

TOWN OF NEWTOWN, CONNECTICUT

**FEDERAL AND STATE
SINGLE AUDIT REPORTS**

JUNE 30, 2017

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INTERNAL CONTROL AND COMPLIANCE REPORT

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

To the Legislative Council
Town of Newtown, Connecticut

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Newtown, Connecticut (the "Town"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 28, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*.

Purpose of this Report

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

A handwritten signature in black ink that reads "Mahoney Sabol + Company, LLP". The signature is written in a cursive, flowing style.

Glastonbury, Connecticut

December 28, 2017

FEDERAL SINGLE AUDIT SECTION

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

To the Legislative Council
Town of Newtown, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the Town of Newtown, Connecticut's (the "Town") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2017. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of federal findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town of Newtown, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

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

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated December 28, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Glastonbury, Connecticut
December 28, 2017

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

<u>Grantor; Program Title</u>	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Passed Through to Subrecipients</u>	<u>Grant Expenditures</u>
UNITED STATES DEPARTMENT OF AGRICULTURE				
Child Nutrition Cluster:				
Passed through the Connecticut Department of Administrative Services:				
National School Lunch Program - USDA Commodities	-	10.555	\$ -	\$ 67,237
Passed through the Connecticut Department of Education:				
National School Lunch Program	12060-SDE64370-20560	10.555	-	141,348
School Breakfast Program	12060-SDE64370-20508	10.553	-	642
Total Child Nutrition Cluster			<u>-</u>	<u>209,227</u>
Passed through the Connecticut Department of Education:				
Child and Adult Care Food Program	12060-SDE64370-20518	10.558	16,149	16,149
Child and Adult Care Food Program - Commodities	12060-SDE64370-20544	10.558	2,686	2,686
			<u>18,835</u>	<u>18,835</u>
TOTAL UNITED STATES DEPARTMENT OF AGRICULTURE			<u>18,835</u>	<u>228,062</u>
UNITED STATES DEPARTMENT OF EDUCATION				
Direct:				
School Safety National Activities Program	-	84.184	-	294,940
Special Education Cluster:				
Passed through the Connecticut Department of Education:				
Special Education - State Grants - 2017	12060-SDE64370-20977	84.027	-	764,429
Special Education - State Grants - 2016	12060-SDE64370-20977	84.027	-	27,583
Special Education - Preschool Grants - 2017	12060-SDE64370-20983	84.173	-	363
Special Education - Preschool Grants - 2016	12060-SDE64370-20983	84.173	-	26,066
Total Special Education Cluster			<u>-</u>	<u>818,441</u>
Passed through the Connecticut Department of Education:				
Title II Part A Improving Teacher Quality - 2017	12060-SDE64370-20858	84.367	-	63,895
Title II Part A Improving Teacher Quality - 2016	12060-SDE64370-20858	84.367	-	6,742
			<u>-</u>	<u>70,637</u>
Title I Grants to Local Educational Agencies - 2017	12060-SDE64370-20679	84.010	-	176,150
English Language Acquisition State Grants	-	84.365	-	2,294
Career and Technical Education	12060-SDE64370-20742	84.048	-	34,235
TOTAL UNITED STATES DEPARTMENT OF EDUCATION			<u>-</u>	<u>1,396,697</u>
UNITED STATES DEPARTMENT OF HOMELAND SECURITY				
Passed through the Connecticut Department of Emergency Services and Public Protection:				
Homeland Security Grant Program	12060-DPS32160-21877	97.067	-	508
Emergency Management Performance Grant	12060-DPS32160-21881	97.042	-	2,579
TOTAL UNITED STATES DEPARTMENT OF HOMELAND SECURITY			<u>-</u>	<u>3,087</u>
UNITED STATES DEPARTMENT OF TRANSPORTATION				
Passed through the Connecticut Department of Transportation:				
Highway Planning and Construction - DOT00960192PE	12062-DOT57191-22108	20.205	-	23,693
Highway Planning and Construction - DOT00960202PE	12062-DOT57191-22108	20.205	-	45,706
			<u>-</u>	<u>69,399</u>
National Priority Safety Programs	12062-DOT57513-22600	20.616	-	77,125
TOTAL UNITED STATES DEPARTMENT OF TRANSPORTATION			<u>-</u>	<u>146,524</u>

Continued

The accompanying notes are an integral part of this schedule.

