11,000
Town of Canton**	2015 - present	10,000
Town of Old Saybrook	2015 - present	10,000
Town of Putnam	2013 - present	10,000
Town of Hebron**	2013 - present	9,500
Town of Portland	2013 - present	9,000
Town of Woodstock	2014 - present	8,000
Town of Essex	2013 - present	7,000
Town of Willington**	2013 - present	6,000
Town of Beacon Falls	2013 - present	6,000
Town of Canterbury	2013 - present	5,000
Town of Ashford	2013 - present	4,000
Regional School District No. 10	2013 - present	N/A
Regional School District No. 5	2013 - present	N/A
Regional School District No. 4	2013 - present	N/A

* The Public Sector Practice Group joined MahoneySabol in 2013. Years of Service does not include years served by the Public Sector Practice Group as members of Grant Thornton, LLP and CCR LLP.

** Audit reports receiving Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting.

In addition to the above municipalities, our Public Sector Practice Group also performs the annual financial audits of the following quasi-governmental agencies of the State of Connecticut:

Name of Government	Years of Service*	Revenues (Expressed in Thousands)
Special Transportation Fund of the State of Connecticut	2013 - present	\$2,003,000
Capital Region Development Authority	2013 - present	\$46,000
Materials Innovation Recycling Authority	2015 - present	\$100,000

Partner, Supervisory and Staff Qualifications and Experience

Our ability to serve the Town productively and efficiently resides in the skills and attitudes of our people. All of our professionals continuously seek ways to eliminate inefficiencies and efforts that do not add value to the Town. To succeed, our professionals are trained and work in a culture that stimulates and rewards efficient behavior. We operate by engaging our professionals in innovative and critical thinking that dramatically improves efficiency, quality, and client service. Our professionals find that their assignments are more interesting, challenging, and enjoyable than at other accounting firms. We believe this atmosphere is the reason our staff turnover is lower than the industry average. The results are outstanding people providing outstanding service to you, our client.

All personnel in our firm meet AICPA independence standards and those of the Comptroller General's *Government Auditing Standards*. In all matters relating to audit work, both our firm and the individual auditors are free from personal and external impairments to independence. All individuals are well aware of the need to maintain an independent attitude and appearance.

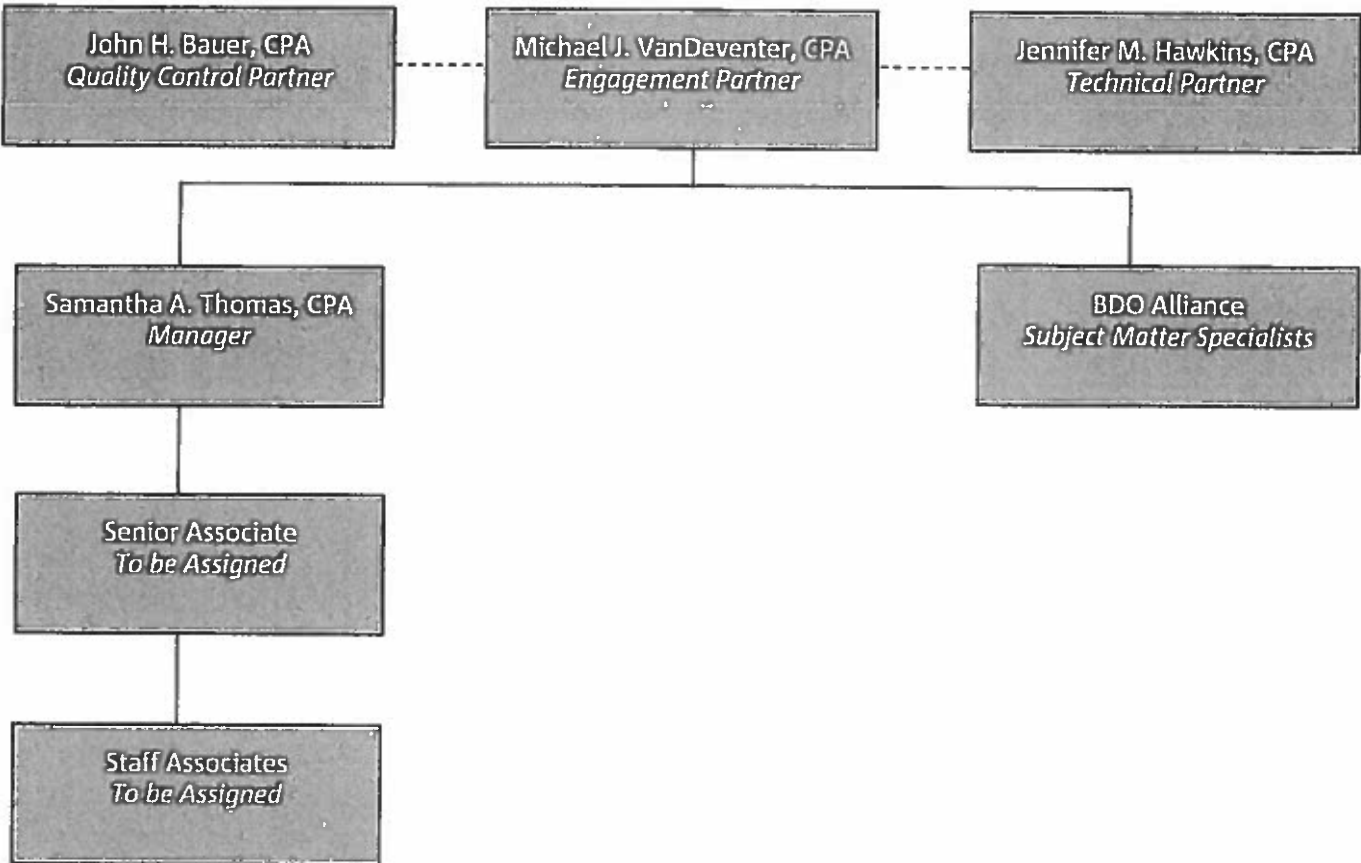
The Team Approach

We strongly believe that engagement quality is enhanced by continuity of engagement personnel and look with pride on our ability to create an environment where professionals continue to grow and accept more responsibility on the same engagements from year to year. Our firm has created an environment of continuing growth and opportunity for our people, which leads to stability for our associates. We can assure the continuity of the Town engagement staff by continuing to maintain a firm environment based on the highest professional standards and a dynamic organization that challenges its people for continued growth and upward mobility. We will serve the Town through a "service team" made up of individuals with the special technical expertise and industry knowledge required to identify and properly address the Town's business, accounting and reporting needs.

Should the need arise to change any key personnel assigned to the Town, the firm's policy is to introduce another professional with the same or greater level of experience and technical ability, subject to the approval of the Town.

Partner, Supervisory and Staff Qualifications and Experience (continued)

The following represent the key professional staff that will be assigned to the Town of Newtown:



Partner, Supervisory and Staff Qualifications and Experience (continued)

Michael J. VanDeventer, CPA
Public Sector Practice Leader
Engagement Partner

Michael J. VanDeventer is a Partner in the Assurance Services Department of Mahoney Sabol & Company, LLP, as well as a co-leader of the Public Sector Practice group. He graduated from the University of Connecticut with a Bachelor of Science degree in Accounting as well as his Master of Science degree in Accounting.



Engagement Role

As engagement partner, Michael has overall and ultimate responsibility for all audit work performed for the Town. He maintains continuing contact through the review of Town data, risk assessments, design of audit approach, review of engagement documentation, and discussions with Town and engagement personnel.

Experience

Michael has over sixteen years of experience focused on auditing municipalities and quasi-governmental agencies. He has an in-depth understanding of municipal financial reporting and has been extensively involved in the development of comprehensive annual financial reports that have qualified for the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting Program. Michael also takes an active role in analyzing and developing implementation plans for new GASB standards and is also active in leading training seminars on governmental topics. He is also knowledgeable of reporting requirements of OMB Circular A-133, the Uniform Guidance, and the state single audit act. Michael serves as the engagement partner for several local governmental audit engagements.

Memberships

Michael is a member of the American Institute of Certified Public Accountants (AICPA), the Connecticut Society of Certified Public Accountants (CTCPA), and the Governmental Accounting and Auditing Committee of the CTCPA.

Partner, Supervisory and Staff Qualifications and Experience (continued)

Jennifer M. Hawkins, CPA
Public Sector Practice Leader
Technical Partner

Jennifer M. Hawkins is a Partner in the Assurance Services Department of Mahoney Sabol & Company, LLP, as well as a leader of the Public Sector Practice group. She graduated from Eastern Connecticut State University with a Bachelor of Science degree in Accounting and a Masters of Science degree in Accounting.



Engagement Role

As technical partner, Jennifer will maintain continuing contact with the engagement team through the review of Town's data, risk assessments, design of audit approach, and review of engagement documentation. She will provide a "second opinion" on key issues encountered and will be thoroughly familiar with the engagement to ensure there is never any interruption in the superior level of service rendered to the Town.

Experience

Jennifer has over sixteen years of auditing and consulting experience, concentrated primarily in federal and state single audits of governmental, quasi-governmental organizations and large not-for-profit organizations. She has performed several consulting projects relative to internal control assessments and in the development of policies and procedures manuals. She has an in-depth understanding of the governmental financial reporting model and is knowledgeable of reporting requirements of both the Uniform Guidance and state single audit acts. Mrs. Hawkins has served as the engagement partner for several governmental audit engagements and has developed industry specific knowledge and expertise in the preparation and auditing of Form ED001 completed by local boards of education.

Memberships

Jennifer is a member of the American Institute of Certified Public Accountants (AICPA), the Connecticut Society of Certified Public Accountants (CTCPA), in which she serves on the Governmental Committee. Jennifer is also a member of the Government Finance Officers Association (GFOA), and the GFOA of Connecticut. She also serves as the Treasurer for a small non-for-profit organization.

Partner, Supervisory and Staff Qualifications and Experience (continued)

John H. Bauer, CPA
Quality Control Partner

John Bauer is a Partner of the Assurance Services Department of Mahoney Sabol & Company, LLP. He is a graduate of Bryant College with a Bachelor of Science degree in accounting.



Engagement Role

John will work with the engagement partners to identify risk and develop the overall audit approach. Throughout the engagement, he will monitor the engagement team's progress and continually reassess risk and identify any revisions to our planned audit approach and related audit procedures.

Experience

John has over twenty-five years of public accounting experience serving privately held and public companies, including several years at a national firm. He has directed numerous audits for public sector entities and not-for-profit organizations and served as Chairman of the Board of Finance for the Town of Deep River. In addition, he has experience with publicly held and private companies in the renewable energy, manufacturing, and financial services industries.

Memberships

John is a member of the American Institute of Certified Public Accountants (AICPA) and the Connecticut Society of Certified Public Accountants (CTCPA). In addition, he previously served as Chairman of the Board of Finance for the Town of Deep River, Connecticut, and the Safety Officer for the Deep River Volunteer Fire Department.

Partner, Supervisory and Staff Qualifications and Experience (continued)

Samantha A. Thomas, CPA
Manager

Samantha Thomas is a Manager in the Assurance Services Department of Mahoney Sabol & Company, LLP. She graduated from the Central Connecticut State University with a Bachelor of Science degree in Accounting. In addition, she has obtained her Masters of Science degree from New England College.



Engagement Role

Samantha will work closely with the engagement partners to identify risk and develop the overall audit approach. Samantha will be responsible for monitoring the progress and performance of the senior and staff associates assigned to the engagement, and on the basis of staff associates' experience and ability, she will delegate audit work to them. She will assist with the complex audit areas and provide guidance on key issues, as well as assist the team with the implementation of applicable new accounting guidance.

Experience

Samantha has more than eight years of auditing and consulting experience concentrated primarily in federal and state single audits of large nonprofit and governmental organizations. Samantha's experience includes handling complex accounting and auditing issues of local governments, assisting clients with the implementation of recently adopted GASB pronouncements, auditing Federal and State major programs in accordance with applicable single audit guidelines, and assisting local governments with the preparation of financial statements. Samantha also takes an active role in analyzing and developing implementation plans for new GASB standards for the firm and is also active in leading training seminars on governmental topics.

Memberships

Samantha is an associate member of the American Institute of Certified Public Accountants (AICPA) and the Connecticut Society of Certified Public Accountants (CTCPA).

Partner, Supervisory and Staff Qualifications and Experience (continued)

Commitment to Ongoing Technical Training and Assistance

Our firm is committed to technical competency in all industries in which we work. We provide our professionals a minimum of 40 hours of continuing technical training each year. A schedule is developed at the beginning of each year and is made available to our professionals so they may take advantage of the sessions they believe to be most beneficial.

We subscribe to all the publications issued by the GASB/FASB and respond to all discussion memorandums and exposure drafts that impact our practice or our audit clients. We generally solicit client comments in connection with our response and often organize seminars to explore emerging issues or the practical application of proposed pronouncements. Our clients are active participants in the standard setting process.

