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# **TOWN OF BROOKLYN, CONNECTICUT**

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Annual Financial Statements

For the Year Ended June 30, 2019

# TOWN OF BROOKLYN, CONNECTICUT

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Finance  
Town of Brooklyn, Connecticut

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brooklyn, CT, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Brooklyn, CT's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brooklyn, CT, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Emphasis of Matter**

As discussed in Note 15 of the financial statements, the impact of the COVID-19 epidemic that occurred after year-end may affect the financial position of the Town of Brooklyn. Our opinion is not modified with respect to that matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3–9, budgetary comparison information on pages 55-58, and Pension and OPEB schedules on pages 59-66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Brooklyn, CT's basic financial statements. The combining and individual nonmajor fund financial statements and supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and supplemental schedules are the responsibility of management and were 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 combining and individual nonmajor fund financial statements and supplemental schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

## **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2020, on our consideration of the Town of Brooklyn, CT's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Brooklyn, CT's internal control over financial reporting and compliance.



King, King & Associates, P.C., CPAs  
Winsted, CT  
March 11, 2020

# TOWN OF BROOKLYN, CONNECTICUT

## Management's Discussion and Analysis

June 30, 2019

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As management of the Town of Brooklyn, CT, we offer readers of the Town of Brooklyn, CT's financial statements this narrative overview and analysis of the financial activities of the Town of Brooklyn, CT for the fiscal year ended June 30, 2019.

### FINANCIAL HIGHLIGHTS

- The assets of the Town of Brooklyn, CT exceeded its liabilities at the close of the most recent fiscal year by \$26,495,938 (*net position*). Of this amount, \$(2,502,821) (*unrestricted net position*) may be used to meet the government's ongoing obligations to citizens and creditors. Restricted Net Position of \$696,650 is restricted for various programs such as road improvements, façade improvement program, education, town clerk grants, and other purposes.
- In the Town's governmental activities, total net position decreased by \$732,607.
- In the Town's business-type activities, total net position increased by \$109,590.
- As of the close of the current fiscal year, the Town of Brooklyn, CT's governmental funds reported combined ending fund balances of \$(1,860,904), an increase of \$675,152 in comparison with the prior year. The total unassigned fund balance is negative due to a large Bond Anticipation Note in the Capital Nonrecurring Fund.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$798,447 or 3.1% of total General Fund expenditures. The total fund balance of the General Fund was \$964,710 or 3.8% of total General Fund expenditures.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Town of Brooklyn, CT's basic financial statements. The Town of Brooklyn, CT's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Town of Brooklyn, CT's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Town of Brooklyn, CT's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator whether the financial position of the Town of Brooklyn, CT is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position is changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., earned but unused vacation leave).

## TOWN OF BROOKLYN, CONNECTICUT

### Management's Discussion and Analysis

June 30, 2019

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Both of the government-wide financial statements distinguish functions of the Town of Brooklyn, CT that are principally supported by intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Town of Brooklyn, CT include education, public safety, general government, public works, human services, civic and cultural, and development and planning. Property taxes, state and federal grants, and local revenues such as fees and licenses finance most of these activities. The business-type activities of the Town of Brooklyn, CT include fees to customers to help it cover all or most of the cost of certain services it provides.

The government-wide financial statements can be found on pages 10-11 of this report.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Brooklyn, CT, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Brooklyn, CT can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison.

The Town of Brooklyn, CT, maintains nine (9) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, and Capital Nonrecurring Fund. Data from the other governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Town of Brooklyn, CT, adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-15 of this report.

**Proprietary Funds.** The Town maintains one proprietary fund. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Water Pollution Control Authority.

The basic proprietary fund financial statements can be found on pages 16-18 of this report.

# TOWN OF BROOKLYN, CONNECTICUT

## Management's Discussion and Analysis

June 30, 2019

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**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town of Brooklyn, CT's own programs. The accounting used for fiduciary funds is much like that used for Proprietary Funds.

The basic fiduciary fund financial statements can be found on pages 19-20 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21-54 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Brooklyn, CT, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,495,938 at the close of the most recent fiscal year.

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	Restated	2019	2018	Restated
Current and Other Assets	\$ 3,428,163	\$ 2,585,904		\$ 1,023,070	\$ 574,850	\$ 4,451,233
Capital Assets	31,575,249	31,967,251		2,227,395	2,291,491	33,802,644
Total Assets	<u>35,003,412</u>	<u>34,553,155</u>		<u>3,250,465</u>	<u>2,866,341</u>	<u>38,253,877</u>
Deferred Outflows of Resources	694,733	610,209	-	-	694,733	610,209
Long-term Liabilities	5,268,863	5,369,080		1,061,361	1,079,640	6,330,224
Other Liabilities	4,960,165	4,314,033		302,222	9,409	5,262,387
Total Liabilities	<u>10,229,028</u>	<u>9,683,113</u>		<u>1,363,583</u>	<u>1,089,049</u>	<u>11,592,611</u>
Deferred Inflows of Resources	860,061	138,588	-	-	860,061	138,588
Net Position:						
Net Investment in Capital Assets	27,136,075	28,044,139		1,166,034	1,211,851	28,302,109
Restricted	696,650	744,512		-	-	696,650
Unrestricted	(3,223,669)	(3,446,988)		720,848	565,441	(2,502,821)
Total Net Position	<u>\$ 24,609,056</u>	<u>\$ 25,341,663</u>		<u>\$ 1,886,882</u>	<u>\$ 1,777,292</u>	<u>\$ 26,495,938</u>
						<u>\$ 27,118,955</u>

The largest portion of the Town's net position reflects its investment in capital assets (land, buildings and systems, machinery and equipment, and infrastructure assets such as roads and bridges) less any related debt used to acquire those assets that is still outstanding. The Town uses these assets to provide services to its citizens; consequently, these assets are not available for spending. Net investment in capital assets decreased by \$953,881 primarily due to depreciation being greater than fixed asset additions and the pay down of related debt.

The Town's restricted net position of \$696,650 decreased by \$47,862 compared to last years restricted net position of \$744,512.

# TOWN OF BROOKLYN, CONNECTICUT

## Management's Discussion and Analysis

June 30, 2019

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The Town's unrestricted net position of (\$2,502,821) increased by \$378,726 compared to last years unrestricted net position of (\$2,881,547).

	Governmental Activities		Business-Type Activities		Totals	
	2019	2018	2019	2018	2019	2018
<b>REVENUES</b>						
<i>General Revenues:</i>						
Property Taxes	\$ 15,766,929	\$ 15,015,869	\$ -	\$ -	\$ 15,766,929	\$ 15,015,869
Unrestricted Grants & Contributions	303,489	432,973	-	-	303,489	432,973
Unrestricted Investment Income	22,417	7,245	2,395	2,033	24,812	9,278
Other General Revenues	60,473	1,044,229	-	-	60,473	1,044,229
<i>Program Revenues:</i>						
Charges for Services	812,288	694,349	558,320	520,604	1,370,608	1,214,953
Operating Grants and Contributions	9,430,527	7,567,903	-	-	9,430,527	7,567,903
Capital Grants and Contributions	170,963	2,661,667	-	-	170,963	2,661,667
Total Revenues	<u>26,567,086</u>	<u>27,424,235</u>	<u>560,715</u>	<u>522,637</u>	<u>27,127,801</u>	<u>27,946,872</u>
<b>EXPENSES</b>						
<i>Governmental Activities:</i>						
General Government	1,758,271	1,679,179	-	-	1,758,271	1,679,179
Public Safety	890,669	838,548	-	-	890,669	838,548
Public Works	2,050,351	1,390,227	-	-	2,050,351	1,390,227
Health and Human Services	68,215	61,670	-	-	68,215	61,670
Civic and Cultural	846,152	666,249	-	-	846,152	666,249
Development and Planning	175,063	128,470	-	-	175,063	128,470
Education	21,435,147	19,713,011	-	-	21,435,147	19,713,011
Interest on Long-Term Debt	75,825	70,194	-	-	75,825	70,194
<i>Business-Type Activities:</i>						
Water Pollution Control Authority	-	-	451,125	423,042	451,125	423,042
Total Expenses	<u>27,299,693</u>	<u>24,547,548</u>	<u>451,125</u>	<u>423,042</u>	<u>27,750,818</u>	<u>24,970,590</u>
Change in Net Position	(732,607)	2,876,687	109,590	99,595	(623,017)	2,976,282
Beginning Net Position, Restated	<u>25,341,663</u>	<u>22,464,976</u>	<u>1,777,292</u>	<u>1,677,697</u>	<u>27,118,955</u>	<u>24,142,673</u>
Ending Net Position	<u>\$ 24,609,056</u>	<u>\$ 25,341,663</u>	<u>\$ 1,886,882</u>	<u>\$ 1,777,292</u>	<u>\$ 26,495,938</u>	<u>\$ 27,118,955</u>