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)
FOR THE YEAR ENDED JUNE 30, 2017

<u>Grantor; Program Title</u>	<u>Grant Number</u>	<u>Federal CFDA Number</u>	<u>Passed Through to Subrecipients</u>	<u>Grant Expenditures</u>
UNITED STATES DEPARTMENT OF EDUCATION				
Passed through the Connecticut Office of Early Childhood:				
Social Services Block Grant	12060-OEC64841-22668	93.667	\$ 65,757	\$ 65,757
UNITED STATES DEPARTMENT OF JUSTICE				
Direct:				
Bulletproof Vest Partnership Program	-	16.607	-	1,875
Equitable Sharing Program	-	16.922	-	2,598
Passed through the Connecticut Judicial Branch:				
Crime Victim Assistance	12060-JUD95810-22750	16.575	-	357,454
Passed through the Connecticut Department of Emergency Services and Public Protection:				
Justice Assistance Grant Program	12060-DPS32523-26185	16.738	-	5,100
TOTAL UNITED STATES DEPARTMENT OF JUSTICE			-	367,027
TOTAL FEDERAL AWARDS EXPENDED			<u>\$ 84,592</u>	<u>\$ 2,207,154</u>
				<i>Concluded</i>

The accompanying notes are an integral part of this schedule.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE A - ACCOUNTING BASIS

BASIC FINANCIAL STATEMENTS

The accounting policies of the Town of Newtown, Connecticut (the "Town") conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The accompanying schedule of expenditures of federal awards has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of federal awards is presented in accordance with the requirements of the Uniform Guidance, *Audits of States, Local Governments, and Non-Profit Organizations*.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

Certain financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of federal awards.

COST ALLOCATION PRINCIPLES

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

NOTE B - OTHER FEDERAL ASSISTANCE

The United States Department of Agriculture provides commodities to the Town's schools. An amount of \$67,237 has been reflected in the expenditures column in the accompanying schedule of expenditures of federal awards, which represents the fair market value of such commodities received during the year ended June 30, 2017.

The following is a summary of loan program activity for the year ended June 30, 2017.

Department of Environmental Protection: Drinking Water State Revolving Fund Program

<u>Project</u>	<u>Issue Year</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance June 30, 2016</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance June 30, 2017</u>
200402-C	2006	2.32%	\$ 171,738	\$ 90,520	\$ -	\$ 8,617	\$ 81,903

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

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

○ Material weakness(es) identified? _____ Yes ✓ No

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

Noncompliance material to financial statements noted? _____ Yes ✓ No

Federal Awards

Internal control over major programs:

○ Material weakness(es) identified? _____ Yes ✓ No

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

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance, Section 200.516? _____ Yes ✓ No

Identification of major programs:

CFDA Number	Name of Federal Program
84.184	School Safety National Activities Program
16.575	Crime Victim Assistance

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

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

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings are reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

No prior audit findings were reported.

STATE SINGLE AUDIT SECTION

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

To the Legislative Council
Town of Newtown, Connecticut

Report on Compliance for Each Major Program

We have audited the Town of Newtown, Connecticut's (the "Town") compliance with the types of compliance requirements described in the State of Connecticut, Office of Policy and Management's *Compliance Supplement to the State Single Audit Act* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2017. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of state findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major state programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major state program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Newtown, Connecticut, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program 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.