We are in the 'information business' and pride ourselves as to our leadership in keeping our clients current on financial and accounting issues that may impact them.

Similar Engagements With Other Government Entities

Experience in Auditing Municipalities

Our team has considerable experience in auditing municipalities. The following is a list of five municipal clients performed in the last five years that are similar to the Town of Newtown:

Name of Government	Chief Financial Officer	Years of Service*	Approximate Hours	Population
Town of New Milford	W. Lee Palmer 860.355.6060	2013 - present	750 - 850	27,000
Town of Wolcott	Susan Hale 203.879.8100	2014 - present	400 - 500	17,000
Town of Somers**	Mike Marinaccio 860.763.8204	2013 - present	300 - 400	11,000
Town of Canton**	Amy O'Toole 860.693.7892	2015 - present	300 - 400	10,000
Town of Portland	Tom Robinson 860.342.6726	2013 - present	300 - 400	8,000

* The Public Sector Practice Group joined MahoneySabol in 2013. Years of Service does not include years served by the Public Sector Practice Group as members of Grant Thornton, LLP and CCR LLP.

** Audit reports receiving Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting.

The scope of work for all clients listed above includes:

- An annual audit of the basic financial statements conducted 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;
- An annual federal single audit in accordance with 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), as applicable;
- An annual state single audit in accordance with Sections 4-230 through 4-236 of the Connecticut General Statutes and the provisions of the Connecticut Office of Policy and Management *Compliance Supplement to the State Single Audit Act*, as applicable;
- Annual reports in accordance with *Statements on Standards for Attestation Engagements*, issued by the American Institute of Certified Public Accountants, based on the results of procedures required by the State Department of Education's Review Package, as applicable;
- Annual management letters setting forth our observations and recommendations for constructive change, as applicable; and
- Preparation of a document setting forth those communications required by our professional standards.

Similar Engagements With Other Government Entities (continued)

Single Audit Experience

The MahoneySabol service team has substantial experience in performing Federal and State single audits of nonprofit and governmental organizations and in providing single audit related consulting services for various state agencies.

Most of our nonprofit and governmental organization clients must undergo Federal and State single audits. Our audits of several large Connecticut community action agencies represent some of the most complex single audits that exist, with each of these entities having up to twenty-four federal and state major programs.

Special Consulting Projects

Auditors have the capability of performing a range of services for their clients. However, in some circumstances it is not appropriate for them to perform both audit and certain nonaudit services for the same client. In these circumstances, the auditor and/or their client will have to make a choice as to which of these services they will provide. Throughout the Town's audit engagement, we will carefully consider all nonaudit services we may be requested to perform and will ensure full compliance with AICPA independence standards and *Government Auditing Standards – Amendment No. 3, Independence*.

We have performed a myriad of accounting and consulting services for our public sector clients, including the following:

- Implementation of new GASB and FASB pronouncements
- Internal control risk assessments
- Development of policies and procedures manuals
- Agreed-upon procedures engagements/special audits
- Assistance with bond offerings, issuance of consents, issuance of verification reports
- Training
- Accounting system implementation and development of chart of accounts
- Compliance with IRS and other regulatory requirements
- ED001 preparation assistance
- DOE school construction grant closeouts
- Analysis of vendor contracts
- Analysis of school cafeteria operations
- GASB No. 42 impairment analysis

We have the experience, competency and capabilities to be a meaningful resource to the Town, not only as auditors but also as business consultants. We can help you achieve your objectives of excellence in the fiscal management of the Town.

Audit Approach

While accounting firms like MahoneySabol have significantly expanded the range of services provided, financial statement audits continue to be a dominant aspect of our practice. In the course of performing your engagement, our firm will provide you with more than just annual audited financial statements. We will generate information and develop insights that will result in improved controls and safeguards for the Town. We will present our recommendations, including general suggestions as well as accounting and internal control suggestions, in clear, concise, and understandable reports. Our professionals combine competence with judgment, maturity, and creativity—all prerequisites for quality auditing services.

The experience level and expertise of our staff allows MahoneySabol to perform “risk based” audits. Thus, we do not send in inexperienced auditors to “tick and tie.” Instead, we send in skilled business advisors to learn and understand your operations and direct their efforts to the areas that are critical to the fair presentation of your financial statements. Our technical excellence adds value because we are able to apply our overall business knowledge to meet your specific needs.

We always stress the critical importance of understanding the Town and its unique operations. This is necessary to effectively assess risk and to design new, innovative and efficient auditing procedures. This understanding increases our ability to add value to our clients. Our professionals are taken seriously as business advisors because we perform our tasks at maximum efficiency. We are continuously researching new ways to perform more efficient and effective engagements. We think ahead. We plan. We consider full service a responsibility to our clients, not an “extra.”

We believe we meet or exceed our clients’ expectations due to a number of factors. We are competent auditors and technically proficient. Not only is this important in order for clients to meet their regulatory-reporting requirements, but is also a significant resource to clients for continuing input throughout the year to assist them in making decisions with adequate technical facts. We generally work with governments that operate in an environment of unlimited demands for service, but with limited capacity and resources to serve. Allocation of scarce resources is a constant pressure and our people have developed special skills to work with client personnel to be the most efficient in getting results. Our people are experts in working with systems that are not perfect, with information that may not be complete, and doing “what must be done” to get to the final result or product with a minimal amount of effort and time.

Our professionals are trained in special analytical techniques which allow us to digest significant data and focus in on problem areas quickly. Our more experienced staff concentrate on the problem areas and “go lightly” on areas under tight control. Our approach is practical, efficient and fair when problems are uncovered. When a problem is identified, it is immediately reported to the person in charge of that area to verify the facts and our understanding. Depending on the severity of the matter and the staff’s response to resolving the matter, the problem is reported to the next highest level of authority along with the affected staff person’s response to resolution. This approach is fair and allows staff personnel to correct problems on their own. This method also ensures that matters of significance will be reported to the highest level of authority in the Town to ensure that corrective action is taken.

Audit Approach (continued)

Our partners take full and complete responsibility for the quality of our work. They meet with the client to identify the nature and scope of each engagement; they participate heavily in the design of our approach to the work; they identify the requirements and assemble a balanced team to accomplish the work; they perform a quality review of all work performed; and they play a key role in presenting and communicating the results of our work.

MahoneySabol also recognizes the value of computer technology to improve the productivity of our team members and to provide exceptional client service. We provide our employees with notebook computers, portable scanners, and remote access to our centralized files, which allows us to work in a paperless environment. This remote access allows all staff members to instantly access engagement files from any location, which in turn enables us respond to your questions in an efficient and timely manner. Our professionals will be networked with each other at your site in order to share files. We make a significant investment in computer technology to remain one of the technology leaders in our industry.

The approach to our work is divided into three stages as follows:

Stage I	Risk Assessment and Design
Stage II	Execution of Attest Procedures
Stage III	Communication and Reporting

Audit Approach (continued)

Stage I – Risk Assessment and Design

The initial stage of our work centers on assessing inherent risk, control risk, detection risk, and overall audit risk for the Town and the design of our audit, technology and documentation approach to be responsive to the risks identified.

The following summarizes the major tasks involved in this process:

1. Meetings with Town personnel are held to determine the source of information requirements, overall description of processes, understanding of the control environment, information flow and processing and conduct protocols unique to the Town.
2. A review of systems, procedures and internal control is performed, in order to obtain an understanding of the Town's operations. This review includes a review of prior auditor audit documentation, policy and programmatic reviews conducted by external funding sources, prior published financial and other reports issued by Town, regulations, charts of accounts, budgets, accounting manuals, flow charts, job descriptions, agreements, contracts, special laws, meeting minutes, regulatory agency audit findings and other materials, as applicable.
3. Our approach to documenting our understanding of internal control and assessing control risk is as follows:
 - Meetings and interviews with key Town personnel are held to obtain an understanding of internal control and the systems and procedures in operation.
 - We will obtain and review the Town's accounting policies and procedures manual and any other documentation deemed necessary.
 - We document our understanding with narratives, flow charts, and other electronic documentation tools as necessary.
 - We utilize internal control checklists as a way of identifying internal control best practices that may be beneficial to the Town.
 - In order to verify that our understanding is correct and that controls would be effective, walk-throughs of accounting transactions through each system are performed.
 - We then prepare a matrix that extracts and summarizes the key controls from our understanding narrative or flowchart. A determination is then made as to which financial statement assertion each key control covers.
 - Based on the results of our understanding and the results of walk-throughs, a preliminary assessment of control risk is made and a determination of which controls will be tested is made. This process is conducted by the engagement partner and manager.

Audit Approach (continued)

Stage I – Risk Assessment and Design (continued)

- Tests of controls are performed and the results are analyzed to determine if our preliminary assessment was correct and whether or not controls that were tested can be relied upon to reduce substantive procedures.
 - We coordinate our control testing with any fraud testing that may be performed in response to identified fraud risk factors.
 - We may also utilize an information technology specialist to perform an assessment of information technology controls and to define the extent and manner in which data extraction software may be used during the engagement.
 - The results of our control risk assessment are carried forward to a master matrix that summarizes control risk, inherent risk, and detection risk.
4. In addition to control risk, risk assessments are made relating to inherent risk, detection risk, and overall audit risk and a matrix of risk exposure is developed. This matrix and the resulting risks contained therein is the driver of the substantive procedures that we perform.
 5. A materiality assessment is prepared in order to narrow the risks necessary to be addressed in our substantive testing procedures.
 6. Preliminary analytical procedures are performed using interim financial information primarily to confirm our initial assessment of material risk and to determine if the audit plan should be expanded for any unique or unusual risks not identified to date.
 7. Based upon the information obtained thus far, including our understanding of internal control, information technology systems, policies and procedures, our risk assessments and matters identified in our preliminary analytical review, we begin our fraud risk assessment process. This process is aimed at identifying those areas where there is a risk of material misstatement due to fraud. The result of this process is a detailed audit plan specifically tailored to be responsive to the fraud risks identified.
 8. It is at this point that the design of the detailed audit plan is developed, including a determination of the extent that electronic profiling and sample selection will be used and the mix of automated and hard-copy documentation to be used. Further, the source of all disclosures and data to be included in the financial statements is identified and checked for inclusion in the audit sampling methodology.
 9. After the implementation plan has been developed, the tasks are assigned to team members, an estimated time for completion of each step is determined and an experience level required to perform the task is identified. Final staffing requirements are determined, and engagement timing is discussed with Town personnel and finalized.
 10. The final step during this stage of the engagement is the development of a thorough list of information we will need from the Town to perform our audit.

Audit Approach (continued)

Stage II – Execution of Attest Procedures

We will schedule our fieldwork in accordance with your needs. At the beginning of our fieldwork, you will be responsible for providing us with the required accounting records, schedules, reconciliations and account analyses previously identified in our planning phase. In most cases, these documents consist of information you already prepare for internal purposes. We always strive to eliminate unnecessary duplication of effort between our staff and yours.

During this stage, our audit plan is executed. The following summarizes the major tasks in this process:

1. Data profiling and selection of samples in accordance with the plan is the first step in this process. It is through this stage that positive confirmations are mailed and transactions and balances are selected for verification through examination of supporting documents, direct observation and other procedures. Substantive procedures are applied to selected transactions and balances for all significant areas of the Town.
2. A comparative analysis and ratio analysis of final balances are performed to ensure that all variations and unusual items are within predicted or expected ranges, and if not, are investigated and explained. The comparative analysis draws on both historical and expected data.
3. Other data and procedures such as updating our review of litigation, minutes of various meetings, reports issued by the Town, findings of any regulatory agencies about the Town and representations from key management personnel will be reviewed for any changes or unusual items.
4. As our fieldwork progresses, modifications are made to our planned procedures based on the results of testing performed and any other factors, including fraud risk factors, that come to our attention which indicate a risk of material misstatement.
5. A meeting with the Town's Finance Director will be held periodically to review the audit status and any issues encountered.
6. The findings, observations, and results of our work will be summarized and reviewed. At this time we will both agree on all adjusting journal entries and you will receive a "draft" of the financial statements. Also at this time we will discuss any recommendations that have come to our attention that would assist management in the Town's operations (both financial and managerial).