**Governmental activities.** Governmental activities decreased the Town of Brooklyn, CT's net position by \$732,607.

Key elements of this decrease are as follows:

- An increase in the property tax revenues due to an increase in the mill rate of 1.00.
- Depreciation expense greater than capital additions by \$392,002.
- Accrual basis change related to the school building grant in the amount of \$530,542.

## TOWN OF BROOKLYN, CONNECTICUT

### Management's Discussion and Analysis

June 30, 2019

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Fifty-nine percent (59%) of the revenues of the Town were derived from property taxes, followed by thirty-seven percent (37%) from grants and contributions, three percent (3%) from charges for services and less than one percent (1%) of the Town's revenue in the fiscal year was derived from investment and other income.

Seventy-nine percent (79%) of the expenses of the Town were related to education, followed by six percent (6%) related to general government, seven percent (7%) related to public works and eight percent (8%) related to the remainder of the government's expenses.

**Business-Type activities.** The business-type activities consist of the Water Pollution Control Authority. The Authority's cost and expenses are a direct result of the amount of waste flowing from the Town into the Waste Water Treatment Plant. Revenue and expenses will vary from year to year based on the flow from the residences and businesses connected to the system.

The activity of the Authority has been relatively consistent as the system has not been expanding to significant new users in recent years. The change in net position for the current year was \$109,590.

### **FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS**

As noted earlier, the Town of Brooklyn, CT uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds.** The focus of the Town of Brooklyn, CT's governmental funds is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Town of Brooklyn, CT's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Brooklyn, CT's governmental funds reported combined ending fund balances of \$(1,860,904), an increase of \$675,152 in comparison with the prior year. The governmental funds currently have a negative unassigned fund balance due to a large BAN reported in the Capital Nonrecurring Fund.

**General Fund.** The General Fund is the chief operating fund of the Town of Brooklyn, CT. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$798,447. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 3.1 percent of total General Fund expenditures.

The fund balance of the Town of Brooklyn, CT's General Fund increased by \$449,544 during the current fiscal year. Key factors in this increase are as follows:

- Education expenditures coming in \$205,000 under budget.
- Contingency expenditures coming in \$290,000 under budget.

**Capital Nonrecurring Fund.** The fund balance of the Capital Nonrecurring Fund increased by \$347,595 during the current fiscal year. This increase is primarily related to the transfer in of funds from the General Fund and the recognition of previously deferred grant revenue greater than capital and debt service expenditures.

# TOWN OF BROOKLYN, CONNECTICUT

## Management's Discussion and Analysis

June 30, 2019

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### GENERAL FUND BUDGETARY HIGHLIGHTS

The actual net change in fund balance of the General Fund on a budgetary basis was \$449,544. Budgetary revenues were \$177,390 less than expected due primarily to not needing to use the budgeted amount from fund balance to balance the budget. Budgetary expenditures were \$627,474 less than expected due primarily to a contingency line of \$290,625 that was not used along with an under expenditure in the Education line of \$205,859.

### CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** The Town of Brooklyn, CT's reported value in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$33,802,644 (net of accumulated depreciation). This reported value in capital assets includes land, construction in progress, buildings and systems, machinery and equipment, and infrastructure assets such as roads and bridges. The total decrease in the Town's investment in capital assets for the current fiscal year was \$456,098, which consisted of capital additions of \$869,162, offset by current year depreciation of \$1,325,260.

	2019	2018
<i>Governmental Activities:</i>		
Land	\$ 2,927,769	\$ 2,927,769
Construction in Progress	655,102	637,828
Buildings and Systems	21,450,184	21,463,574
Machinery and Equipment	1,420,894	1,568,989
Infrastructure	5,121,300	5,369,091
	<u>\$ 31,575,249</u>	<u>\$ 31,967,251</u>
 <i>Business-type Activities:</i>		
Buildings and Systems	\$ 2,188,710	\$ 2,252,806
Machinery and Equipment	38,685	38,685
	<u>\$ 2,227,395</u>	<u>\$ 2,291,491</u>

Major capital asset events during the current fiscal year included the following:

- School playscape
- School energy and heating improvements
- New BOE tech software
- New generator
- New highway department leaf vac
- Various parking lot and road improvements

Additional information on the Town of Brooklyn, CT's capital assets can be found in Note 6 on page 34 of this report.

## TOWN OF BROOKLYN, CONNECTICUT

### Management's Discussion and Analysis

June 30, 2019

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**Long-term debt.** At the end of the current fiscal year, the Town of Brooklyn, CT had long-term debt outstanding of \$6,330,224.

	<u>2019</u>	<u>2018</u>
<i>Governmental Activities:</i>		
Loan Payable	\$ 128,000	\$ 136,000
Capital Lease Obligation	24,524	32,112
Compensated Absences	737,886	498,421
Post Closure Landfill Costs	108,000	126,000
Net Pension Liability	3,226,582	2,884,333
OPEB Liability	1,043,871	1,692,214
Total Governmental Activities	<u>\$ 5,268,863</u>	<u>\$ 5,369,080</u>
<i>Business-Type Activities:</i>		
General Obligation Bonds	<u>\$ 1,061,361</u>	<u>\$ 1,079,640</u>

The Town of Brooklyn, CT's total long-term debt decreased by \$118,496 (1.8 percent) during the current fiscal year. Additional information on the Town of Brooklyn, CT's long-term debt can be found in Note 7 on pages 35-37 of this report.

### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

A summary of key economic factors affecting the Town are as follows:

- The Town receives intergovernmental revenues from the State of Connecticut. Connecticut's economy moves in the same general cycle as the national economy, which from time to time will affect the amount of intergovernmental revenues the Town will receive.
- Increased threat of losing State funding will continue to be a variable in our local budget, particularly ECS grants.
- The Town's budget included a provision for funding a Teacher Pension liability that had been proposed by the governor's budget.

All of these factors were considered in preparing the Town of Brooklyn, CT's budget for the 2020 fiscal year.

### **REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the Town of Brooklyn, CT's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board of Finance, Town of Brooklyn, 4 Wolf Den Road, Brooklyn, CT 06234.