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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

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

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

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, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated December 28, 2017, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. The schedule of expenditures of state financial assistance is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

Mahoney Sabol + Company, LLP

Glastonbury, Connecticut
December 28, 2017

TOWN OF NEWTOWN, CONNECTICUT
 SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
 FOR THE YEAR ENDED JUNE 30, 2017

<u>State Grantor; Pass-Through Grantor; Program Title</u>	<u>State Grant Program Core-CT Number</u>	<u>Passed Through to Subrecipients</u>	<u>Grant Expenditures</u>
NONEXEMPT PROGRAMS:			
DEPARTMENT OF EDUCATION			
Direct:			
Magnet School Tuition	11000-SDE64370-17057	\$ -	\$ 58,500
Child Nutrition State Matching Grant	11000-SDE64370-16211	-	9,369
Adult Education	11000-SDE64370-17030	-	4,563
Health Services	11000-SDE64370-17034	-	21,300
Total Department of Education		<u>-</u>	<u>93,732</u>
DEPARTMENT OF LABOR			
Passed through the Northwest Regional Workforce Investment Board:			
Youth Employment Program	11000-DOL400000-12205	-	16,720
DEPARTMENT OF SOCIAL SERVICES			
Direct:			
Neighborhood Facilities Grant	13019-DSS60783-41242	-	26,994
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT			
Direct:			
Brownfield Remediation and Development Grant	12060-ECD46260-35533	-	41,721
Small Town Economic Assistance Program	12052-ECD46260-42411	-	97,893
Total Department of Economic and Community Development		<u>-</u>	<u>139,614</u>
DEPARTMENT OF ENERGY AND ENVIRONMENTAL PROTECTION			
Direct:			
Small Town Economic Assistance Program	12052-DEP43720-40531	-	500,000
DEPARTMENT OF EMERGENCY SERVICES AND PUBLIC PROTECTION			
Direct:			
Telecommunications Fund	12060-DPS32741-35190	-	48,223
Drug Asset Forfeiture	12060-DPS32155-35142	-	7,392
Total Department of Emergency Services and Public Protection		<u>-</u>	<u>55,615</u>
DEPARTMENT OF TRANSPORTATION			
Direct:			
Town Aid Road Grants	12052-DOT57131-43455	-	470,708
OFFICE OF THE STATE TREASURER			
Direct:			
Nitrogen Credit Exchange Program	21016-OTT14230-42407	-	31,503
DEPARTMENT OF JUSTICE			
Direct:			
Non-Budgeted Operating Appropriations	34001-JUD95162-40001	-	25,988
CONNECTICUT STATE LIBRARY			
Direct:			
Historic Documents Preservation Grants	12060-CSL66094-35150	-	5,000

Continued

The accompanying notes are an integral part of this schedule.

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2017

State Grantor; Pass-Through Grantor; Program Title	State Grant Program Core-CT Number	Passed Through to Subrecipients	Grant Expenditures
NONEXEMPT PROGRAMS: (Continued)			
OFFICE OF POLICY AND MANAGEMENT			
Direct:			
Payment in Lieu of Taxes on State Owned Property	11000-OPM20600-17004	\$ -	\$ 733,247
Municipal Grants-In-Aid	12052-OPM20600-43587	-	235,371
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	-	144,371
Property Tax Relief for Veterans	11000-OPM20600-17024	-	18,888
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	-	1,767
Office of Policy and Management		<u>-</u>	<u>1,133,644</u>
DEPARTMENT OF ADMINISTRATIVE SERVICES			
Direct:			
School Construction Grants	12052-DAS27635-43575	-	2,019,743
OFFICE OF EARLY CHILDHOOD			
Direct:			
Early Care and Education	11000-OEC64841-16274	192,142	192,142
Total State Financial Assistance Before Exempt Programs		<u>192,142</u>	<u>4,711,403</u>
EXEMPT PROGRAMS:			
DEPARTMENT OF EDUCATION			
Direct:			
Educational Cost Sharing	11000-SDE64370-17041	-	4,949,568
Excess Costs	11000-SDE64370-17047	-	1,502,933
Total Department of Education		<u>-</u>	<u>6,452,501</u>
DEPARTMENT OF ADMINISTRATIVE SERVICES			
Direct:			
School Construction Grants - Principal	13010-DAS27636-40901	-	79,391
School Construction Grants - Interest	13009-DAS27636-40896	-	13,031
School Construction Grants	13010-DAS27636-40901	-	599,521
Department of Administrative Services		<u>-</u>	<u>691,943</u>
OFFICE OF POLICY AND MANAGEMENT			
Direct:			
Municipal Revenue Sharing	11000-OPM20600-17102	-	572,949
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	-	911,124
Total Office of Policy and Management		<u>-</u>	<u>1,484,073</u>
Total Exempt Programs		<u>-</u>	<u>8,628,517</u>
TOTAL STATE FINANCIAL ASSISTANCE		<u>\$ 192,142</u>	<u>\$ 13,339,920</u>
			<i>Concluded</i>