Audit Approach (continued)

Stage III – Communication and Reporting

We believe that communication throughout the audit process is most important for a successful engagement and propose the following at a minimum:

1. Entrance conference with the Town's Finance Director and key management personnel to introduce the audit team, explain our approach, identify key personnel and information sources, establish protocols for the conduct of the engagement, and determine dates for key milestones.
2. A second meeting will be held with the Town's Finance Director and key management personnel at the conclusion of Stage I – Risk Assessment and Design. We will present the results of our risk assessments and the approach we will follow in response to our assessment of risks and review our overall audit plan.
3. A final meeting will be held with the Town's Finance Director to clear the final report and the management letter. Final modifications will be identified and changes made.
4. We propose meeting with the Board of Finance and/or the Legislative Council at least two times during the engagement as follows:
 - a. The first meeting should be prior to the commencement to Stage I – Risk Assessment and Design. We will discuss the scope of the audit, audit planning, including the proposed staffing, and timing of our work, as well as discuss any matters of concern to the Board of Finance and Legislative Council.
 - b. The next meeting should be scheduled at the conclusion of our engagement when we will present the findings from our work including our audit report, our management letter and a suggested service agenda for the coming year. In addition, we will make the required auditor communications as required by our professional standards.
5. An evaluation meeting will be held with the finance staff who were involved with the audit process.
6. We are available to meet with the management or members of the Board of Finance and Legislative Council at any time upon request. Telephone, fax, and e-mail inquiries are responded to immediately or in no case longer than ½ day.

Audit Approach (continued)

Special Considerations – Transition to Mahoney Sabol & Company, LLP

During the first year of the audit engagement, a significant amount of time is invested in obtaining an understanding of the Town and its systems, procedures and internal control environment. In addition, a significant amount of time is incurred in performing risk assessments relating to control, inherent and audit risk and the development of the detailed audit plan. These activities are more fully described in Stage I Risk Assessment and Design. In subsequent years, the primary procedures performed in Stage I relate to the updating of our understanding of the Town's systems, procedures and internal control and the reassessment of control, inherent and audit risk. The results of these procedures, coupled with our experience from the prior year audit, allow us to refine and improve our audit process for the current audit period.

We recognize that transitioning to a new accounting firm may create a feeling of uncertainty and fear amongst management of the Town. We pride ourselves on our ability to minimize any internal apprehension or distraction to the Town. Specifically, we incorporate the following features into our first time through procedures:

- We perform our planning procedures as early as possible and commit a substantial number of additional hours in recognizing that the first year of our audit will take longer than subsequent years. This will provide management of the Town a greater period of time to accommodate our information and meeting requests and will provide our professionals with adequate time to execute the first time through procedures.
- Only senior level professionals will be involved in our first time through procedures. We do not expect you to train our staff and therefore, you will rarely deal directly with any of our junior level associates during the transition or any other period. By working with experienced professionals, issues are identified promptly and questions can be answered immediately.
- We perform a thorough review of the prior auditor's audit documentation and incorporate any unusual or other matters into our audit approach as necessary.

We believe that communication throughout the transition period is most important for a successful transition and therefore, we will work with management of the Town to define the extent and manner of status reports during the transition period.

Audit Approach (continued)

Town of Newtown, Connecticut

Summary Approach Timetable

Stage I	Partner	Manager	Senior/ Staff	May/ June	Sept/ Oct	Nov
Entrance Conference	2	2	-			
Document Understanding	2	4	16			
Systems Review	4	12	34			
Assess Risk	3	6	12			
Audit Plan	6	12	16			
Stage II	Partner	Manager	Senior/ Staff	May/ June	Sept/ Oct	Nov
Substantive Testing	26	54	240			
Compliance Testing	12	24	54			
Stage III	Partner	Manager	Senior/ Staff	May/ June	Sept/ Oct t	Nov
Concluding Procedures	2	6	16			
Financial Statements & Report	6	18	32			
Exit Conference	2	2	-			
TOTAL	65	140	420			

Audit Approach (continued)

Sample Size and Statistical Sampling

Our audit testing will utilize a substantive test approach in those audit areas where this approach is generally more efficient and cost effective. Our approach typically will identify individually significant items; it will draw on our municipal auditing experience and it will use analytical procedures to efficiently identify elements comprising the basis for our audit judgments. There are certain areas, however, in which we generally find that audit sampling is the preferable method which most often includes:

- Testing of transactions such as:
 - Assessment, tax billings, collections
 - Non-payroll expenditures
 - Payroll expenditures
 - Journal Entries / cost allocations
- Testing of internal controls
- Testing of compliance with laws and regulations

Sample size is a function of the population, an estimate of tolerable misstatement and the assignment of a risk factor based on the risk of material misstatement.

EDP Software

Our audit documentation approach is designed to be most efficient, productive and have the least disruptive impact on our clients.

We use an audit documentation package which allows us to transfer client trial balances electronically to our files where we can post audit adjustments efficiently and facilitate our analytical procedures. We use Excel workpapers to easily take advantage of digital interfacing with client records to minimize reentering data.

Other software tools include a data extraction package which allows us to sort data in any manner, compare data to benchmarking analysis and run audit routines for such items as duplicated transactions, "most likely error" routines and other audit assistance tools. We have digital random number tables, amortization tables and other tools which not only provide for an efficient, least disruptive audit, but also provide information that serves as a basis of positive and constructive input into your continuing operations.

Analytical Procedures

We use analytical procedures throughout the audit process and as a special tool in our planning process. We compare actual data to budget, prior year, and to benchmarks from other similar entities in our planning process to effectively design a responsive audit approach. We focus on unexpected or large variations in comparative data to plan our procedures on a most productive basis.

Once our planning is done and our audit plan is executed, we again utilize analytical procedures compared to expected results to focus our efforts on most probable errors quickly.

Audit Approach (continued)

Approach to Laws and Regulations

Our approach to determining laws and regulations that will be subject to audit test work includes reviewing the Town Charter, minutes, ordinances, policies, regulations, prior audit and single audit reports and interviews with management.

Once identified, we develop a matrix of laws and regulations significant to the audit and utilize the federal and state compliance supplements to insure that we have considered the entire universe for testing.

Approach to Drawing Audit Samples for Tests of Compliance

We use a haphazard approach to drawing audit samples based on the population within the specific requirements set forth in the laws and regulations of compliance testing. This approach is one of several permitted by our professional auditing standards.

Approach to Identifying Anticipated Potential Audit Problems

Our approach to handling potential audit problems has been developed overtime through our extensive experiences auditing municipalities throughout the State of Connecticut. Our professionals are trained and experienced in identifying potential audit issues and proactively working with the Town to resolve those issues. In addition, our professionals know to immediately inform the engagement partner of any audit problems that are identified. This approach typically allows for an efficient and effective resolution of the problems. If the problem cannot be resolved through the ordinary course of performing the audit and working with management of the Town, we will request a formal meeting with the Board of Finance and Chairman of the Legislative Council to communicate the issues and to recommend appropriate remedies. We will not perform work that we consider to be outside the scope of the audit and look to additional bill the Town without the approval of the Board of Finance and the Legislative Council.

Timing of Services

We are committed to completing our audit and delivering the required reports within the time frames established in the Request for Proposal, providing, the books and records are "audit ready", anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. If significant additional time is necessary as to the above matters, we will discuss it with you immediately and arrive at a new, mutually agreed upon estimate for completion. Firm dates for the commencement and completion of our work will be established with the Town once we are retained.

Appendix A

Peer Review Report



January 9, 2014

System Review Report

To the Partners of
Mahoney Sabol & Co., LLP
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of **Mahoney Sabol & Co., LLP** (the firm) applicable to non-SEC issuers in effect for the year ended June 30, 2013. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under Government Auditing Standards and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of **Mahoney Sabol & Co., LLP** applicable to non-SEC issuers in effect for the year ended June 30, 2013, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency(ies) or fail.

Mahoney Sabol & Co., LLP has received a peer review rating of pass.

Marcum LLP

Marcum LLP



Appendix B

Proposer Guarantees and Proposer Warranties

Appendix B

Proposer Guarantees and Proposer Warranties

Proposer Guarantees

The proposer certifies that it can and will provide and make available, at a minimum, all services set forth in Section IV, Nature of Services Required.

Proposer Warranties

1. Proposer warrants that it is willing and able to comply with the State of Connecticut laws with respect to foreign (non-state Connecticut) corporations.
2. Proposer warrants that it is willing and able to obtain errors and omissions insurance policy providing a prudent amount of coverage for the willful negligent acts, or omissions of any officers, employees or agents thereof (Minimum amount \$1,000,000)
3. Proposer warrants that it will not delegate or subcontract its responsibilities under an agreement without express prior written permission of the Town of Newtown.
4. Proposer warrants that all information provided by it in connection with this proposal is true and accurate.

Signature of Official: 

Name (typed): Michael J. VanDeventer, CPA

Title: Partner

Firm: Mahoney Sabol & Company, LLP

Date: February 28, 2017

Appendix C

Audit Services Fee Proposal

Appendix C

Audit Services Fee Proposal

NOT TO EXCEED PRICE FOR PROPOSED SERVICES SCHEDULE

In accordance with the Request for Proposal for Audit Services issued by Town of Newtown, the firm referenced below hereby submits the following cost proposal:

	Year Ended Jund 30th:				
	2017	2018	2019	2020	2021
Basic Reports to be Issued					
- Town audit including CAFR and Report of Internal Controls	\$ 64,500	\$ 64,500	\$ 64,500	\$ 65,500	\$ 66,500
- Single Audit (State)	4,000	4,000	4,000	4,000	4,000
- Single Audit (Federal)	3,000	3,000	3,000	3,000	3,000
Total	71,500	71,500	71,500	72,500	73,500

I hereby certify that the undersigned is authorized to represent the firm stated above, and empowered to submit this bid, and if selected authorized to sign a contract with the Town, for the services identified in the Request for Proposals.

Firm Name: Mahoney Sabol & Company, LLP

Signature of Official: 

Printed Name : Michael J. VanDeventer, CPA

Title: Partner

Date: February 28, 2017



TOWN OF NEWTOWN
PUBLIC WORKS DEPARTMENT

QUEEN STREET DSIPLAY POLES FOR COMMUNITY SERVICE BANNERS
4/3/17

All the options noted below meet the same common requirement of staying at least 10' away from any of the power wires mounted on the utility poles on Queen Street meeting a safety standard of Eversource. Any pole mountings on the east side do not need to meet this standard because there are no utility wires present. However, no matter where we mount poles on the west side there is a conflict with the Eversource wires requiring the designs that follow.

The general location of the poles as proposed are approximately in the middle of the horseshoe drive in front of the Middle School where a sidewalk meets Queen Street and directly opposite on the other side of the street. This appears to be the least intrusive to the houses on the west side of the street and has the advantage of defining the crosswalk.

All options presented require the approval of a structural engineer to limit the liability of the Town and the Borough. The cost for the engineer and the installation costs are approximately the same for all options. The only costs variable are for the style of poles chosen. Costs are as follows –

A There would be a straight pole on the east side and a simple "S" on the east side.

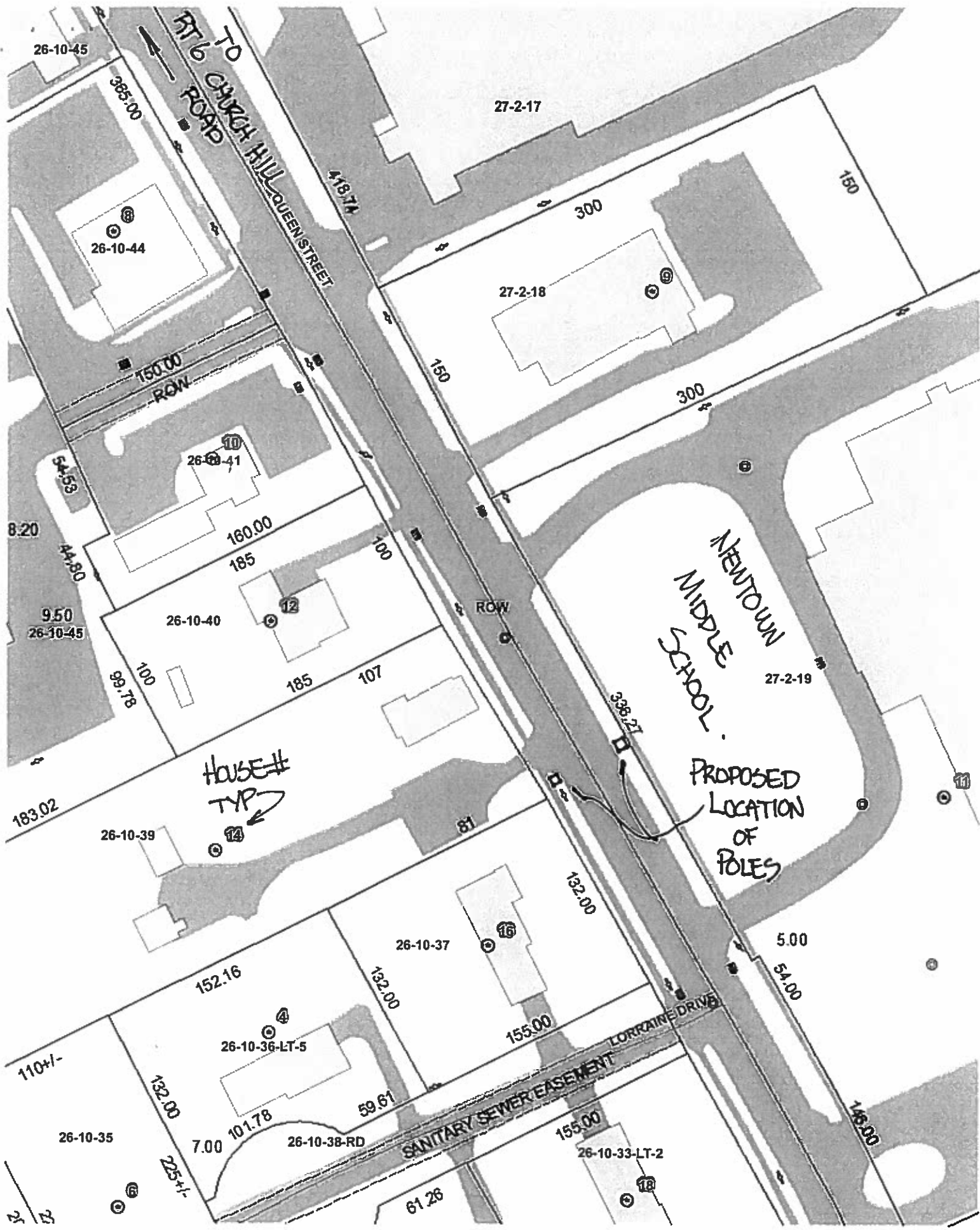
Engineer	\$3,500
Installation	\$2,500
Display Cable System	\$1,500
Straight Pole	\$2,850
"S" Pole	\$3,750

Total	\$14,100

B There would be "S" poles on both sides. There would be a \$900 cost increase for a total of \$15,000

C There would be expanded "S" poles on both sides of the street. There would be a \$4,500 cost increase for a total of \$19,500.

