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**FEDERAL SINGLE AUDIT**

**AND**

**STATE SINGLE AUDIT**

**OF THE**

**TOWN OF NEWTOWN, CONNECTICUT**

*FOR THE YEAR ENDED*  
*JUNE 30, 2009*

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**TOWN OF NEWTOWN, CONNECTICUT**

FEDERAL SINGLE AUDIT  
AND  
STATE SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2009

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**Federal  
Single  
Audit**

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**TOWN OF NEWTOWN, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through State Department of Education:			
School Lunch - Cluster:			
School Breakfast.....	10.553	12060-20508-82079-170005	\$ 4,269
National School Lunch - Cash.....	10.555	12060-20560-80279-170005	142,200
National School Lunch - Commodities.....	10.555	12060-20560-80279-170005	75,650
Special Milk Program for Children.....	10.556	12060-20500-82079-170005	3,016
Total School Lunch - Cluster.....			225,135
Child and Adult Care Food Program.....	10.558		14,726
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE.....</b>			<b>239,861</b>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
Passed through the State Department of Economic and Community Development:			
Community Development Block Grants/States Program State Administered Small Cities Program.....	14.228		421,712
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
Passed through State Department of Transportation:			
Highway Planning and Construction.....	20.205		9,408
Recreational Trails Program.....	20.219		53,050
State and Community Highway Safety.....	20.600		3,174
Alcohol Impaired Driving Countermeasures Incentive Grants.....	20.601		39,974
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION.....</b>			<b>105,606</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Passed through State Department of Education:			
Title I - Grants to Local Educational Agencies.....		12060-20679-82070-2008-170002-SDE00005	3,649
Title I - Grants to Local Educational Agencies.....		12060-20679-82070-2009-170002-SDE00005	151,271
Total Title I - Grants to Local Educational Agencies.....	84.010		154,920
Special Education - Cluster:			
Special Education - State Grants (IDEA, Part B).....		12060-20977-82032-2008-170002	41,541
Special Education - State Grants (IDEA, Part B).....		12060-20977-82032-2009-170002	784,565
Total Special Education - State Grants (IDEA, Part B).....	84.027		826,106
Special Education - Preschool Grants.....	84.173	12060-20983-82032-2008-170002	29,322
Special Education Grants to States, Recovery Act.....	84.391		85,423
Total Special Education - Cluster.....			940,851
Career and Technical Education - Basic Grants to States.....		12060-20742-84010-2008-170003-SDE00005	23,434
Career and Technical Education - Basic Grants to States.....		12060-20742-84010-2008-170003-SDE00006	9,388
Career and Technical Education - Basic Grants to States.....		12060-20742-84010-2009-170002	32,968
Passed through Naugatuck Valley Community College			
Career and Technical Education - Basic Grants to States.....			4,000
Total Carrer and Technical Education - Basic Grants to States.....	84.048		69,790
Safe and Drug-Free Schools and Communities - State .....		12060-20873-84131-2008-170002	672
Safe and Drug-Free Schools and Communities - State .....		12060-20873-84131-2009-170002	9,108
Total Safe and Drug-Free Schools and Communities - State.....	84.186		9,780
Title V - Innovative Education Strategies.....	84.298	12060-20909-84131-2008-170002	260
Title II, Part D Educational Technology - State Grants.....	84.318	12060-20826-82079-2008-170002	867
Title II, Part A Improving Teacher Quality - State Grants.....		12060-20858-84131-2008-170002	26,850
Title II, Part A Improving Teacher Quality - State Grants.....		12060-20858-84131-2009-170002	66,140
Total Title II, Part A Improving Teacher Quality - State Grants.....	84.367		92,990
Passed through Education Connection			
English Language Acquisition Grant.....	84.365		407
<b>TOTAL U.S. DEPARTMENT OF EDUCATION.....</b>			<b>1,269,865</b>

(Continued)