# TOWN OF BROOKLYN, CONNECTICUT

## Statement of Net Position

June 30, 2019

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	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 1,951,866	\$ 960,074	\$ 2,911,940
Investments	728,172	-	728,172
Receivables, Net	739,326	62,996	802,322
Prepays	4,845	-	4,845
Inventories	3,954	-	3,954
Capital Assets:			
Assets Not Being Depreciated	3,582,871	-	3,582,871
Assets Being Depreciated, Net	<u>27,992,378</u>	<u>2,227,395</u>	<u>30,219,773</u>
<b>Total Assets</b>	<b>\$ 35,003,412</b>	<b>\$ 3,250,465</b>	<b>\$ 38,253,877</b>
<b>Deferred Outflows of Resources</b>			
Deferred Outflows - Pension	694,733	-	694,733
<b>Total Deferred Outflows of Resources</b>	<b>694,733</b>	<b>-</b>	<b>694,733</b>
<b>Liabilities</b>			
Accounts Payable and Accrued Items	\$ 400,936	\$ 302,222	\$ 703,158
Bond Anticipation Notes Payable	4,414,650	-	4,414,650
Unearned Revenue	144,579	-	144,579
Noncurrent Liabilities:			
Due Within One Year	144,996	18,690	163,686
Due In More Than One Year	<u>5,123,867</u>	<u>1,042,671</u>	<u>6,166,538</u>
<b>Total Liabilities</b>	<b><u>10,229,028</u></b>	<b><u>1,363,583</u></b>	<b><u>11,592,611</u></b>
<b>Deferred Inflows of Resources</b>			
Deferred Inflows - Pension	122,246	-	122,246
Deferred Inflows - OPEB	737,815	-	737,815
<b>Total Deferred Inflows of Resources</b>	<b>860,061</b>	<b>-</b>	<b>860,061</b>
<b>Net Position</b>			
Net Investment in Capital Assets	27,136,075	1,166,034	28,302,109
Restricted:			
Expendable	696,650	-	696,650
Unrestricted	<u>(3,223,669)</u>	<u>720,848</u>	<u>(2,502,821)</u>
<b>Total Net Position</b>	<b><u>\$ 24,609,056</u></b>	<b><u>\$ 1,886,882</u></b>	<b><u>\$ 26,495,938</u></b>

The notes to the financial statements are an integral part of this statement

**TOWN OF BROOKLYN, CONNECTICUT**

Statement of Activities  
For the Year Ended June 30, 2019

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>Functions/Program Activities</b>							
Governmental Activities:							
General Government	\$ 1,758,271	\$ 188,894	\$ -	\$ -	\$ (1,569,377)	\$ -	\$ (1,569,377)
Public Safety	890,669	13,091	-	-	(877,578)	-	(877,578)
Public Works	2,050,351	90,601	242,277	170,963	(1,546,510)	-	(1,546,510)
Health and Human Services	68,215	-	-	-	(68,215)	-	(68,215)
Civic and Cultural	846,152	291,222	-	-	(554,930)	-	(554,930)
Development and Planning	175,063	110,834	-	-	(64,229)	-	(64,229)
Education	21,435,147	117,646	9,188,250	-	(12,129,251)	-	(12,129,251)
Interest on Long-Term Debt	75,825	-	-	-	(75,825)	-	(75,825)
Total Governmental Activities	<u>27,299,693</u>	<u>812,288</u>	<u>9,430,527</u>	<u>170,963</u>	<u>(16,885,915)</u>	<u>-</u>	<u>(16,885,915)</u>
Business-Type Activities:							
WPCA	<u>451,125</u>	<u>558,320</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,195</u>	<u>107,195</u>
Total Primary Government	<u>\$ 27,750,818</u>	<u>\$ 1,370,608</u>	<u>\$ 9,430,527</u>	<u>\$ 170,963</u>	<u>(16,885,915)</u>	<u>107,195</u>	<u>(16,778,720)</u>
General Revenues:							
Property Taxes					15,766,929	-	15,766,929
Grants not Restricted to Specific Programs					303,489	-	303,489
Unrestricted Investment Earnings					22,417	2,395	24,812
Other General Revenues					60,473	-	60,473
Total General Revenues					<u>16,153,308</u>	<u>2,395</u>	<u>16,155,703</u>
Change in Net Position					(732,607)	109,590	(623,017)
Net Position - Beginning of Year, Restated					<u>25,341,663</u>	<u>1,777,292</u>	<u>27,118,955</u>
Net Position - End of Year					<u>\$ 24,609,056</u>	<u>\$ 1,886,882</u>	<u>\$ 26,495,938</u>

The notes to the financial statements are an integral part of this statement

**TOWN OF BROOKLYN, CONNECTICUT**

Balance Sheet  
Governmental Funds  
June 30, 2019

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	General Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Cash and Cash Equivalents	\$ 1,724,685	\$ -	\$ 227,181	\$ 1,951,866
Investments	657,070	-	71,102	728,172
Receivables, Net of Allowance	304,681	186,874	247,771	739,326
Prepays	4,845	-	-	4,845
Inventories	-	-	3,954	3,954
Due from Other Funds	-	791,287	170,261	961,548
<b>Total Assets</b>	<b>\$ 2,691,281</b>	<b>\$ 978,161</b>	<b>\$ 720,269</b>	<b>\$ 4,389,711</b>
<b>Liabilities</b>				
Accounts Payable and Accrued Items	\$ 373,896	\$ 14,650	\$ 12,390	\$ 400,936
Bond Anticipation Notes Payable	-	4,414,650	-	4,414,650
Unearned Revenue	62,225	-	82,354	144,579
Due to Other Funds	961,548	-	-	961,548
<b>Total Liabilities</b>	<b>1,397,669</b>	<b>4,429,300</b>	<b>94,744</b>	<b>5,921,713</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Revenues:				
Property Taxes and Interest	328,902	-	-	328,902
<b>Total Deferred Inflows of Resources</b>	<b>328,902</b>	<b>-</b>	<b>-</b>	<b>328,902</b>
<b>Fund Balances</b>				
Nonspendable	4,845	-	-	4,845
Restricted	71,125	-	625,525	696,650
Committed	90,293	-	-	90,293
Assigned	-	-	-	-
Unassigned	798,447	(3,451,139)	-	(2,652,692)
<b>Total Fund Balances</b>	<b>964,710</b>	<b>(3,451,139)</b>	<b>625,525</b>	<b>(1,860,904)</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 2,691,281</b>	<b>\$ 978,161</b>	<b>\$ 720,269</b>	<b>\$ 4,389,711</b>

The notes to the financial statements are an integral part of this statement

## TOWN OF BROOKLYN, CONNECTICUT

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position  
June 30, 2019

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**Fund balances reported in governmental funds Balance Sheet** \$ (1,860,904)

**Amounts reported for governmental activities in the Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

<i>Capital Assets</i>	52,164,257
<i>Depreciation</i>	(20,589,008)

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.

<i>Property taxes and interest receivable greater than 60 days</i>	328,902
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Certain changes related to pensions are deferred and amortized over time.

<i>Deferred Outflows - Pension</i>	694,733
<i>Deferred Inflows - Pension</i>	(122,246)
<i>Deferred Inflows - OPEB</i>	(737,815)

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements.