In all cases these are primed poles ready for painting. Galvanizing would add another \$5,000



9-4.0 VERTICAL CLEARANCES

Figure 9-4A summarizes the minimum vertical clearances for new bridges for various highway classifications and conditions.

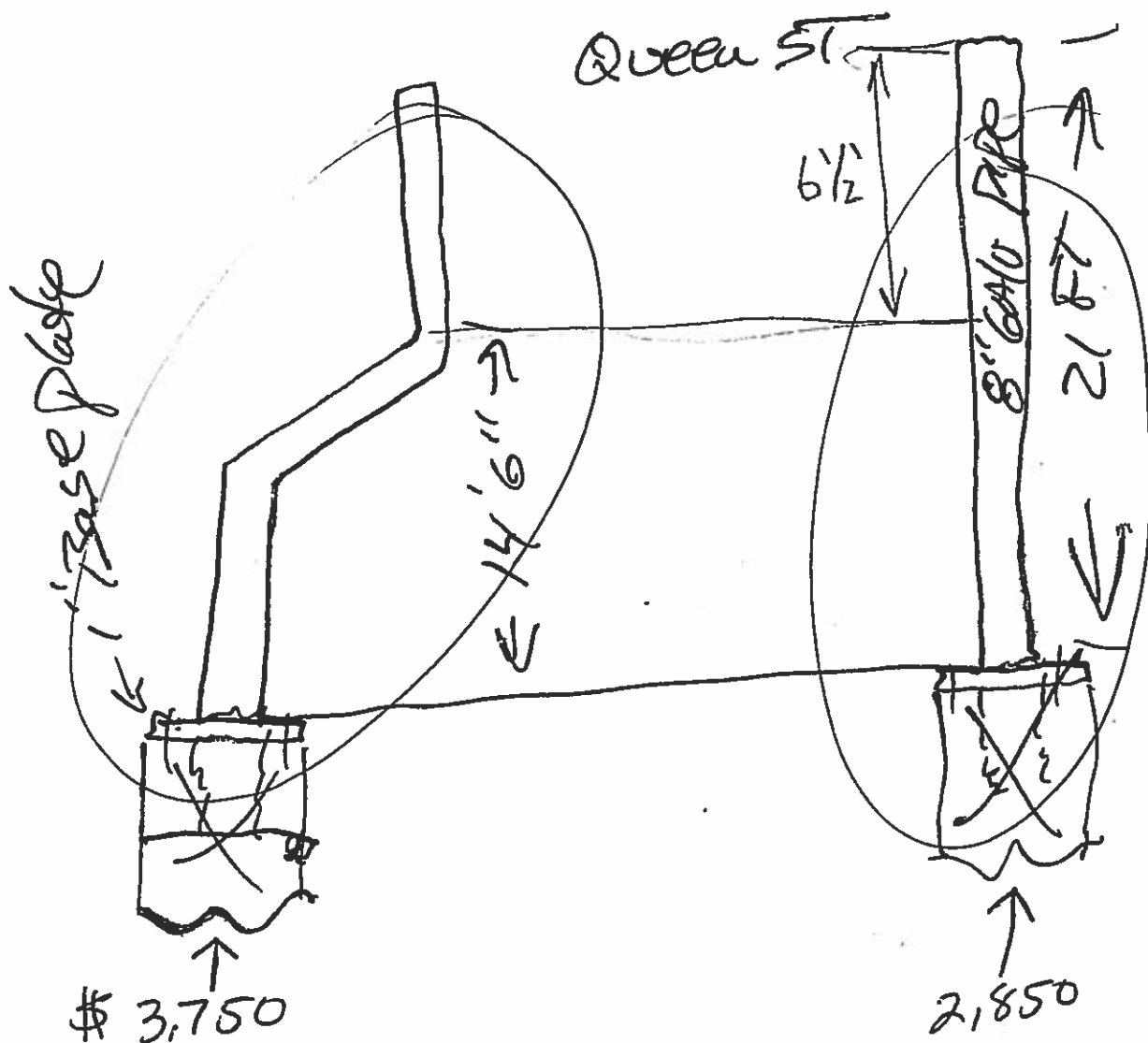
Type	Clearance
Freeway or Expressway Under	16'-3" over the entire roadway width (1) (2)
Arterial Under	16'-3" over the entire roadway width (1)
Collector Under	14'-6" over the entire roadway width (1)
Local Under	14'-6" over the entire roadway width (1)
Railroad Under Highway	22'-6" from the top of the rail to the bottom of the structure (electrified only); 20'-6" other railroads (5)
Railroad Under Freeway	23'-0" from the top of the rail to the bottom of the structure
Highway Under Sign Truss or Pedestrian Bridge	18'-0" over the entire roadway width
Parkway Under	14'-6" over the entire roadway width

- Notes:
1. Table values allow 3 in for resurfacing.
 2. The minimum vertical clearance beyond the edge of shoulder must be sufficient to accommodate a 14'-3" vehicle in height by 8.5 ft in width. On the Interstate system, the minimum vertical clearance is 16'-3" beyond the edge of shoulder.
 3. For vertical clearances in the vicinity of airports, see 23 CFR 620 which discusses airspace management on Federal-aid highways.
 4. Department practice is to post a "low-clearance" sign on structures with vertical clearances less than or equal to 14'-3".
 5. Exceptions to the vertical clearances over railroads require approval from the Connecticut Legislature and ConnDOT.

MINIMUM VERTICAL CLEARANCES (New Bridges)

Figure 9-4A

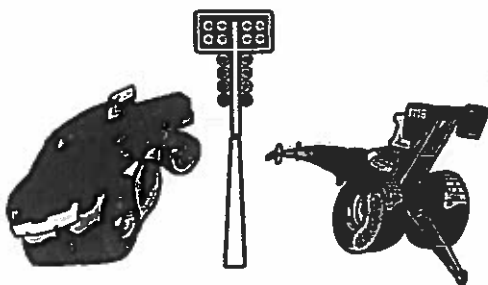
Simple "S"