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

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through State Department of Public Health:			
Centers for Disease Control and Prevention Investigations and Technical Assistance.....	93.283		\$ 101,381
Preventative Health and Health Services Block Grant.....	93.991		6,432
Passed through State Department of Social Services:			
Social Services Block Grant.....	93.667		<u>223,052</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES.....			<u>330,865</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Passed through State of Connecticut Military Department:			
Homeland Security Grant Program .....	97.067	12060-EHSM-54770-1000	70,540
Emergency Management Performance Grants.....	97.042		<u>4,935</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY.....			<u>75,475</u>
TOTAL FEDERAL AWARDS.....			<u>\$ 2,443,384</u>

(Concluded)

**TOWN OF NEWTOWN, CONNECTICUT**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2009

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**1. SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting and a current financial resources measurement focus. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

**2. NONCASH FEDERAL AWARDS**

The Town received and expended \$75,650 of USDA donated commodities under the National School Lunch Program.

TOWN OF NEWTOWN, CONNECTICUT

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009

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Summary Schedule of Prior Audit Findings

- There were no prior audit findings or questioned costs.

TOWN OF NEWTOWN, CONNECTICUT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

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SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?       yes   x  no

Significant deficiency(ies) identified that are  
not considered to be material weaknesses?       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 that are  
not considered to be material weakness(es)?       yes   x  none reported

Type of auditors' report issued on compliance  
for major programs: Unqualified

Any audit findings disclosed that are required  
to be reported in accordance with  
Circular A-133, Section .510(a)?       yes   x  no

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
84.027/84.173	Special Education Cluster
14.228	Community Development Block Grants/States Program State Administered Small Cities Program

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

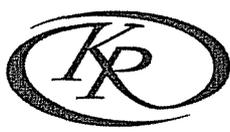
Auditee qualified as low-risk auditee?   x  yes       no

SECTION II - FINANCIAL STATEMENT FINDINGS

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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



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

Legislative Council  
Town of Newtown, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Newtown, Connecticut, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Town of Newtown, Connecticut  
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Town in a separate letter dated December 18, 2009.

This report is intended solely for the information and use of management, the Legislative Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Kostin, Ruffkess & Company, LLC*

Farmington, Connecticut  
December 18, 2009



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Legislative Council  
Town of Newtown, Connecticut

Compliance

We have audited the compliance of the Town of Newtown, Connecticut, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to its major federal programs for the year ended June 30, 2009. The Town's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the Town's management. Our responsibility is to express an opinion on the Town's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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



Town of Newtown, Connecticut  
Page Two

Internal Control Over Compliance (Continued)

A *control deficiency* in a Town's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Town's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance and its operation that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 18, 2009. Our audit was performed 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 federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Kostin, Ruffkes & Company, LLC*

Farmington, Connecticut  
December 18, 2009

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**State  
Single  
Audit**

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**TOWN OF NEWTOWN, CONNECTICUT**