<i>Capital leases payable</i>	(24,524)
<i>Compensated absences</i>	(737,886)
<i>Loan Payable</i>	(128,000)
<i>Post-closure landfill costs</i>	(108,000)
<i>Net pension liability</i>	(3,226,582)
<i>OPEB liability</i>	<u>(1,043,871)</u>

**Net position of governmental activities** \$ 24,609,056

**TOWN OF BROOKLYN, CONNECTICUT**  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2019

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	General Fund	Capital Nonrecurring Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes, Interest and Lien Fees	\$ 15,715,412	\$ -	\$ -	\$ 15,715,412
Intergovernmental Revenues	9,492,028	701,505	1,222,063	11,415,596
Licenses, Permits, and Charges for Services	615,242	-	197,046	812,288
Investment Income	21,631	-	786	22,417
Other Revenue	60,473	-	-	60,473
Total Revenues	<u>25,904,786</u>	<u>701,505</u>	<u>1,419,895</u>	<u>28,026,186</u>
<b>Expenditures</b>				
Current:				
General Government	895,368	-	-	895,368
Public Safety	750,060	-	-	750,060
Public Works	1,164,082	-	439,117	1,603,199
Health and Human Services	85,920	-	295	86,215
Civic and Cultural	673,276	-	75,772	749,048
Development and Planning	143,459	-	-	143,459
Sundry	700,466	-	-	700,466
Education	20,547,603	-	1,034,903	21,582,506
Debt Service	37,478	53,935	-	91,413
Capital Outlay	-	<u>749,300</u>	-	<u>749,300</u>
Total Expenditures	<u>24,997,712</u>	<u>803,235</u>	<u>1,550,087</u>	<u>27,351,034</u>
Excess/(Deficiency) of Revenues over Expenditures	907,074	(101,730)	(130,192)	675,152
<b>Other Financing Sources/(Uses)</b>				
Transfers In	-	449,325	8,205	457,530
Transfers Out	<u>(457,530)</u>	-	-	<u>(457,530)</u>
Total Other Financing Sources/(Uses)	<u>(457,530)</u>	<u>449,325</u>	<u>8,205</u>	<u>-</u>
Net Change in Fund Balances	449,544	347,595	(121,987)	675,152
Fund Balances at Beginning of Year, Restated	<u>515,166</u>	<u>(3,798,734)</u>	<u>747,512</u>	<u>(2,536,056)</u>
Fund Balances at End of Year	<u>\$ 964,710</u>	<u>\$ (3,451,139)</u>	<u>\$ 625,525</u>	<u>\$ (1,860,904)</u>

The notes to the financial statements are an integral part of this statement

## TOWN OF BROOKLYN, CONNECTICUT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities  
For the Year Ended June 30, 2019

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**Net Change in Fund Balances - Total Governmental Funds** \$ 675,152

**Amounts reported for governmental activities in the Statement of Activities  
are different because:**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

<i>Capital expenditures</i>	869,162
<i>Depreciation expense</i>	(1,261,164)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenue in the funds

<i>Property taxes and interest collected accrual basis change</i>	51,517
<i>School building grant accrual basis change</i>	(530,542)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position.

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

<i>Principal payments on long-term debt - loan payable</i>	8,000
<i>Principal payments on long-term debt - capital leases</i>	7,588

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

<i>Compensated Absences</i>	(239,465)
<i>Post-closure landfill costs</i>	18,000
<i>Pension obligations</i>	(334,247)
<i>OPEB liability</i>	<u>3,392</u>

**Change in net position of governmental activities** \$ (732,607)

The notes to the financial statements are an integral part of this statement

**TOWN OF BROOKLYN, CONNECTICUT**

Statement of Fund Net Position

Proprietary Funds

June 30, 2019

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	<b>Water Pollution Control Authority Fund</b>
<b>Assets</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 960,074
Accounts Receivable	27,051
Usage Receivable	35,945
Total Current Assets	<u>1,023,070</u>
Capital Assets:	
Buildings and Systems	3,283,434
Machinery and Equipment	157,718
Less Accumulated Depreciation	<u>(1,213,757)</u>
Total Capital Assets, Net of Accumulated Depreciation	<u>2,227,395</u>
<b>Total Assets</b>	<u>\$ 3,250,465</u>
<b>Deferred Outflows of Resources</b>	<u>-</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable	\$ 302,222
Bonds Payable	18,690
Total Current Liabilities	<u>320,912</u>
Noncurrent Liabilities:	
Bonds Payable	<u>1,042,671</u>
Total Noncurrent Liabilities	<u>1,042,671</u>
<b>Total Liabilities</b>	<u>1,363,583</u>
<b>Deferred Inflows of Resources</b>	<u>-</u>
<b>Net Position</b>	
Net Investment in Capital Assets	1,166,034
Unrestricted	<u>720,848</u>
<b>Total Net Position</b>	<u>\$ 1,886,882</u>

The notes to the financial statements are an integral part of this statement

**TOWN OF BROOKLYN, CONNECTICUT**  
 Statement of Revenues, Expenses, and Changes in Fund Net Position  
 Proprietary Funds  
 For the Year Ended June 30, 2019

---

	<b>Water Pollution Control Authority Fund</b>
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 558,320
<b>OPERATING EXPENSES</b>	
Contractual Services	322,033
Repairs and Maintenance	18,496
Other Supplies and Expenses	22,208
Depreciation Expense	<u>64,096</u>
Total Operating Expenses	<u>426,833</u>
Operating Income/(Loss)	131,487
<b>NON-OPERATING REVENUES (EXPENSES)</b>	
Interest Income	2,395
Interest Expense	<u>(24,292)</u>
Total Non-Operating Revenues (Expenses)	<u>(21,897)</u>
Change in Net Position	109,590
Net Position - Beginning of Year, Restated	<u>1,777,292</u>
Net Position - End of Year	<u>\$ 1,886,882</u>

The notes to the financial statements are an integral part of this statement

**TOWN OF BROOKLYN, CONNECTICUT**

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2019

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	<b>Water Pollution Control Authority Fund</b>
<b>Cash Flows from Operating Activities:</b>	
Receipts from Customers and Users	\$ 629,566
Payments to Suppliers	(96,975)
Net Cash Provided by Operating Activities	<u>532,591</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Principal Payments on Debt	(18,279)
Interest Paid on Debt	(24,292)
Net Cash Used by Capital and Related Financing Activities	<u>(42,571)</u>
<b>Cash Flows from Investing Activities:</b>	
Interest Income	2,395
Net Cash Provided by Investing Activities	<u>2,395</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	492,415
Cash and Cash Equivalents at Beginning of Year	<u>467,659</u>
Cash and Cash Equivalents at End of Year	<u>\$ 960,074</u>
<b>Reconciliation of Operating Income/(Loss) to Net Cash Provided by Operating Activities:</b>	
Operating Income/(Loss)	\$ 131,487
Adjustments to Reconcile Income/(Loss) to Net Cash Provided by Operating Activities:	
Depreciation	64,096
Change in Assets and Liabilities:	
(Increase) Decrease in Accounts Receivable	(27,051)
(Increase) Decrease in Usage Receivable	71,246
Increase (Decrease) in Accounts Payable	<u>292,813</u>
Total Adjustments	<u>401,104</u>
Net Cash Provided by Operating Activities	<u>\$ 532,591</u>

The notes to the financial statements are an integral part of this statement

**TOWN OF BROOKLYN, CONNECTICUT**

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2019

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	<b>Pension Trust Fund</b>	<b>Custodial Funds</b>
	<b>Student Activity Funds</b>	
<b>Assets</b>		
Cash and Cash Equivalents	\$ -	\$ 37,800
Investments		
CDs	-	23,718
Short-Term Investments	50,612	-
Mutual Funds	4,959,049	-
Contribution Receivable	<u>196,195</u>	-
<b>Total Assets</b>	<u>\$ 5,205,856</u>	<u>\$ 61,518</u>
<b>Deferred Outflows of Resources</b>	-	-
<b>Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Deferred Inflows of Resources</b>	-	-
<b>Net Position</b>		
Restricted for Pension Benefits	5,205,856	-
Restricted for Individuals and Organizations	<u>-</u>	<u>61,518</u>
<b>Total Net Position</b>	<u>\$ 5,205,856</u>	<u>\$ 61,518</u>

The notes to the financial statements are an integral part of this statement

**TOWN OF BROOKLYN, CONNECTICUT**  
 Statement of Changes in Fiduciary Net Position  
 Fiduciary Funds  
 For the Year Ended June 30, 2019