\$ 7,800⁰⁰

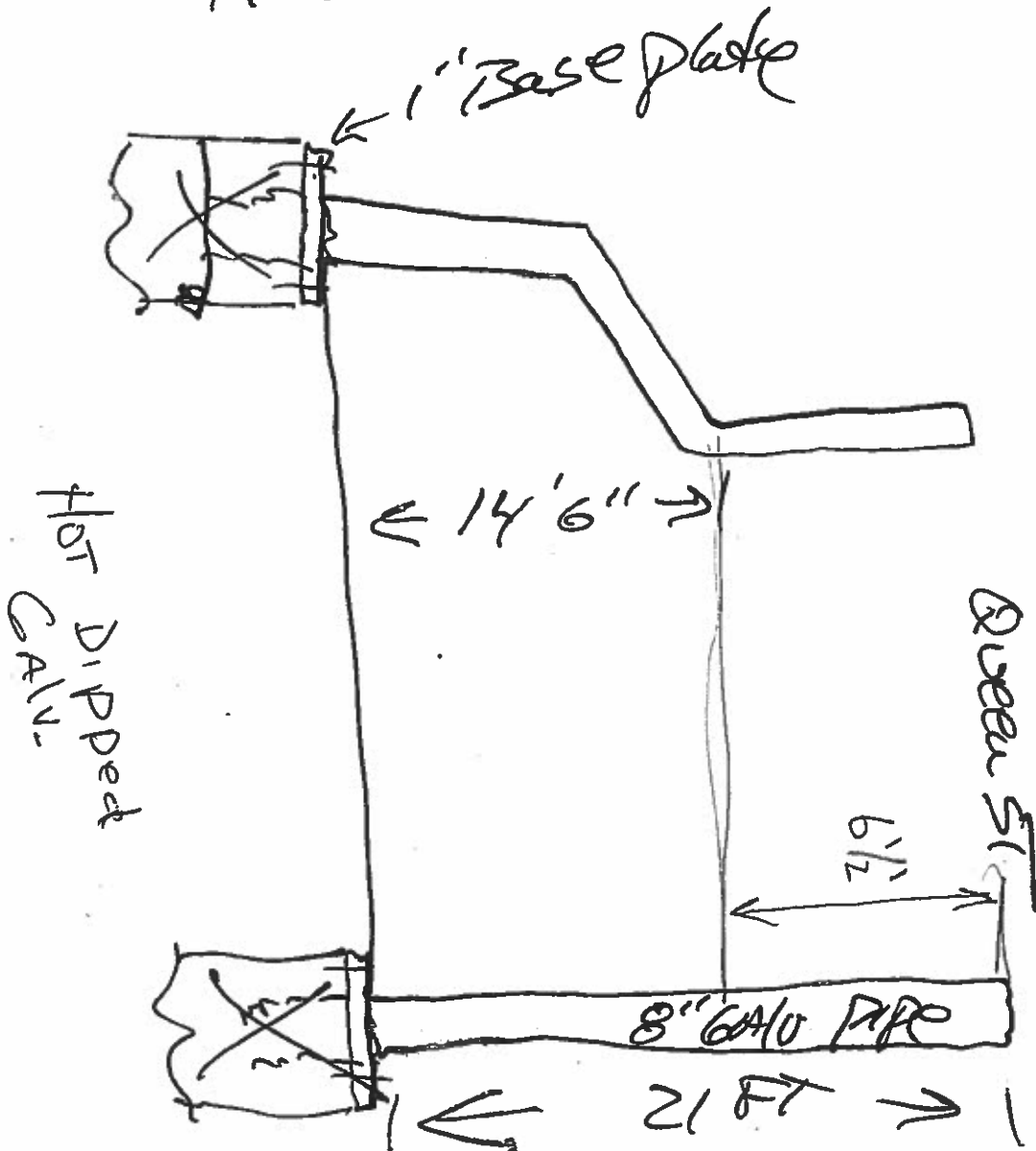
PARTS/LABOR NOT INSTALLED

203-744-1150



Jim's Welding Service
DANBURY, CT
203 744-2982

Tim - Newtown - 11-29-16



SKETCH

PROPOSED BANNER POLES

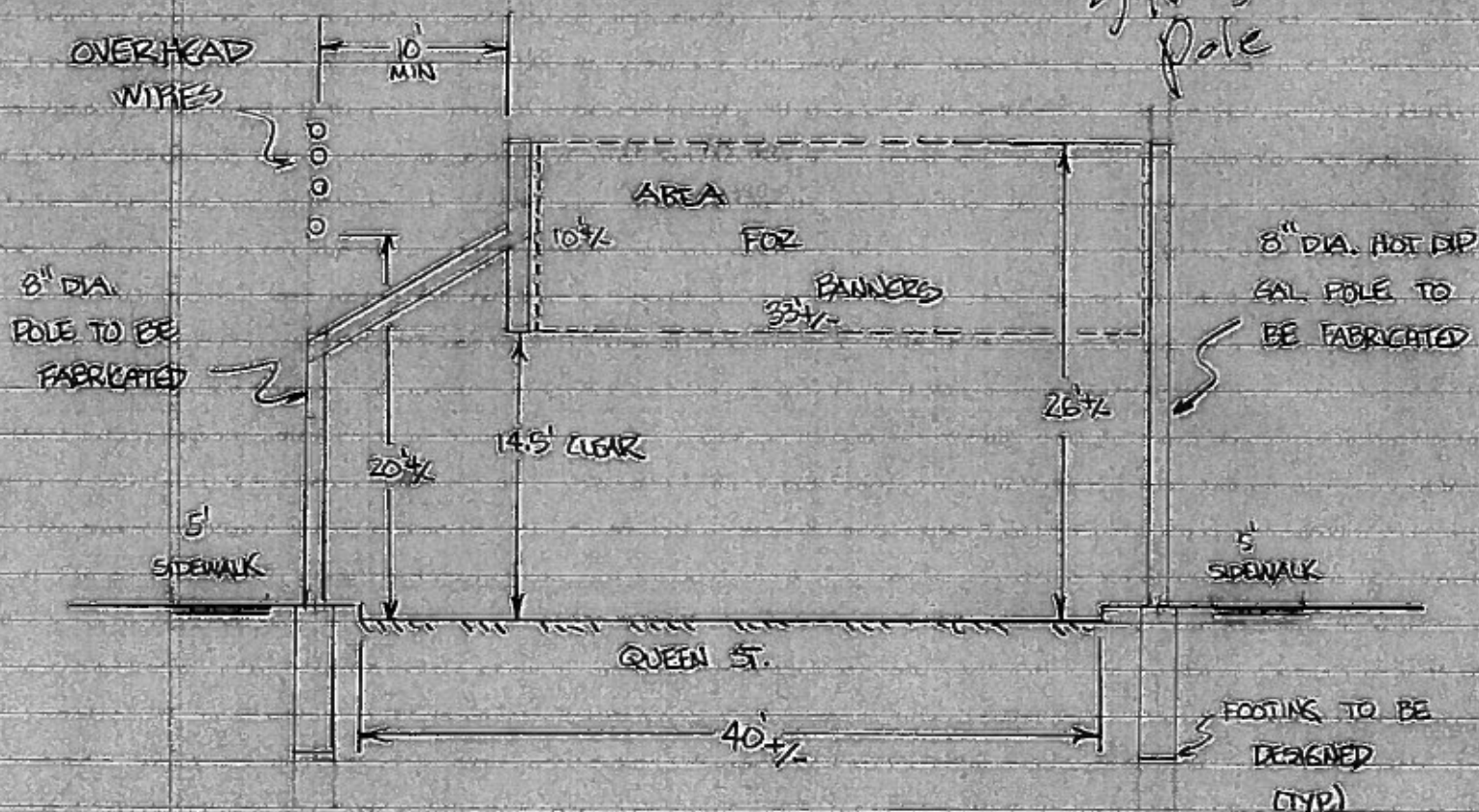
QUEEN ST.

NEWTOWN, CT

NTS

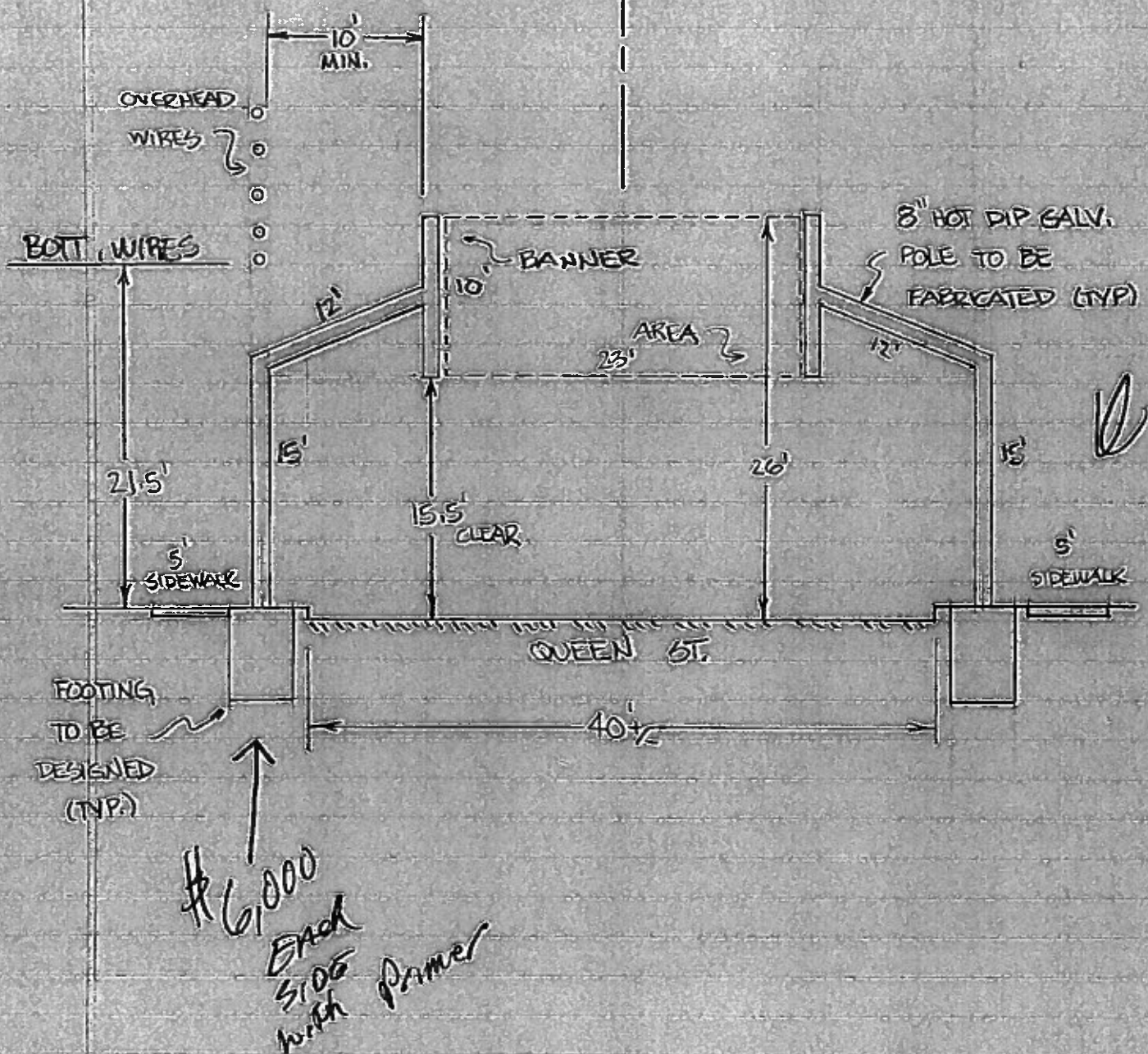
Expanded "S"

Straight pole



BANNER POLES

Expanded "S"



QUEEN ST.
NEWTOWN, CT
N.T.S
FEB. 23, 2017

Attachment D

TOWN OF NEWTOWN APPROPRIATION (BUDGET) TRANSFER REQUEST

FISCAL YEAR 2016 - 2017 DEPARTMENT Selectmen DATE 3/1/17

	Account	Amount	
FROM:	1-101-24-570-5889-0000 CONTINGENCY	(5,000)	USE NEGATIVE AMOUNT
TO:	1-101-11-100-5800-0000 OTHER EXPENDITURES	5,000	USE POSITIVE AMOUNT

REASON:

FOR A SYSTEM OF BANNER DISPLAY ALONG QUEEN STREET. THE BOROUGH WILL CONTRIBUTE UP TO \$10,000

5K is the town share to put up poles acceptable to Eversource to fly the banners for all the fund raising groups that put up banners across the Middle School on Queen Street.

AUTHORIZATION:

date

(1) DEPARTMENT HEAD

(2) FINANCE DIRECTOR

(3) SELECTMAN

(4) BOARD OF SELECTMEN

(5) BOARD OF FINANCE

(6) LEGISLATIVE COUNCIL

Robert T. Tash
E. P. Green

3/1/17

AUTHORIZATION SIGN OFF

FIRST 335 DAYS >>>>WITH IN A DEPT.>>>>LESS THAN \$50,000>>>> (1), (2) & (3) SIGNS OFF, MORE THAN \$50,000>>>> (1), (2), (3) & (5)
>>>>ONE DEPT TO ANOTHER>>>>LESS THAN \$200,000>>>>ALL EXCEPT (6); MORE THAN \$200,000>>>>ALL SIGN OFF
AFTER 335 DAYS >>>>(1), (2), (3), (5) & (6) ANY AMOUNT FROM CONTINGENCY>>>> ALL SIGN OFF

Attachment E

To: John Godin, Chairman, Board of Finance

From: Kelley Johnson, Member, Board of Finance

Date: April 10, 2017

Regarding: Analysis of CT Senior Tax Relief Options

Per your request, I reviewed the CCM document titled "Property Tax Relief for Older Adults: A Profile of Connecticut's Local Programs" to help guide our board's discussion on the topic.

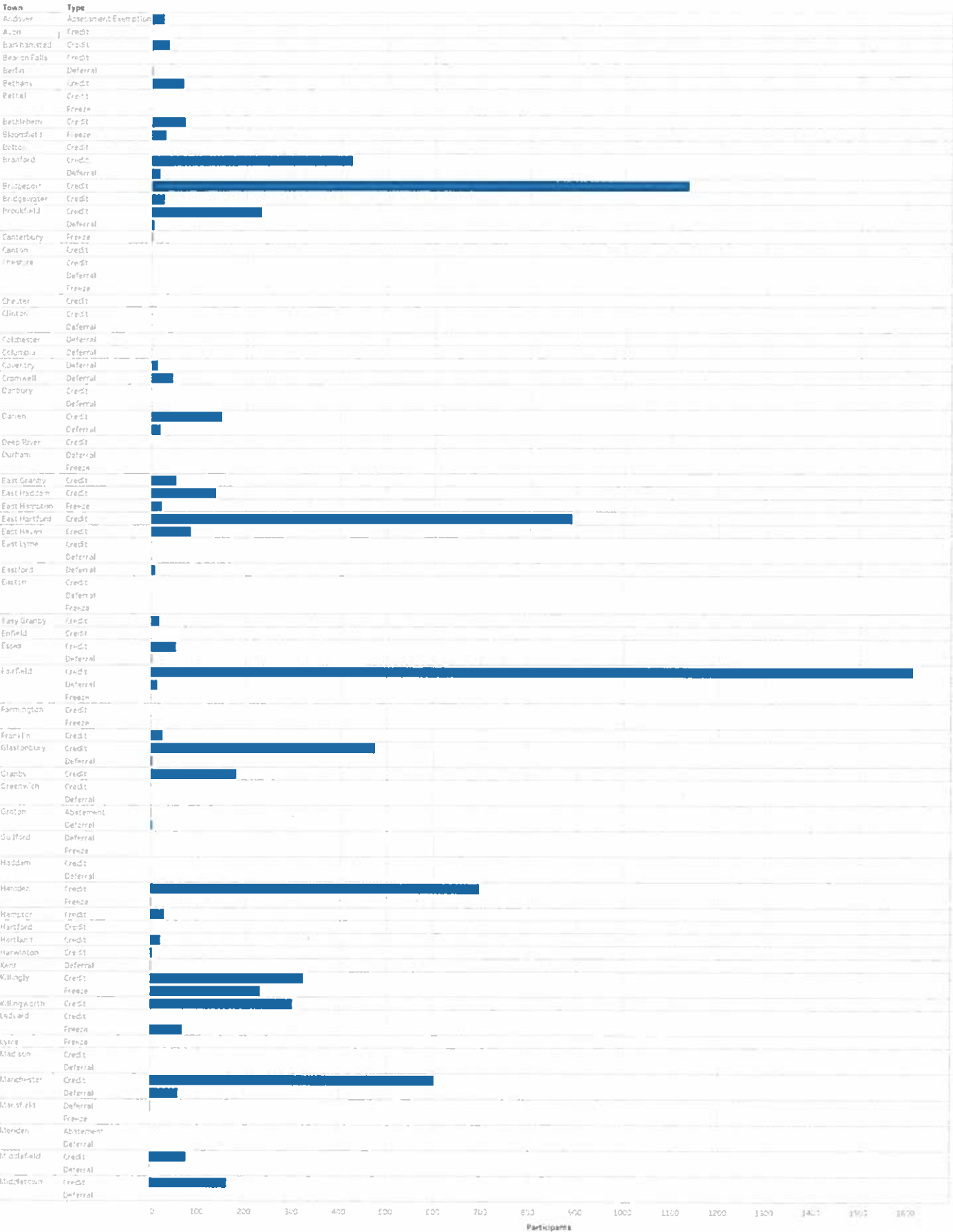
A few observations to share:

1. There are three primary structures in use for senior tax relief: credit, deferral, and freeze programs.
2. Many towns utilize multiple program structures.
3. Many towns utilize residency requirements that range from 1 to 10 years to determine program eligibility.
4. Towns set age eligibility at either 65 years or 70 years.
5. Towns that utilize multiple program structures sometimes specify different eligibility criteria for each program.
6. Five towns include an asset test. Newtown has the highest asset limit.
7. There is generally higher participation in credit programs than deferral or freeze programs in towns that offer multiple programs.
8. Most programs have a range of income limits for single vs. married households.
9. Credit programs typically offer a range of assistance that correlates to income/need.
10. Deferral programs specify cap for participant's deferral at 25-100% of property taxes owed.
11. Deferral and freeze programs typically place a lien on property with interest rates that vary from 0-8%. Cromwell charged 18% after a 180-day grace period, otherwise 0%.
12. Freeze programs seem to offer deferred payment of property tax increases after enrollment in the program, although there is very little information about freeze program structure in the CCM report and more details would require further investigation.
13. A few towns reported elimination of freeze programs due to lack of participation.