**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2009**

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	STATE GRANT PROGRAM CORE-CT NUMBER	STATE PROJECT NUMBER	EXPENDITURES
<b>DEPARTMENT OF EDUCATION:</b>			
Adult Education.....	11000-SDE64000-17030	11000-17030-84003-2009-170013	\$ 3,490
Health Services.....	11000-SDE64000-17034	11000-17034-82010-2009-170006	11,839
Magnet Schools.....	11000-SDE64000-17057	11000-17057-82061-2009	46,800
Child Nutrition Program (School Lunch State Match).....	11000-SDE64000-16072-82051	11000-16072-82051-2007-170005	15,489
<b>DEPARTMENT OF TRANSPORTATION:</b>			
Town Aid Road Grants Transportation Fund.....	12001-DOT57000-17036		241,492
<b>DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT:</b>			
Small Town Economic Assistance Program.....	12052-ECD46000-42411		470,260
<b>DEPARTMENT OF ENVIRONMENTAL PROTECTION:</b>			
Open Space and Watershed Land Acquisition Program.....	12052-DEP43000-40524		157,500
<b>EDUCATIONAL SERVICES FOR THE BLIND:</b>			
Educational Services for the Blind.....	11000-ESB65020-12060		3,496
<b>OFFICE OF POLICY AND MANAGEMENT:</b>			
Property Tax Relief for Elderly and Totally Disabled Homeowners.....	11000-OPM20600-17018		118,019
Property Tax Relief for Elderly Homeowners - Freeze Program.....	11000-OPM20600-17011		1,369
Property Tax Relief for Veterans.....	11000-OPM20600-17024		10,162
Property Tax Relief for Manufacturing Machinery Equipment and Commercial Vehicles.....	11000-OPM20600-17031		277,239
Local Capital Improvement Program.....	12050-OPM20600-40254		240,007
Heating Assistance Grant.....	11000-OPM20600-17096		67,214
<b>STATE COMPTROLLER:</b>			
Payment in Lieu of Taxes (PILOT) on State-Owned Property.....	11000-OSC15910-17004		1,087,935
Mashantucket Pequot/Mohegan Fund.....	12009-OSC15910-17005		1,252,314
Boat Grant.....	12027-OSC15910-40211		8,988
<b>DEPARTMENT OF PUBLIC SAFETY:</b>			
Telecommunications Fund.....	12060-DPS32740-35190		38,893
<b>CONNECTICUT STATE LIBRARY:</b>			
Historic Documents Preservation Program.....	12060-CSL66091-35150		12,000
<b>DEPARTMENT OF EMERGENCY MANAGEMENT AND HOMELAND SECURITY:</b>			
School Security Grant.....	12060-EHS99530-90516		16,445
<b>TOTAL STATE ASSISTANCE BEFORE EXEMPT PROGRAMS.....</b>			<b>4,080,951</b>
<b>EXEMPT PROGRAMS:</b>			
<b>DEPARTMENT OF EDUCATION:</b>			
School Construction Projects - Principal.....	13010-SDE64000-40901	13010-40901-82003-2008-170001	166,887
School Construction Projects - Principal.....	13010-SDE64000-40901	13010-40901-82003-2009-170001	627,998
School Construction Projects - Interest.....	13009-SDE64000-40896	13009-40896-82004-2008-170063	21,740
School Construction Projects - Interest.....	13009-SDE64000-40896	13009-40896-82004-2009-170063	177,604
School Construction Projects - Progress.....	13010-SDE64000-40901	13010-40901-82006-2009-170001	60,377
Transportation of School Children.....	11000-SDE64000-17027	11000-17027-82010-2008-170005	155,521
Education Cost Sharing.....	11000-SDE64000-17041	11000-17041-82010-2008-170002	4,387,367
Excess Cost - Student Based.....	11000-SDE64000-17047	11000-17047-82016-2008	342,831
Excess Cost - Student Based.....	11000-SDE64000-17047	11000-17047-82018-2008	1,302,018
Excess Cost - Student Based.....	11000-SDE64000-17047	11000-17047-82019-2008	62,425
Nonpublic School Transportation.....	11000-SDE64000-17049	11000-17049-82010-2008-170006	16,983
<b>TOTAL EXEMPT PROGRAMS.....</b>			<b>7,321,751</b>
<b>GRAND TOTAL STATE FINANCIAL ASSISTANCE.....</b>			<b>\$ 11,402,702</b>

**TOWN OF NEWTOWN, CONNECTICUT**

NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2009

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Basis of Presentation

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

The Schedule of Expenditures of State Financial Assistance, contained in this report, is prepared based on regulations established by the State of Connecticut Office of Policy and Management. In accordance with these regulations (Section 4-236-22), certain grants are not dependent on expenditure activity and, accordingly, are considered to be expended in the fiscal year of receipt. These grant program receipts are reflected in the expenditures column of the Schedule of Expenditures of State Financial Assistance.

**2. LOAN PROGRAM**

In accordance with Section 4-236-23(a)(4)(F) of the Regulations to the State Single Audit Act, the notes to the Schedule of Expenditures of State Financial Assistance shall include loans and loan activities. The following is a summary of the various loan program activity for the year ended June 30, 2009.