The accompanying notes are an integral part of this schedule.

TOWN OF NEWTOWN, CONNECTICUT
NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2017

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Newtown, Connecticut (the "Town") under programs of the State of Connecticut for the fiscal year ended June 30, 2017. Various departments and agencies of the State of Connecticut have provided financial assistance to the Town through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs of the Town.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town conform to accounting principles generally accepted in the United States of America as applicable to governmental organizations. The following is a summary of the more significant policies relating to the aforementioned grant programs.

BASIS OF ACCOUNTING

The accompanying schedule of expenditures of state financial assistance has been prepared on the accrual basis consistent with the preparation of the basic financial statements. Information included in the schedule of expenditures of state financial assistance is presented in accordance with regulations established by the State of Connecticut, Office of Policy and Management.

For cost reimbursement awards, revenues are recognized to the extent of expenditures. Expenditures have been recognized to the extent the related obligation was incurred within the applicable grant period and liquidated within 90 days after the end of the grant period.

For performance based awards, revenues are recognized to the extent of performance achieved during the grant period.

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 financial assistance is not dependent on expenditure activity or the achievement of performance goals and, accordingly, is considered expended in the fiscal year of receipt. These financial assistance program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

NOTE B - LOAN PROGRAMS

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 finance assistance shall include loans and loan activities. The following is a summary of the loan program activity for the year ended June 30, 2017:

Department of Energy and Environmental Protection: Clean Water Fund Program

Project	Issue Year	Interest Rate	Original Amount	Balance June 30, 2016	Issued	Retired	Balance June 30, 2017
113-C	1997	2.0%	\$ 4,570,000	\$ 136,617	\$ -	\$ 136,617	\$ -
113-C1	1999	2.0%	16,128,596	1,275,188	-	953,293	321,895
200101-C	2003	2.1%	516,000	203,668	-	27,296	176,372

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

I. SUMMARY OF AUDITOR'S RESULTS

FINANCIAL STATEMENTS

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ Yes ✓ Reported

Noncompliance material to financial statements noted? _____ Yes ✓ No

STATE FINANCIAL ASSISTANCE

Internal control over major programs:

Material weakness(es) identified? _____ Yes ✓ No

Significant deficiency(ies) identified? _____ Yes ✓ Reported

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

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

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

State Grantor/ Program	State Grant Program Core-CT Number	Expenditures
Department of Administrative Services:		
School Construction Grants	12052-DAS27635-43575	\$ 2,019,743
Office of Policy and Management:		
Payment in Lieu of Taxes on State Owned Property	11000-OPM20600-17004	733,247
Municipal Grants-In-Aid	12052-OPM20600-43587	235,371
Department of Energy and Environmental Protection:		
Small Town Economic Assistance Program	12052-DEP43720-40531	500,000

Dollar threshold used to distinguish between Type A and Type B programs: \$200,000

TOWN OF NEWTOWN, CONNECTICUT
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS *(Continued)*
FOR THE YEAR ENDED JUNE 30, 2017

II. FINANCIAL STATEMENT FINDINGS

No findings are reported.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

No findings or questioned costs are reported.

SUMMARY SCHEDULE OF THE STATUS OF PRIOR AUDIT FINDINGS

No prior audit findings were reported.