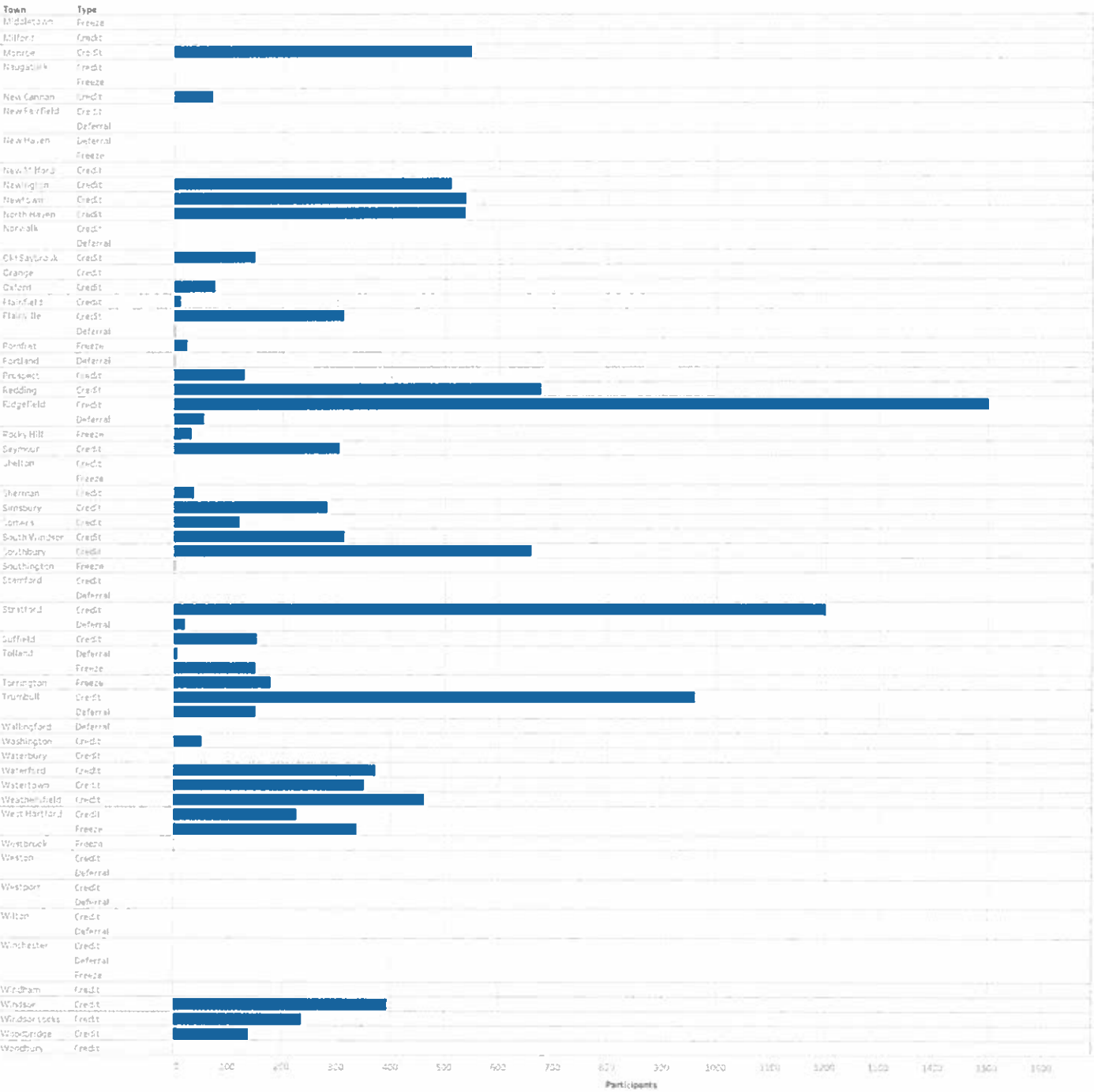
The CCM report also includes programs for a number of groups besides seniors, including veterans, blind, volunteers, firefighters/emergency, and disabled persons.

Please find ten graphs attached that provide a graphical representation of data included in the CCM report. However, this required a substantial amount of manual data entry and towns did not all report data the same way, so there may be mistakes or inconsistencies. The graphs and data are available online at <https://public.tableau.com/profile/kelley.johnson>

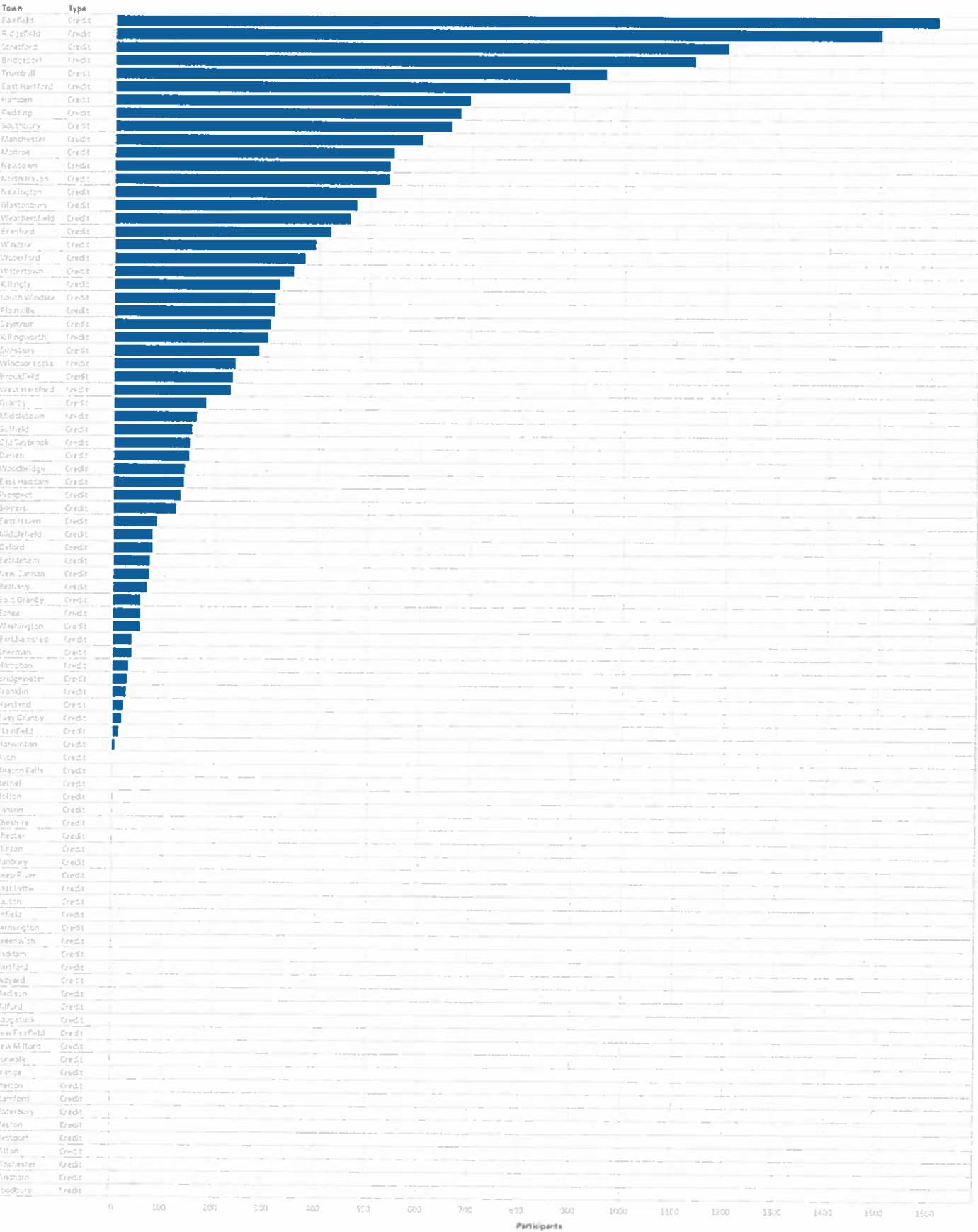
Participants per town for all towns with senior tax relief



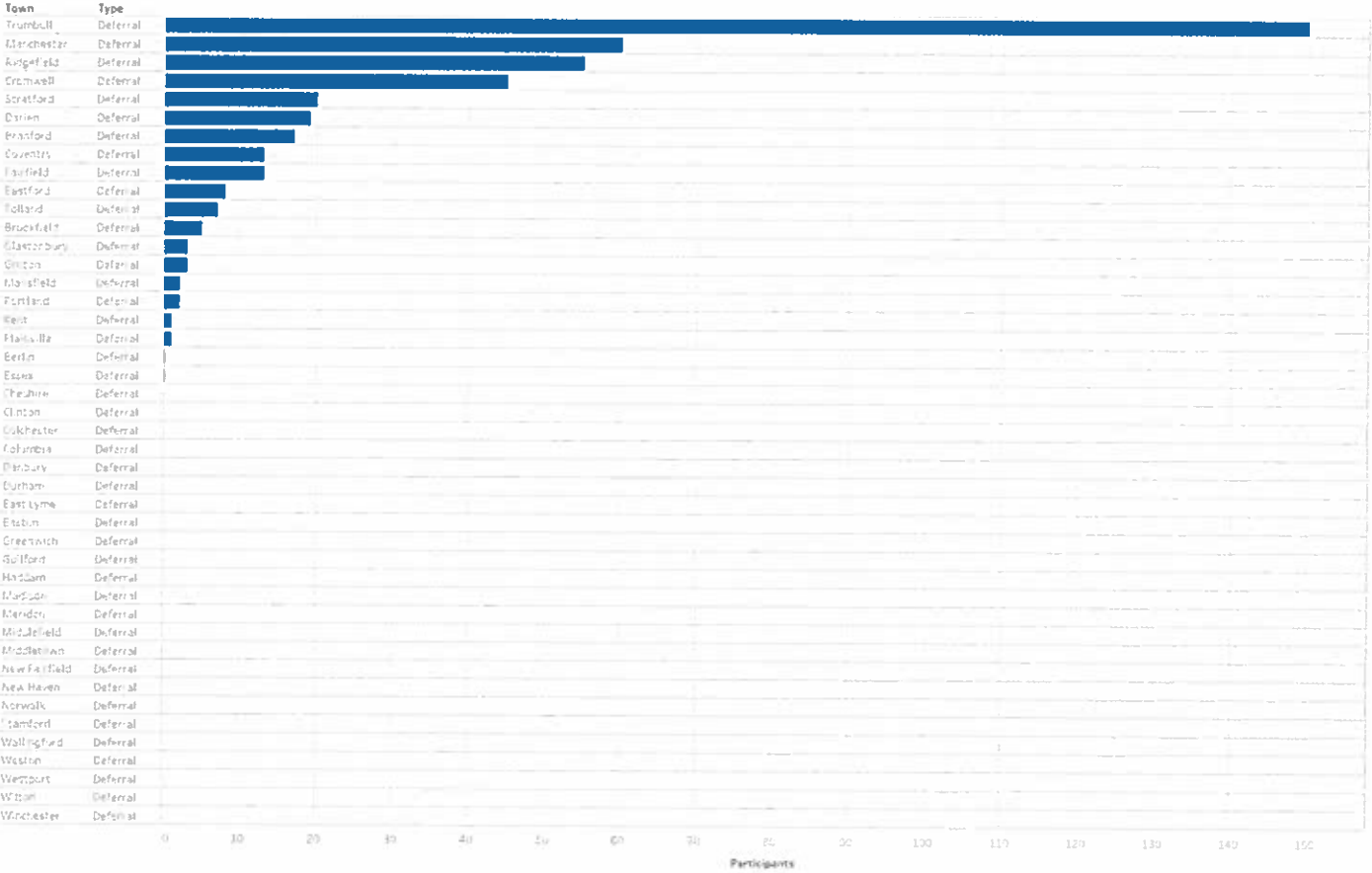
Participants per town for all towns with senior tax relief