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	Pension Trust Fund	Custodial Funds	Student Activity Funds
<b>Additions</b>			
Contributions:			
Employer	\$ 355,128	\$	-
Investment Income:			
Net Appreciation/(Depreciation) in Fair Value of Investments	54,127	-	-
Interest and Dividends	<u>227,900</u>	<u>366</u>	<u>366</u>
Total Investment Income	282,027	366	366
Activity Fees	<u>-</u>	<u>149,746</u>	<u>149,746</u>
Total Additions	<u>637,155</u>	<u>150,112</u>	<u>150,112</u>
<b>Deductions</b>			
Pension Benefits	330,896	-	-
Administrative Expenses	15,378	-	-
Events and Activities	<u>-</u>	<u>134,038</u>	<u>134,038</u>
Total Deductions	<u>346,274</u>	<u>134,038</u>	<u>134,038</u>
Change in Net Position	290,881	16,074	16,074
Net Position at Beginning of Year, Restated	<u>4,914,975</u>	<u>45,444</u>	<u>45,444</u>
Net Position at End of Year	<u>\$ 5,205,856</u>	<u>\$ 61,518</u>	<u>\$ 61,518</u>

The notes to the financial statements are an integral part of this statement

# **TOWN OF BROOKLYN, CONNECTICUT**

## **Notes to the Financial Statements**

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### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Town of Brooklyn, Connecticut (the “Town”) have been prepared in conformance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing the governmental accounting and financial reporting principles. The Town’s significant accounting policies are described below.

#### **Reporting Entity**

The Town was incorporated in 1786. It operates under a Board of Selectmen, Town Meeting, Board of Finance form of government. Under this form of government, the town meeting is the legislative body. A Town meeting is required to make appropriations, levy taxes and borrow money. The administrative branch is led by an elected three-member board of selectman. The selectmen oversee most of the activities not assigned specifically to another body. An elected Board of Education oversees the public-school system. The elected Board of Finance is the budget making authority and supervises the Town financial matters.

The Town's financial statements include the accounts of all Town controlled operations. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Town of Brooklyn (the primary government) and its component units. The basic criteria for inclusion of a component unit in a governmental unit's reporting entity for financial reporting is the exercise of oversight responsibility. Oversight responsibility is determined on the basis of financial interdependence, selection of governing authority, designation of management, ability to significantly influence operations, accountability for fiscal matters and scope of public service. Currently, there are no entities considered component units of the Town. The Town includes all funds, agencies, boards, commissions, and authorities that are controlled by or dependent on the Town's executive and legislative branches. The financial statements presented herein do not include agencies which have been formed under applicable State laws or separate and distinct units of government apart from the Town of Brooklyn.

#### **Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The accounts of the Town are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The Town maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column.

## TOWN OF BROOKLYN, CONNECTICUT

### Notes to the Financial Statements

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The Town maintains fiduciary funds which are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explains the adjustments necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

#### **Measurement Focus, Basis of Accounting, and Financial Statements Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting* as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Their revenues are recognized when they become measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes when levied, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government, or specifically identified.

Expenditures are generally recorded when a liability is incurred, as under accrual accounting. Exceptions to this general rule include: compensated absences, debt service, capital leases, other post-employment benefit obligations, and claims and judgments that are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in the governmental funds. Proceeds from the issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Governmental Funds are those through which most governmental functions typically are financed. The Town reports the following major governmental funds:

- The *General Fund* is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another manner. Revenues are derived primarily from property taxes, state grants, licenses, permits, charges for services, and earnings on investments.
- The *Capital Nonrecurring Fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

## TOWN OF BROOKLYN, CONNECTICUT

### Notes to the Financial Statements

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The Town also reports the following nonmajor governmental funds:

Special Revenue Funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purpose other than debt service or capital projects. The nonmajor Special Revenue Funds of the Town are:

- The *Small Cities Block Grant Fund* is used to account for and report grants received through the Federal Small Cities Block Grant Program that are restricted to expenditures for the assistance of low-income citizens by providing them with interest free loans of Federal funds.
- The *Town Aid Road Fund* is used to account for and report a grant from the State of Connecticut that is restricted to expenditures for the construction, reconstruction, improvement, and maintenance of improved and unimproved roads.
- The *Special Education Grants Fund* is used to account for and report a number of Federal, State, and local educational grants that are restricted to specific expenditures for educational purposes.
- The *Cafeteria Fund* is used to account for and report financial resources received from the cafeteria and milk programs that are restricted or committed to expenditures for the school cafeteria lunch program. Besides the fee charged to students, the revenue comes from the federal and state reimbursements for free and reduced lunches to low income individuals.
- The *Recreation Fund* is used to account for and report financial resources that are restricted or committed to expenditures for activities sponsored by the Recreation Commission.
- The *Open Space Land Acquisition Fund* is used to account for and report financial resources that are restricted or committed to expenditures for future purchases of open space land in town.
- The *Memorial Scholarship Fund* is used to account for and report financial resources that are restricted or committed to expenditures for scholarships for deserving school children.

The Town reports the following major proprietary funds:

- The *Water Pollution Control Authority Fund* accounts for connection and usage fees and expenditures for the sewer system which is available to certain residents and businesses.

Fiduciary Funds are used to account for assets held by the Town in a trustee capacity or as an agent for individuals, private organizations, and other governments. Fiduciary funds are not included in the government-wide financial statements. The fiduciary funds are as follows:

- The *Pension Trust Fund* accounts for the activities of the Town's defined benefit pension plan, which accumulate resources for pension and health benefit payments to qualified employees upon retirement.
- The *Custodial Fund* is primarily utilized to account for monies held as custodian for outside student groups.

## TOWN OF BROOKLYN, CONNECTICUT

### Notes to the Financial Statements

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As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes and other charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

#### **Accounting Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

#### **Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balances**

*Cash and Cash Equivalents* - The deposit of public funds is controlled by the Connecticut General Statutes. The Town maintains separate accounts with depositories where necessary. Cash applicable to a particular fund is readily identifiable. Cash in excess of current requirements is invested in various interest-bearing accounts, certificates of deposit, and pooled investment funds that may be deemed to be cash equivalents based on maturity date or availability of conversion to cash. Cash and cash equivalents are stated at cost, which approximates market value and have maturities of three months or less. This definition also applies to the proprietary statement of cash flows.

The Short-Term Investment Fund (STIF) is a money market investment pool managed by the Cash Management Division of the State Treasurer's Office created by Section 3-27 of the Connecticut General Statutes (CGS). Pursuant to CGS 3-27a through 3-27f, the State, municipal entities, and political subdivisions of the State are eligible to invest in the fund. The fund is considered a "2a7-like" pool and reports its investments at amortized cost (which approximates fair value). The pool is rated AAAm by Standard & Poors. This is the highest rating for money market funds and investment pools. The pooled investment funds' risk category cannot be determined since the Town does not own identifiable securities but invests as a shareholder of the investment pool.

*Investments* - In general, State of Connecticut Statutes allow the Town to invest in obligations of the United States of America or United States government sponsored corporations, in shares or other interests in any custodial arrangement, pool, or no-load, open-end management type investment company or investment trust, in obligations of any state or political subdivision rated within the top two rating categories of any nationally recognized rating service, or in obligations of the State of Connecticut or political subdivision rated within the top three rating categories of any nationally recognized rating service. Other trust funds may also invest in stocks, bonds, or other securities selected by the Trustee.

## TOWN OF BROOKLYN, CONNECTICUT

### Notes to the Financial Statements

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*Fair Value of Financial Instruments* - In accordance with GASB Statement No. 72, the Town is required to measure the fair value of its assets and liabilities under a three-level hierarchy, as follows:

**Level 1:** Quoted market prices for identical assets or liabilities to which an entity has access to at the measurement date.

