

**Federal Single Audit
and
State Single Audit
of the
Town of Newtown, Connecticut
Year Ended June 30, 2016**

Town of Newtown, Connecticut

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**Federal
Single
Audit**

Town of Newtown, Connecticut

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Total Expenditures
<u>U.S. Department of Agriculture</u>				
Passed through State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	12060-20508-82079-170005	\$ -	\$ 1,878
National School Lunch Program - Cash	10.555	12060-20560-80279-170005	-	126,566
National School Lunch Program - Commodities	10.555	12060-20560-80279-170006	-	<u>48,084</u>
Total Child Nutrition Cluster				176,528
Child and Adult Care Food Program	10.558	12060-20518-82079-2016-170005	14,188	<u>14,188</u>
Total U.S. Department of Agriculture				<u>190,716</u>
<u>U.S. Department of the Interior</u>				
Direct Program:				
Natural Resource Damage Assessment, Restoration and Implementation	15.658		-	<u>26,400</u>
<u>U.S. Department of Justice</u>				
Passed through Office for Victims of Crimes Services:				
Antiterrorism Emergency Reserve	16.321		-	550,275
Passed through State Office of Policy and Management:				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		-	5,953
Passed through State Department of Public Safety:				
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803		-	11,524
Equitable Sharing Program	16.922		-	<u>902</u>
Total U.S. Department of Justice				<u>568,654</u>
<u>U.S. Department of Transportation</u>				
Passed through State Department of Transportation:				
Highway Planning and Construction	20.205		-	21,820
State and Community Highway Safety	20.600		-	9,936
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601		-	7,750
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614		-	<u>42,093</u>
Total U.S. Department of Transportation				<u>81,599</u>
<u>U.S. Department of Education</u>				
Passed through State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	12060-20679-82070-2016-170002	-	<u>146,929</u>
Special Education - Cluster:				
Special Education - Grants to States (IDEA, Part B)		12060-20977-82032-2015-170002	-	54,645
Special Education - Grants to States (IDEA, Part B)		12060-20977-82032-2016-170002	-	<u>817,415</u>
Total Special Education - Grants to States (IDEA, Part B)	84.027			<u>872,060</u>
Special Education - Preschool Grants (IDEA Preschool)		12060-20983-82032-2015-170002	-	26,438
Special Education - Preschool Grants (IDEA Preschool)		12060-20983-82032-2016-170002	-	<u>378</u>
Total Special Education - Preschool Grants (IDEA Preschool)	84.173			<u>26,816</u>
Total Special Education - Cluster				<u>898,876</u>
Career and Technical Education - Basic Grants to States (Perkins IV)		12060-20742-84010-2015-170003	-	33,108
Career and Technical Education - Basic Grants to States (Perkins IV)		12060-20742-84010-2016-170002	-	<u>32,843</u>
Total Career and Technical Education - Basic Grants to States (Perkins IV)	84.048			<u>65,951</u>

(Continued)

Town of Newtown, Connecticut
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed-through to Subrecipients	Expenditures
Direct Program:				
School Emergency Response to Violence (Project SERV)	84.184S	N/A	\$ -	\$ 1,446,537
Passed through State Department of Education:				
English Language Acquisition State Grants	84.365	12060-20868-82075-2015-170002	-	1,793
Improving Teacher Quality State Grants		12060-20858-84131-2015-170002	-	7,471
Improving Teacher Quality State Grants		12060-20858-84131-2016-170002	-	64,740
Total Improving Teacher Quality State Grants	84.367			72,211
Total U.S. Department of Education				2,632,297
<u>U.S. Election Assistance Commission</u>				
Passed through Office of Secretary of State:				
Help America Vote Act Requirements Payments	90.401		-	2,904
<u>U.S. Department of Health and Human Services</u>				
Passed through Western CT Area Agency on Aging:				
Special Programs for the Aging - Title III, Part B	93.044		-	2,040
Drug-Free Communities Support Program Grants	93.276		-	61,152
Passed through State Department of Social Services:				
Social Services Block Grant	93.667		253,760	253,760
Passed through State Department of Public Health:				
Public Health Emergency Preparedness	93.069		-	55,286
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		6,860	6,860
Total U.S. Department of Health and Human Services				379,098
<u>U.S. Department of Homeland Security</u>				
Passed through State of Connecticut Military Department:				
Emergency Management Performance Grants	97.042		-	12,707
Total Federal Awards			\$ 274,808	\$ 3,894,375

(Concluded)

See Notes to Schedule of Expenditures of Federal Awards.