DEPARTMENT OF ENVIRONMENTAL PROTECTION:

Clean Water Funds (21014-OTT14230-40001):

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance July 1, 2008</u>	<u>Retired</u>	<u>Balance June 30, 2009</u>
06/30/97	2.0%	\$ 4,570,000	\$ 2,146,758	\$ 234,049	\$ 1,912,709
10/30/98	2.0%	16,128,596	8,252,187	812,369	7,439,818
10/31/03	2.1%	516,000	402,588	23,078	379,510

Drinking Water Funds (21017-OTT14230-40001):

<u>Issue Date</u>	<u>Interest Rate</u>	<u>Original Amount</u>	<u>Balance July 1, 2008</u>	<u>Retired</u>	<u>Balance June 30, 2009</u>
06/29/06	2.32%	\$ 171,738	\$ 152,719	\$ 7,159	\$ 145,560

**TOWN OF NEWTOWN, CONNECTICUT**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**Summary Schedule of Prior Audit Findings**

- The prior year audit finding 08-01 has been corrected.

**TOWN OF NEWTOWN, CONNECTICUT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

**I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?       yes   x  no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?       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 that are not considered to be material weakness(es)?       yes   x  none reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 4-236-24 of the Regulations to the State Single Audit Act?       yes   x  no

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

<b><u>State Grantor and Program</u></b>	<b><u>State Core-CT Number</u></b>	<b><u>Expenditures</u></b>
DEPARTMENT OF TRANSPORTATION:		
Town Aid Road Grants Transportation Fund	12001-DOT57000-17036	\$ 241,492
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT:		
Small Town Economic Assistance Program	12052-ECD46000-42411	470,260
DEPARTMENT OF ENVIRONMENTAL PROTECTION:		
Open Space and Watershed Land Acquisition Program	12052-DEP43000-40524	157,500
OFFICE OF POLICY AND MANAGEMENT:		
Property Tax Relief for Elderly and Totally Disabled Homeowners	11000-OPM20600-17018	118,019
Property Tax Relief for Manufacturing Machinery Equipment and Commercial Vehicles	11000-OPM20600-17031	277,239
Local Capital Improvement Program	12050-OPM20600-40254	240,007
STATE COMPTROLLER:		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OSC15910-17004	1,087,935
Mashantucket Pequot/Mohegan Fund	12009-OSC15910-17005	1,252,314

**TOWN OF NEWTOWN, CONNECTICUT**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2009

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II. FINANCIAL STATEMENTS FINDINGS

- We issued our report dated December 18, 2009, 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.
- Our report on compliance indicated no reportable instances of noncompliance.
- Our report on internal control over financial reporting indicated no significant deficiencies.

III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS

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



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

Legislative Council  
Town of Newtown, Connecticut

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Newtown, Connecticut, as of and for the year ended June 30, 2009, which collectively comprise the Town's basic financial statements and have issued our report thereon dated December 18, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Town's financial statements that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Town's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



Town of Newtown, Connecticut  
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the Town in a separate letter dated December 18, 2009.

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

*Kostin, Ruffkess & Company, LLC*

Farmington, Connecticut  
December 18, 2009



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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH THE STATE SINGLE AUDIT ACT

Legislative Council  
Town of Newtown, Connecticut

Compliance

We have audited the compliance of the Town of Newtown, Connecticut, with the types of compliance requirements described in the Office of Policy and Management Compliance Supplement that are applicable to each of its major state programs for the year ended June 30, 2009. The major state programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major state programs is the responsibility of the Town's management. Our responsibility is to express an opinion on compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the State Single Audit Act (C.G.S. Sections 4-230 to 4-236). Those standards and the State Single Audit Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Town's compliance with those requirements.

In our opinion, the Town complied, in all material respects, with the requirements referred to above that are applicable to each of its major state programs for the year ended June 30, 2009.

Internal Control Over Compliance

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



Town of Newtown, Connecticut  
Page Two

Internal Control Over Compliance (Continued)

A *control deficiency* in a Town's internal control over compliance 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 noncompliance with a type of compliance requirement of a state program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Town's ability to administer a state program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a state program that is more than inconsequential will not be prevented or detected by the Town's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a state program will not be prevented or detected by the Town's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance and its operation that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of State Financial Assistance

We have audited the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town, as of and for the year ended June 30, 2009, and have issued our report thereon dated December 18, 2009. Our audit was performed for the purpose of forming opinions on the financial statements taken as a whole. 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Kostin, Ruffkless & Company, LLC*

Farmington, Connecticut  
December 18, 2009