**Level 2:** Inputs and information other than quoted market indices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include:

- a. Quoted prices for similar assets or liabilities in active markets.
- b. Quoted prices for identical or similar assets in markets that are not active; Observable inputs other than quoted prices for the assets or liability;
- c. Inputs derived principally from, or corroborated by, observable market data by correlation or by other means.

**Level 3:** Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

*Observable inputs* reflect the assumptions market participants would use in pricing the asset or liability developed from sources independent of the reporting entity; and *unobservable inputs* reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

Certificates of Deposit and the investment in the industrial park are reported at amortized cost and are excluded from the fair value disclosures.

*Receivables* - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The Town has established an allowance for estimated uncollectible motor vehicle and personal property taxes and interest in the amount of \$35,000. Property taxes are assessed on property values as of October 1<sup>st</sup>. The tax levy is divided into four billings; the following July 1<sup>st</sup>, October 1<sup>st</sup>, January 1<sup>st</sup>, and April 1<sup>st</sup>. This is used to finance the fiscal year from the first billing (July 1<sup>st</sup>) to June 30<sup>th</sup> of the following year. The billings are considered due on those dates; however, the actual due date is based on a period ending 31 days after the tax bill. On these dates (August 1<sup>st</sup>, November 1<sup>st</sup>, February 1<sup>st</sup>, and May 1<sup>st</sup>), the bill becomes delinquent at which time the applicable property is subject to lien, and penalties and interest are assessed. Assessments for real and personal property, including motor vehicles, are computed at seventy percent of the market value. Liens are filed within two years of the original due date.

*Loans Receivable* – Loans receivable in the Small Cities Block Grant Funds are due from citizens. The loans are made through a federal grant. These are generally for renovations to personal residences and are secured by the residences. There is no interest or set maturity date. They become due when the taxpayer dies, sells, or refinances the home.

*Inventories* – Inventories in the governmental funds are valued at cost on a first-in, first-out basis. The cost is recorded as inventory at the time individual items are purchased. The Town uses the consumption method to relieve inventory. Purchases of other inventoriable items are recorded as expenditures/expenses at the time of purchase and year-end balances are not material.

*Prepaid Expenses/Expenditures* – Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the government-wide and fund financial statements. Reported amounts are equally offset by non-spendable fund balance, in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

## TOWN OF BROOKLYN, CONNECTICUT

### Notes to the Financial Statements

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**Due From/To Other Funds** - Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as interfund receivables and payables. They arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than the capitalization threshold and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Assets	Years	Capitalization	
		Threshold	
Land	N/A	\$ 25,000	
Intangible assets	Varies, if any	\$ 25,000	
Buildings and systems	50	\$ 10,000	
Machinery and Equipment			
Heavy Equipment	10	\$ 10,000	
Vehicles	10	\$ 10,000	
Other Equipment	5	\$ 5,000	
Infrastructure:			
Bridges	40	\$ 25,000	
Roads and drainage	20	\$ 25,000	
Sidewalks	20	\$ 25,000	
Sewer Systems	50	\$ 25,000	

**Unearned Revenues** - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the government-wide financial statements, unearned revenues consist of revenue received in advance and/or amounts from grants received before the eligibility requirements have been met.

**Long-term obligations** - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized as an expense in the period they are incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, and debt payments, are reported as debt service expenditures.

## TOWN OF BROOKLYN, CONNECTICUT

### Notes to the Financial Statements

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*Compensated absences* - Town employees accumulate vacation and sick leave hours for subsequent use or for payment upon termination or retirement. Vacation and sick leave expenses to be paid in future periods are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement.

*Deferred Outflows/Inflows of Resources* – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred pension and OPEB expense in the government-wide financial statements. Deferred pension and OPEB expense results from differences between expected and actual experience, changes in assumptions or other inputs. These amounts are deferred and included in pension and OPEB expense over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension plan (active and inactive employees).

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Within the government-wide statement of net position the Town reports as deferred inflows amounts representing the net difference between expected and actual results, changes in assumptions and projected and actual earnings of its pension and OPEB plans. These amounts are deferred and included in pension and OPEB expense over a period equal to the average of the expected remaining service lives of all employees that are provided with benefits through the pension and OPEB plan (active and inactive employees). Also, for governmental funds, the Town reports unavailable revenue, which arises only under the modified accrual basis of accounting. The governmental funds report unavailable revenues from several sources: property taxes, interest and lien fees, and school building grants. These amounts are deferred and recognized as an inflow of resources in the period during which the amounts become available.

*Fund equity and net position*– Net position represents the difference between assets, deferred inflows of resources, liabilities, and deferred outflows of resources. In the government-wide statement of net position, net position is classified in the following categories:

*Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduces this category.

*Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Unrestricted Net Position* – This category represents the net position of the Town, which is not restricted for any project or other purpose.

When both restricted and unrestricted resources are available for certain expenses, the Town expends restricted resources first and uses unrestricted resources when the restricted funds are depleted.

## TOWN OF BROOKLYN, CONNECTICUT

### Notes to the Financial Statements

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In the fund financial statements, fund balances of governmental funds are classified in the following five separate categories:

*Nonspendable Fund Balance* – Indicates amounts that cannot be spent because they are either not in spendable form, or are legally or contractually required to be maintained intact. Examples are items that are not expected to be converted to cash including inventories and prepaid expenditures in the General Fund. Examples of items legally or contractually required to be maintained intact are the corpus of permanent funds.

*Restricted Fund Balance* – Indicates amounts that are restricted to specific purposes. The spending constraints placed on the use of fund balance amounts are externally imposed by creditors, grantors, contributors or, laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

*Committed Fund Balance* – Indicates amounts that can be used only for specific purposes pursuant to constraints imposed by formal budgetary action of the Board of Finance and Town Meeting in accordance with provisions of the Connecticut General Statutes.

*Assigned Fund Balance* – Indicates amounts that are constrained by the Town's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by action of Town Officials.

*Unassigned Fund Balance* – Represents the remaining fund balance after amounts are set aside for all other classifications.

When both restricted and unrestricted (committed, assigned, unassigned) amounts of fund balance are available for use for expenditures incurred, it is the Town's policy to use restricted fund balance first if the expenditure meets the restricted purpose, followed by committed, assigned and unassigned amounts.

The Town has not formally enacted legislation or Board policies requiring it to maintain a minimum fund balance.

*Encumbrances* – In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

### **NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

#### **Budget Basis**

A formal, legally approved, annual budget is adopted for the General Fund only. This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions:

- **Teachers' Retirement** - The Town does not recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut on the Town's behalf in its budget. The Governmental Accounting Standards Board's Statement 24 requires that the employer government recognize payments for salaries and fringe benefits paid on behalf of its employees.

**TOWN OF BROOKLYN, CONNECTICUT**  
Notes to the Financial Statements

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- **Excess Cost Grant** – The State reimburses the Town for certain costs incurred for special educational needs of students that exceed a set multiple of a student in the regular program. This reimbursement is the Excess Cost Grant – Student Based. Connecticut General Statute 10-76g states that this grant should reduce the education expenditures instead of being reported as a revenue.
- **Encumbrances** - Unless committed through a formal encumbrance (e.g., purchase orders, signed contracts), all annual appropriations lapse at fiscal year-end. Encumbrances outstanding at year end are reported on the budgetary basis statements as expenditures.
- **Long-Term Debt and Lease Financing** - Revenues and expenditures from refunding or renewing long-term debt or issuing lease financing are included in the budget as the net revenues or expenditures expected.

### **Budget Calendar**

The Boards of Selectmen and Education submit requests for appropriation(s) to the Board of Finance. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations of the next fiscal year.