Town of Newtown, Connecticut

Notes to Schedule of Expenditures of Federal Awards June 30, 2016

1. Basis of presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Town of Newtown, Connecticut under programs of the federal government. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town.

2. Summary of significant accounting policies

A. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, as applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

B. The Town has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

3. Noncash federal awards

The Town received and expended \$48,084 of USDA donated commodities under the National School Lunch Program.

4. Prior year findings and questioned costs

There were no prior audit findings or questioned costs.

Town of Newtown, Connecticut

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified opinion

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes x no

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required
to be reported in accordance with
2 CFR Section 200.516(a)? yes x no

Identification of major programs:

CFDA Number

84.027/84.173

Name of Federal Program

Special Education – Cluster

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

Auditee qualified as low-risk auditee? x yes no

II - Findings - Financial Statement Audit

None

III - Findings and Questioned Costs - Major Federal Award Programs Audit

None

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*

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, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Newtown, Connecticut, as of and for the year ended June 30, 2016, 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 7, 2016.

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 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 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Hartford, Connecticut
December 7, 2016

Independent Auditor's Report on Compliance for Each
Major Federal Program; Report on Internal Control over
Compliance; and Report on the Schedule of Expenditures
of Federal Awards Required by the Uniform Guidance

Legislative Council
Town of Newtown, Connecticut

Report on Compliance for Each Major Federal Program

We have audited the Town of Newtown, Connecticut's 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, 2016. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of 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 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, 2016.

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 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.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Newtown, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We issued our report thereon dated December 7, 2016, 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.

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Hartford, Connecticut
December 7, 2016

State Single Audit

Town of Newtown, Connecticut

**Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2016**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE CT Number	Passed-through to Subrecipients	Total Expenditures
Department of Education:			
Adult Education	11000-SDE64000-17030	\$ -	\$ 4,636
Health Services	11000-SDE64000-17034	-	22,148
Magnet Schools	11000-SDE64000-17057	-	63,700
Child Nutrition State Matching Grant	11000-SDE64000-16211	-	9,911
High Quality Schools and Common Core Implementation (Bonds)	12052-SDE64000-43538	-	103,623
Department of Transportation:			
Town Aid Road Grants Transportation Fund	12052-DOT57131-43455-34005	-	469,996
Department of Labor:			
CT Youth Employment Program	11000-DOL40000-12205	-	18,793
Connecticut State Library:			
Historic Documents Preservation Grants	12060-CSL66094-35150	-	4,000
Office of Policy and Management:			
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	-	717,919
Property Tax Relief on Property of Totally Disabled Persons	11000-OPM20600-17011	-	1,948
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	-	151,508
Property Tax Relief for Veterans	11000-OPM20600-17024	-	18,949
Local Capital Improvement Program	12050-OPM20600-40254	-	207,668
Municipal Grants-in-Aid	12052-OPM20600-43587	-	235,371
Department of Emergency Services and Public Protection:			
Drug Assets Forfeiture Funds	12060-DPS32155-35142	-	6,511
School Security Competitive Grant Program	12052-DPS32183-43546	-	58,592
Telecommunications Fund	12060-DPS32740-35190	-	80,678
Department of Administrative Services:			
Sandy Hook School Construction Grant	12052-DAS27635-43575	-	30,815,852
Department of Social Services:			
Neighborhood Facilities	13019-DSS60783-41242	-	473,006
Department of Economic and Community Development:			
Brownfield Remediation Program	12052-ECD46260-43403	-	148,067
Passed through the Cultural Alliance of Western Connecticut:			
Local Arts Agency Program	11000-ECD46820-17067	-	3,290
Passed through the Connecticut Trust for Historic Preservation:			
Endangered Property Grants	12060-ECD46840-90455	-	10,000
Department of Energy and Environmental Protection			
Clean Water Fund (Nitrogen Credit)	21016-OTT14230-42407	-	31,503
Department of Public Health:			
Children's Health Initiatives	11000-DPH48500-12126	-	3,598
Local and District Departments of Health	11000-DPH48500-17009	-	56,256
Total State Financial Assistance Before Exempt Programs			<u>33,717,523</u>

(Continued)

Town of Newtown, Connecticut

**Schedule of Expenditures of State Financial Assistance
Year Ended June 30, 2016**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program CORE CT Number	Passed-through to Subrecipients	Total Expenditures
<u>Exempt Programs:</u>			
Department of Education:			
Public School Transportation	11000-SDE64000-17027	\$ -	\$ 84,121
Education Cost Sharing	11000-SDE64000-17041-82010	-	4,787,409
Speical Education - Excess Cost - Student Based	11000-SDE64000-17047	-	1,441,286
Nonpublic School Transportation	11000-SDE64000-17049	-	15,086
Office of Policy and Management:			
Mashantucket Pequot and Mohegan Fund Grant	12009-OPM20600-17005	-	967,137
Department of Construction Services:			
School Construction Projects - Principal	13010-DCS28000-40901	-	502,270
School Construction Projects - Interest	13009-DCS28000-40896	-	31,335
Total Exempt Programs			<u>7,828,644</u>
Total State Financial Assistance		<u>\$ -</u>	<u>\$ 41,546,167</u>

(Concluded)

See Notes to Schedule of Expenditures of State Financial Assistance.