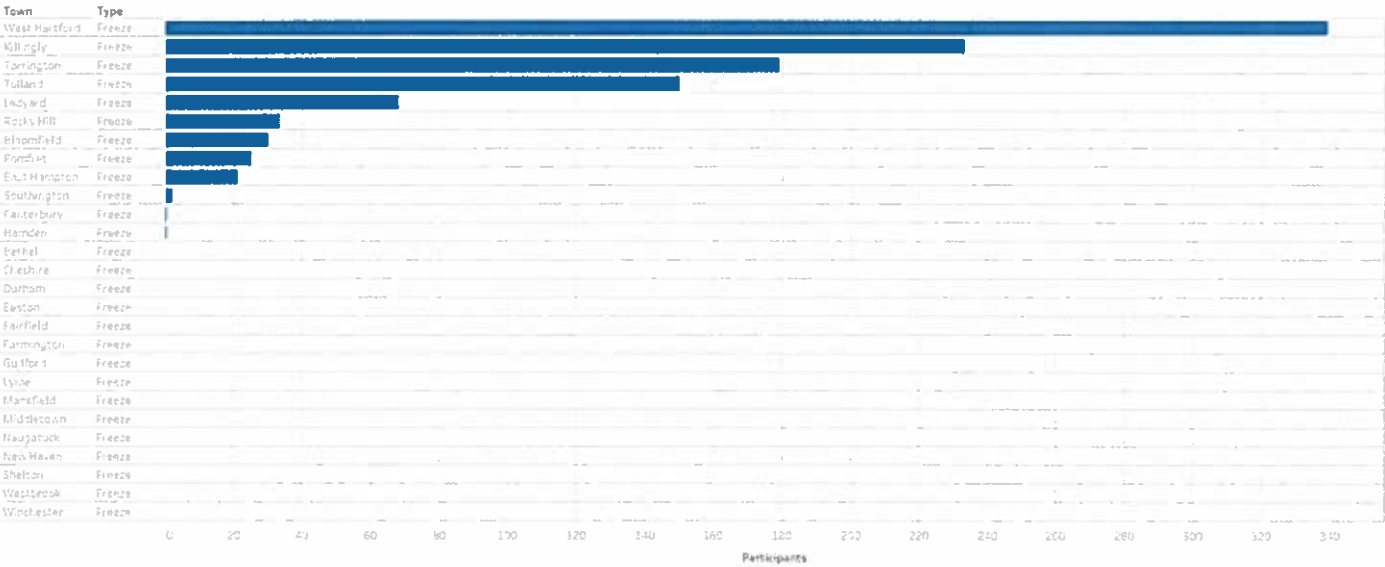
Participants-Credit



Participants-Deferral



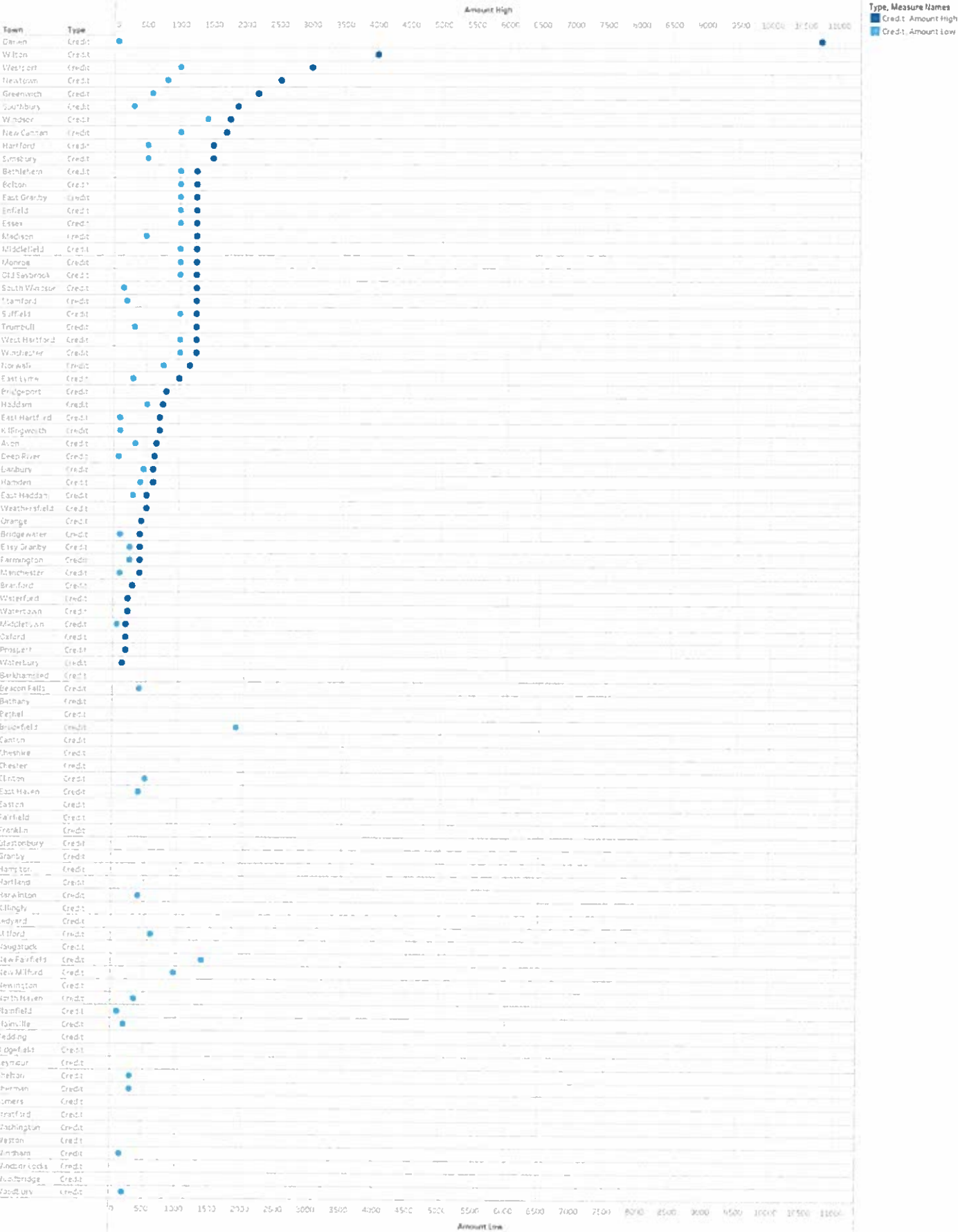
Participants-Freeze

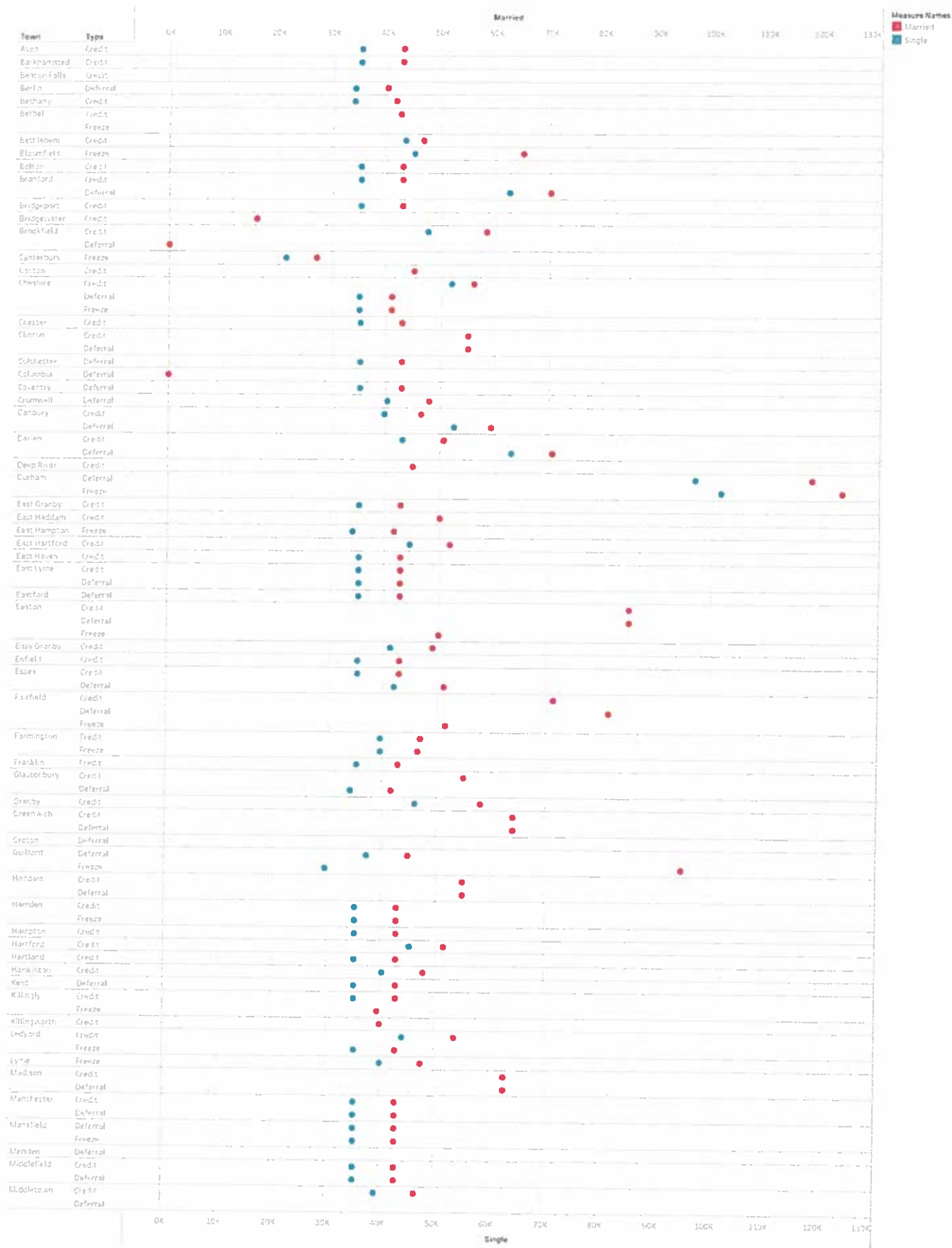


Town	Type
Acushnet	Credit
New Canaan	Credit
Brookfield	Credit
Stamford	Credit
East Hartford	Credit
Avon	Credit
Parkhamsted	Credit
Beacon Falls	Credit
Petham	Credit
Bath	Credit
East Lebanon	Credit
Bolton	Credit
Bradford	Credit
Bridgeport	Credit
Bridgewater	Credit
Carson	Credit
Cheshire	Credit
Chester	Credit
Clinston	Credit
Danbury	Credit
Darien	Credit
Deep River	Credit
East Granby	Credit
East Haddam	Credit
East Haven	Credit
East Lyme	Credit
Easton	Credit
East Granby	Credit
Enfield	Credit
Essex	Credit
Fairfield	Credit
Farmington	Credit
Franklin	Credit
Glastonbury	Credit
Granby	Credit
Greenwich	Credit
Haddam	Credit
Hampden	Credit
Hampden	Credit
Hartford	Credit
Hartland	Credit
Hartington	Credit
Killingly	Credit
Killingworth	Credit
Ledyard	Credit
Madison	Credit
Manchester	Credit
Middlefield	Credit
Middletown	Credit
Milford	Credit
Monroe	Credit
Newtown	Credit
New Fairfield	Credit
New Milford	Credit
Newington	Credit
North Haven	Credit
Northford	Credit
Old Saybrook	Credit
Orange	Credit
Oxford	Credit
Plainfield	Credit
Plainville	Credit
Prossett	Credit
Rodding	Credit
Ridgefield	Credit
Seymour	Credit
Shelton	Credit
Sherman	Credit
Simsbury	Credit
Somers	Credit
South Windsor	Credit
Sozbury	Credit
Stratford	Credit
Suffield	Credit
Trumbull	Credit
Washington	Credit
Waterbury	Credit
Waterford	Credit
Winstown	Credit
Westchester	Credit
West Hartford	Credit
Weston	Credit
Westport	Credit
Wilton	Credit
Winchester	Credit
Windham	Credit
Winstor	Credit
Winstor Locks	Credit
Woodbridge	Credit
Woodbury	Credit