The Board of Finance holds a public hearing, at which itemized estimates of the expenditures of the Town for the next fiscal year are presented. At this time, individuals are able to recommend any appropriations, which they desire the Board of Finance to consider. The Board of Finance then considers the estimates and any other matters brought to their attention at a public meeting held subsequent to the public hearing and prior to the annual meeting. The Board of Finance prepares the proposed budget.

The Board of Finance's estimated and recommended budget reports are submitted at the Annual Town Meeting. The Annual Town Meeting takes action on this budget. After the Annual Town Meeting the Board of Finance meets to levy a tax on the grand list which will be sufficient to cover, together with other income or revenue surplus which is appropriated, the amounts appropriated and any revenue deficit of the Town.

### **Budget Control**

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level except expenditures for education, which are, by State Statutes, appropriated as one department.

The governing body may amend the annual budget subject to the requirements of the Connecticut General Statutes. The Board of Finance may make a onetime additional appropriation up to \$20,000 to any appropriations. A Town meeting must be called to make appropriations over \$20,000 or additional changes to a previously adjusted appropriation.

## TOWN OF BROOKLYN, CONNECTICUT

Notes to the Financial Statements

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### NOTE 3 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

The deposit of public funds is controlled by the Connecticut General Statutes (Section 7-402). Deposits may be made in a “qualified public depository” as defined by Statute or in amounts not exceeding the Federal Deposit Insurance Corporation insurance limit in an “out of state bank” as defined by the Statutes, which is not a “qualified public depository”. The following is a summary of cash and cash equivalents at June 30, 2019.

	Governmental Funds	Proprietary Funds	Fiduciary Funds	Total
Cash	\$ 1,881,458	\$ 960,074	\$ 37,800	\$ 2,879,332
Cash Equivalents	70,408	-	-	70,408
<b>Total Cash and Cash Equivalents</b>	<b><u>\$ 1,951,866</u></b>	<b><u>\$ 960,074</u></b>	<b><u>\$ 37,800</u></b>	<b><u>\$ 2,949,740</u></b>

*Custodial Credit Risk - Deposits:* Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town’s policy is to only allow the Town to use banks that are in the State of Connecticut. The State of Connecticut requires that each depository maintain segregated collateral in an amount equal to a defined percentage of its public deposits based upon the bank’s risk-based capital ratio. The following is a reconciliation of the Town’s deposits subject to custodial credit risk:

Cash and Cash Equivalents	\$ 2,949,740
Less: Cash Equivalents (STIF)	(70,408)
Plus: Investments (CDs)	<u>458,057</u>
	<b><u>\$ 3,337,389</u></b>

At year-end, the Town’s carrying amount of deposits subject to custodial credit risk was \$3,337,389 and the bank balance was \$4,770,770. Of the bank balance, Federal Depository Insurance Corporation insured \$881,550.

As of June 30, 2019, \$3,889,220 of the Town’s bank balance of \$4,770,770 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ 3,425,298
Uninsured and collateral held by pledging bank's Trust department not in the Town's name	<u>463,922</u>
<b>Total</b>	<b><u>\$ 3,889,220</u></b>

#### **Cash Equivalents**

At June 30, 2019, the Town’s cash equivalents (Short-Term Investment Fund “STIF”) amounted to \$70,408. STIF is rated AAAm by Standard and Poor’s and has an average maturity of under 60 days.

**TOWN OF BROOKLYN, CONNECTICUT**  
 Notes to the Financial Statements

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**Investments**

The following is a summary of investments at June 30, 2019:

	Governmental Funds	Fiduciary Funds	Total
Certificates of Deposit	\$ 434,339	\$ 23,718	\$ 458,057
U.S. Treasuries	133,833	-	133,833
Short-Term Investments	-	50,612	50,612
Mutual Funds	-	4,959,049	4,959,049
Investment in Regional Technology Park (Reported at Cost)	160,000	-	160,000
Total Investments	\$ 728,172	\$ 5,033,379	\$ 5,761,551

The following is a summary of assets measured at fair value:

<u>Description</u>	June 30, 2019	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets	Significant Other Inputs	Significant Observable Inputs
		(Level 1)	(Level 2)	(Level 3)
Short-Term Investments	\$ 50,612	\$ 50,612	\$ -	\$ -
Mutual Funds	4,959,049	4,959,049	-	-
U.S. Treasuries	133,833	-	133,833	-
		\$ 5,009,661	\$ 133,833	\$ -
Investments not included above:				
Certificates of Deposit	458,057			
Investment in Regional Technology Park	160,000			
Total Investments	\$ 5,761,551			

The Certificates of Deposit are reported at cost and covered by FDIC insurance. The Town has a 20% investment in the Quinebaug Regional Technology Park Development which is reported as an investment at initial cost. Currently, there is no annual net income. The other entities in the investment are the Towns of Putnam, Pomfret, and Scotland.

*Custodial Credit Risk - Investments.* This is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The Town does not have a policy for custodial credit risk.

*Credit Risk –* The Town does not have an investment policy that limits investment choices further than the Connecticut General Statutes. Generally, credit risk is defined as the risk that an issuer of a debt type investment will not fulfill its obligation to the holder. This is measured by assignment of a rating by a nationally recognized rating organization.

# TOWN OF BROOKLYN, CONNECTICUT

## Notes to the Financial Statements

**Interest Rate Risk** - The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Generally, the Town does not invest in any long-term investment obligations.

As of June 30, 2019, the Town had the following investments subject to interest rate risk:

	Total	Investment Maturity (In Years)		
		Less Than 1	1 - 5	6 - 10
Certificates of Deposit	\$ 458,057	\$ 453,119	\$ 4,938	\$ -
U.S. Treasuries	133,833	-	133,833	-
<b>Total</b>	<b>\$ 591,890</b>	<b>\$ 453,119</b>	<b>\$ 138,771</b>	<b>\$ -</b>

## NOTE 4 – RECEIVABLES

Receivables as of year-end for the Town's individual major funds and nonmajor and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	WPCA Fund	Capital Nonrecurring Fund	Nonmajor and Other Funds	Total
<b>Receivables:</b>					
Property taxes	\$ 253,015	\$ -	\$ -	\$ -	\$ 253,015
Interest, Liens, and Fees	86,666	2,149	-	-	88,815
Usage Charges	-	35,796	-	-	35,796
Loans	-	-	-	208,790	208,790
Intergovernmental Accounts	-	-	186,874	38,981	225,855
Gross Receivables	<b>339,681</b>	<b>64,996</b>	<b>186,874</b>	<b>247,771</b>	<b>839,322</b>
Less allowance for uncollectibles:					
Property taxes, interest, liens, and fees	(35,000)	-	-	-	(35,000)
Usage Charges	-	(2,000)	-	-	(2,000)
<b>Total allowance</b>	<b>(35,000)</b>	<b>(2,000)</b>	<b>-</b>	<b>-</b>	<b>(37,000)</b>
<b>Net Total Receivables</b>	<b>\$ 304,681</b>	<b>\$ 62,996</b>	<b>\$ 186,874</b>	<b>\$ 247,771</b>	<b>\$ 802,322</b>

The loans receivable of \$208,790 in the nonmajor governmental funds are long-term receivables and not expected to be collected within one year.