Town of Newtown, Connecticut

Notes to Schedule of Expenditures of State Financial Assistance June 30, 2016

The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Newtown, Connecticut, under programs of the State of Connecticut. Various departments and agencies of the State of Connecticut have provided financial assistance through grants and other authorizations in accordance with the General Statutes of the State of Connecticut. These financial assistance programs fund several programs including general government, public safety, health and welfare, land use, public works, parks and recreation and education.

1. Summary of significant accounting policies

The accounting policies of the Town of Newtown, Connecticut, conform to accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board.

The information in the schedule of expenditures of state financial assistance is presented based upon regulations established by the State of Connecticut, Office of Policy and Management.

Basis of Accounting

The expenditures reported on the schedule of expenditures of state financial assistance are reported on the modified accrual basis of accounting. In accordance with Section 4-236-22 of the Regulations to the State Single Audit Act, certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the schedule of expenditures of state financial assistance.

2. 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 financial assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2016.

Department of Energy and Environmental Protection:

Clean Water Funds (21014-OTT14230-40001):

Grant Number	Issue Date	Interest Rate	Original Amount	Balance July 1, 2015	Retired	Balance June 30, 2016
113-C	06/30/97	2.0%	\$ 4,570,000	\$ 405,805	\$ 269,188	\$ 136,617
113-C1	10/30/98	2.0%	16,128,596	2,209,527	934,339	1,275,188
200101-C	06/30/03	2.1%	516,000	230,397	26,729	203,668

Drinking Water Funds (21018-OTT14230-40001):

Grant Number	Issue Date	Interest Rate	Original Amount	Balance July 1, 2015	Retired	Balance June 30, 2016
200402-C	06/29/06	2.32%	\$ 171,738	\$ 98,940	\$ 8,420	\$ 90,520

Town of Newtown, Connecticut

**Notes to Schedule of Expenditures of State Financial Assistance
June 30, 2016**

3. Prior year findings and questioned costs

There were no prior audit findings or questioned costs.

Town of Newtown, Connecticut

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2016**

I. Summary of Auditor's Results

Financial Statements

Type of auditor's opinion issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? yes x no

State Financial Assistance

Internal control over major programs:

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

Type of auditor's opinion 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 x no

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

<u>State Grantor and Program</u>	<u>State Core-CT Number</u>	<u>Expenditures</u>
Department of Administrative Services: Sandy Hook School Construction Grant	12052-DAS27635-43575	\$ 30,815,852
Department of Social Services: Neighborhood Facilities	13019-DSS60783-41242	\$ 473,006
• Dollar threshold used to distinguish between type A and type B programs:		\$ 674,350

II. Financial Statement Findings

None.

III. State Financial Assistance Findings and Questioned Costs

None.

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*

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, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Newtown, Connecticut, as of and for the year ended June 30, 2016, 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 7, 2016.

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 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 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Hartford, Connecticut
December 7, 2016

Independent Auditor's Report on Compliance for Each Major
State Program; Report on Internal Control over Compliance;
and Report on the Schedule of Expenditures of State
Financial Assistance Required by the State Single Audit Act

Legislative Council
Town of Newtown, Connecticut

Report on Compliance for Each Major State Program

We have audited the Town of Newtown, Connecticut's compliance with the types of compliance requirements described in the Office of Policy and Management's *Compliance Supplement* that could have a direct and material effect on each of the Town's major state programs for the year ended June 30, 2016. The Town's major state programs are identified in the summary of auditor's results section of the accompanying schedule of 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 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, 2016.

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 our 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 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.

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Newtown, Connecticut, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated December 7, 2016, 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 Town's basic financial statements. The accompanying schedule of expenditures of state financial assistance is presented for purposes of additional analysis as required by the State Single Audit Act and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state financial assistance is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "Cohn Reznick LLP". The signature is written in a cursive, flowing style.

Hartford, Connecticut
December 7, 2016