Asset Test

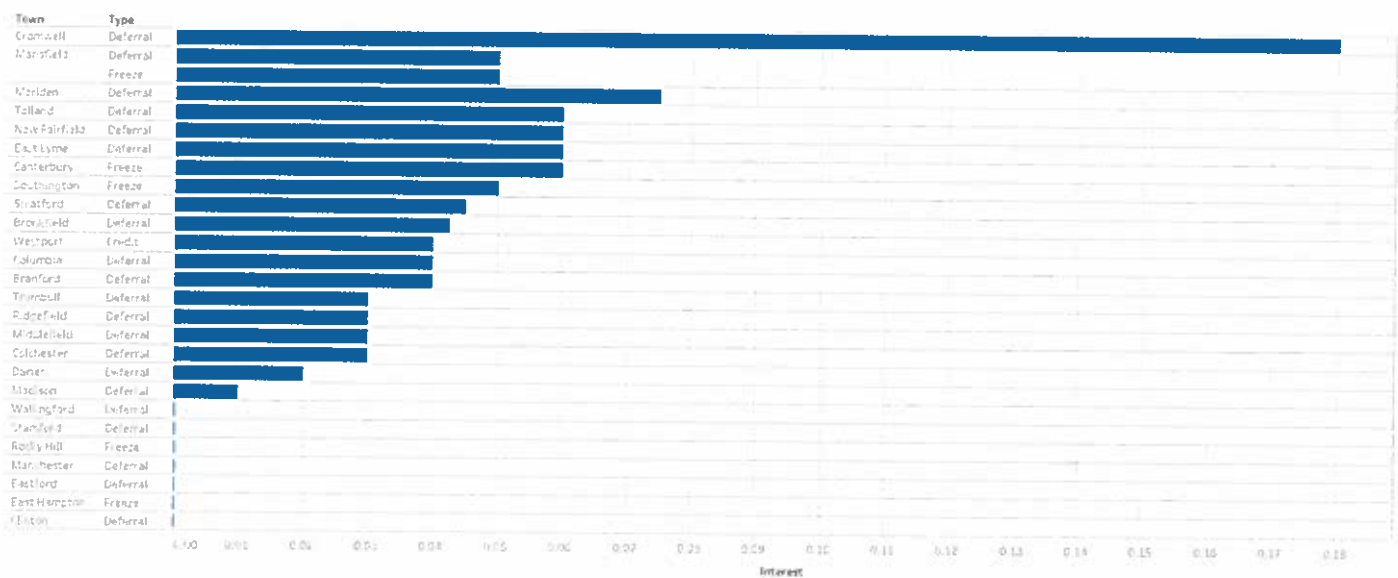
BenefitRange-Credit



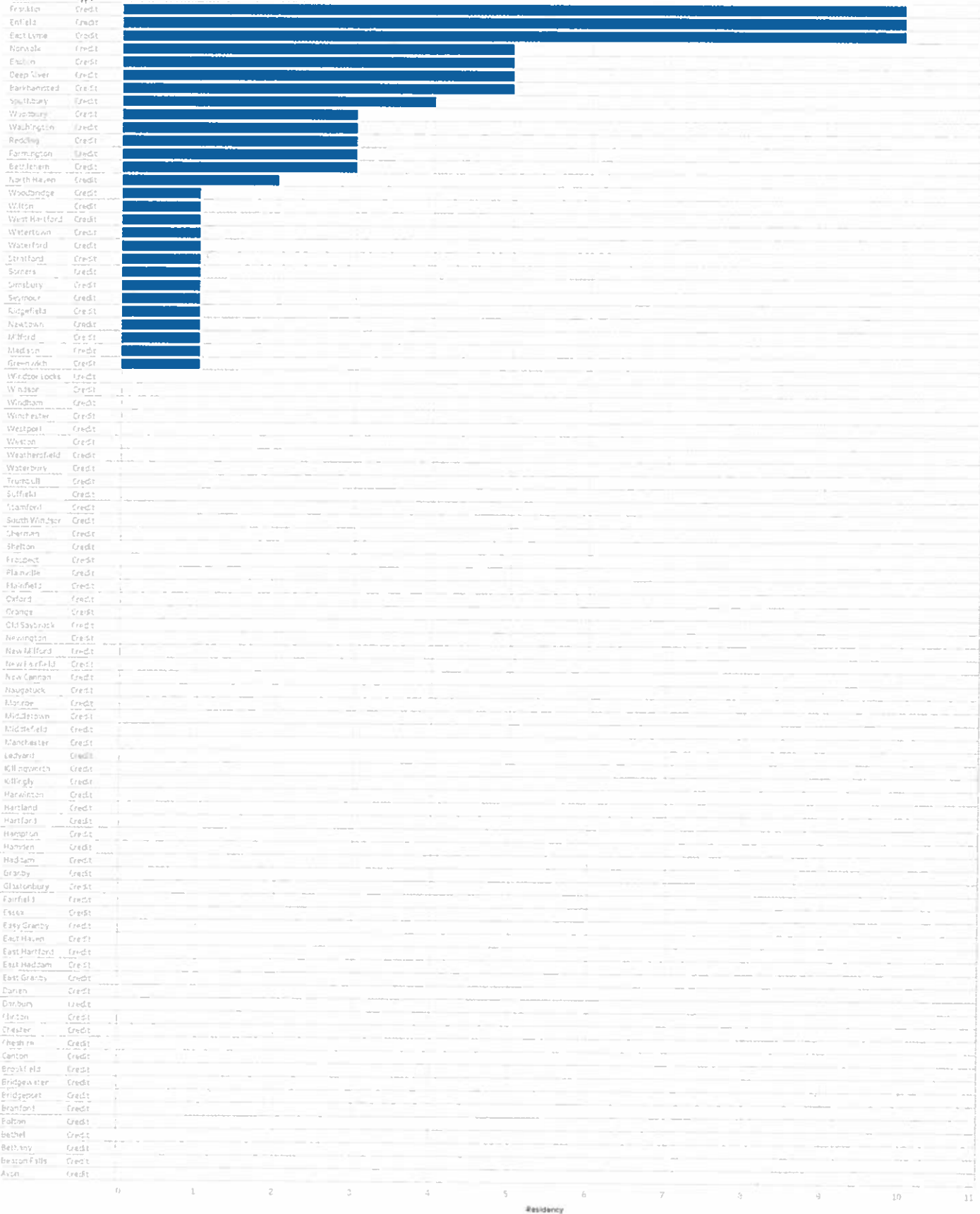


Single and married income limits-All

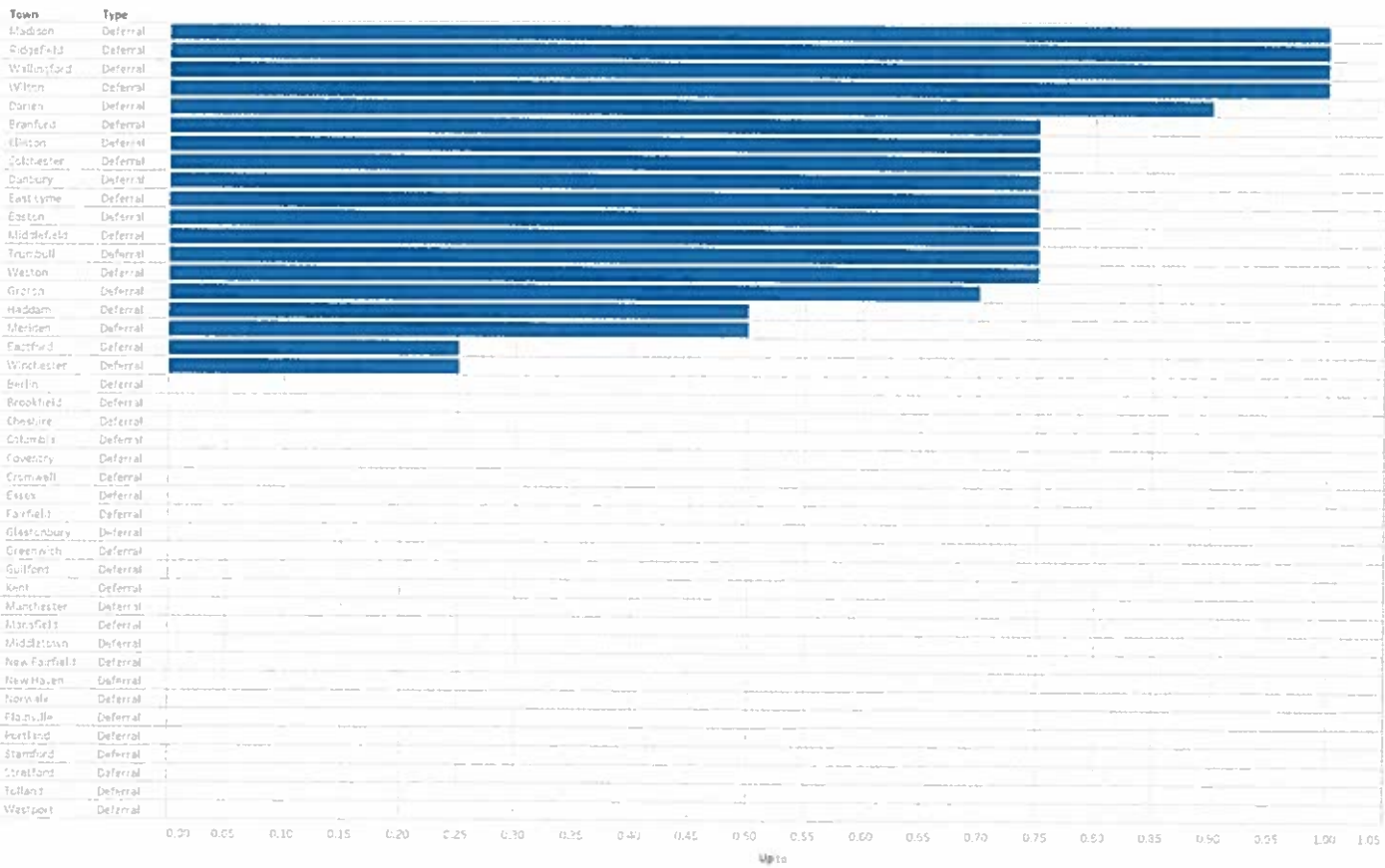
InterestRate-Deferral/Freeze



Town	Type
------	------



Property Tax Deferral Limit-(Missing Durham@100%)



Chairman Godin,

Per our conversation, I've outlined the procedure and timeline to change an ordinance. I hope this is what you were looking for and that the Board of Finance finds it helpful.

Chapter 5, Section 5 of the Charter deals with ordinances and establishes the requirements for creating or modifying code. It obliges the LC to notice and conduct a public hearing, to take action within 30 days after said public hearing, to file the ordinance with the Town Clerk, to file an adoption notice in the paper and establishes a minimum waiting period before an ordinance becomes effective.

1. In this case, the process of possibly implementing a new ordinance or revising an existing one would begin when BOF sends a recommendation to the LC.
2. The LC would formally receive the recommendation by putting it on the next meeting agenda, typically the 1st or 3rd Wednesday of each month. From there the LC likely reviews the recommendation and moves it to committee (pending no further questions or opposition.)
3. The Ordinance schedules a meeting to take up the charge. From there the committee would review the BOF recommendation, consults legal counsel, researches the feasibility of the recommendation with CCM or OPM, consult with the finance director and tax collector, make changes to the ordinance (or not) and vote to move their own final recommendation back to the full council. This part of the process can take several meetings.
4. The LC receives the final recommendation from the Ordinance Committee and deliberates whether to send to a properly noticed, charter mandated public hearing. This process alone takes at least three weeks.
5. Immediately following the public hearing, the council will deliberate and may vote. There are three options...accept with no substantial changes, send back to committee to start at # 3 again, or reject.
6. If accepted, the ordinance must be published before adoption then has a minimum adoption period.

We typically notice in The Newtown Bee which has a publication date of Friday and a submission deadline of mid-day Wednesday. That results in notice often given the following Friday the week after action.

Any recommendation from the BOF would need to be given to the Legislative Council with at **minimum 3 months** to review and run through the Charter mandated process. While the Senior Tax Abatement Program currently starts in March, Ordinance Committee research has shown changes that would have budgetary implications would need to be received by December 1 for the sake of the First Selectman and the Finance Director's budget preparations. The LC would need to take up a BOF recommendation at least three months earlier.

Adding a curve ball to the timing this year is the Municipal Election. Currently the Ordinance Committee is aiming to have its work done before the end of the term without passing lame duck legislation. This means pushing dates up to the first week of November.

Backing out from November 1 the LC would need a recommendation for an ordinance or ordinance change by no later than August 1st at an absolute minimum. July 1st would be even better as the August date spares no room for anything unforeseen.

Please also keep in mind that in the review of Senior Tax Abatement the Ordinance Committee was told that any changes with budgetary implications should receive the input of all three boards (Selectman, Finance and Council).

Please let me know if you have any further requests. As always, we look forward to the Board of Finance's input.

- Ryan Knapp
Ordinance Committee Chairman