Governmental funds report unavailable revenue in connection with receivables that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unearned revenue reported in the governmental funds were as follows:

	Governmental Funds
General Fund:	
Fees Collected in Advance	\$ 62,225
Nonmajor Funds:	
Advances on Grants	82,354
<b>Total Unearned Revenue</b>	<b>\$ 144,579</b>

**TOWN OF BROOKLYN, CONNECTICUT**  
 Notes to the Financial Statements

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**Operating Lease Receivable**

The Town has entered into an operating lease in 2006 with a third party for office space in a Town building. The annual rent of \$32,718 will be received in twelve monthly payments of \$2,727. This rent will be increased annually at a rate of 2.5%. Future minimum lease payments for the term of the lease are as follows:

Fiscal Year Ending	Amount	Fiscal Year Ending	Amount
2020	\$ 33,536	2024	\$ 37,017
2021	34,374	2025	37,943
2022	35,234	2026	38,891
2023	36,115		

**NOTE 5 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The outstanding balances between funds result mainly from the time lag between the dates that: 1) interfund goods and services are provided or reimbursable expenditures occur; 2) transactions are recorded in the accounting system; and 3) payments between funds are made. At June 30, 2019, the outstanding balances between funds were:

Due From:	Due To:	Total
General Fund	Capital Nonrecurring	\$ 791,287
General Fund	Nonmajor Governmental Funds	\$ 170,261

Fund transfers are used to: 1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and 2) to account for unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the year ended June 30, 2019 were as follows:

Transfer In:	Transfer Out:	Total
Capital Nonrecurring Fund	General Fund	\$ 449,325
Nonmajor Governmental Funds	General Fund	\$ 8,205

**TOWN OF BROOKLYN, CONNECTICUT**  
 Notes to the Financial Statements

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**NOTE 6 – CAPITAL ASSETS**

The following is a summary of the change in capital assets as of June 30, 2019:

	Restated Beginning <u>Balance</u>	Increases	Decreases	Ending Balances
<b>Govermental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 2,927,769	\$ -	\$ -	\$ 2,927,769
Construction in Progress	637,828	17,274	-	655,102
Total capital assets, not being depreciated	<u>3,565,597</u>	<u>17,274</u>	<u>-</u>	<u>3,582,871</u>
Capital assets, being depreciated				
Buildings and Systems	31,849,596	615,154	-	32,464,750
Machinery and Equipment	3,981,257	101,054	-	4,082,311
Infrastructure	11,898,645	135,680	-	12,034,325
Total capital assets, being depreciated	<u>47,729,498</u>	<u>851,888</u>	<u>-</u>	<u>48,581,386</u>
Less accumulated depreciation for:				
Buildings and Systems	10,386,022	628,544	-	11,014,566
Machinery and Equipment	2,412,268	249,149	-	2,661,417
Infrastructure	6,529,554	383,471	-	6,913,025
Total accumulated depreciation	<u>19,327,844</u>	<u>1,261,164</u>	<u>-</u>	<u>20,589,008</u>
Total capital assets, being depreciated	<u>28,401,654</u>	<u>(409,276)</u>	<u>-</u>	<u>27,992,378</u>
<i>Governmental Activities capital assets, net</i>	<u>\$ 31,967,251</u>	<u>\$ (392,002)</u>	<u>\$ -</u>	<u>\$ 31,575,249</u>
 <b>Business-Type Activities</b>				
Capital assets, being depreciated				
Buildings and Systems	\$ 3,283,434	\$ -	\$ -	\$ 3,283,434
Machinery and Equipment	157,718	-	-	157,718
Total capital assets, being depreciated	<u>3,441,152</u>	<u>-</u>	<u>-</u>	<u>3,441,152</u>
Less accumulated depreciation for:				
Buildings and Systems	1,030,628	64,096	-	1,094,724
Machinery and Equipment	119,033	-	-	119,033
Total accumulated depreciation	<u>1,149,661</u>	<u>64,096</u>	<u>-</u>	<u>1,213,757</u>
<i>Business-Type Activities capital assets, net</i>	<u>\$ 2,291,491</u>	<u>\$ (64,096)</u>	<u>\$ -</u>	<u>\$ 2,227,395</u>

Depreciation and amortization expense were charged to functions/programs of the primary government as follows:

<b>Governmental Activities:</b>	
General Government	\$ 130,422
Public Safety	97,524
Public Works	451,067
Recreation	1,943
Education	<u>580,208</u>
 <b>Total Depreciation Expense</b>	
Governmental Activities	<u>\$ 1,261,164</u>
 <b>Business-Type Activities:</b>	
WPCA	<u>\$ 64,096</u>

**TOWN OF BROOKLYN, CONNECTICUT**  
 Notes to the Financial Statements

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**NOTE 7 – LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2019 was as follows:

	Restated Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
<b>Governmental Activities</b>					
Loan Payable	\$ 136,000	\$ -	\$ 8,000	\$ 128,000	\$ 8,000
Capital Lease Obligation	32,112	-	7,588	24,524	7,874
Compensated Absences	498,421	255,900	16,435	737,886	111,122
Post Closure Landfill Costs	126,000	-	18,000	108,000	18,000
Net Pension Liability	2,884,333	342,249	-	3,226,582	-
OPEB Liability	1,692,214	-	648,343	1,043,871	-
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 5,369,080</u>	<u>\$ 598,149</u>	<u>\$ 698,366</u>	<u>\$ 5,268,863</u>	<u>\$ 144,996</u>
<b>Business-Type Activities</b>					
General Obligation Bonds	\$ 1,079,640	\$ -	\$ 18,279	\$ 1,061,361	\$ 18,690
Total Business-Type Activities					
Long-Term Liabilities	<u>\$ 1,079,640</u>	<u>\$ -</u>	<u>\$ 18,279</u>	<u>\$ 1,061,361</u>	<u>\$ 18,690</u>

Each governmental funds liability is liquidated by the respective fund, primarily the General Fund. Interest on these obligations is expensed in the respective fund, primarily the General Fund.

**Governmental Activities**

**Loan Payable**

The Town entered into an agreement with three other towns for the development of the Quinebaug Regional Technology Park. The Town has agreed to pay \$160,000 in exchange for a 20% interest in the technology park. The Town of Putnam has agreed to pay Brooklyn's share up front and will be repaid by the Town of Brooklyn over a 20-year period at an interest rate of 1.875%.

The annual debt service requirements of the Town's loan from Putnam are as follows:

Year(s)	Principal	Interest	Total
2020	\$ 8,000	\$ 2,400	\$ 10,400
2021	8,000	2,250	10,250
2022	8,000	2,100	10,100
2023	8,000	1,950	9,950
2024	8,000	1,800	9,800
2025-2029	40,000	6,750	46,750
2030-2034	40,000	3,000	43,000
2035-2038	8,000	150	8,150
Total	<u>\$ 128,000</u>	<u>\$ 20,400</u>	<u>\$ 148,400</u>

## TOWN OF BROOKLYN, CONNECTICUT

### Notes to the Financial Statements

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#### **Capital Leases**

The Town has entered into a lease agreement as lessee for financing the acquisition of a recreation vehicle. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of the future minimum lease payments as of the inception date.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Assets:	
Equipment	\$ 40,910
Less accumulated depreciation	<u>(3,401)</u>
Total	<u>\$ 37,509</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

	<u>Governmental Activities</u>
Year ending June 30:	
2020	\$ 8,799
2021	8,799
2022	<u>8,798</u>
Total	26,396
Less amount representing interest	<u>(1,872)</u>
Total	<u>\$ 24,524</u>

#### **Compensated Absences**

Vacation time earned during the fiscal year can be carried over to the succeeding year, subject to limitations as provided in the respective collective bargaining agreements. Employees are entitled to accumulate sick leave up to a maximum amount stipulated in each contract. Payment for accumulated sick leave is dependent upon the length of service and accumulated days. The value of all compensated absences has been reflected in the government-wide financial statements.

#### **Post Closure Landfill Costs**

The Town has a closed landfill with no further capacity or estimated useful life. State and federal laws and regulations require that the Town perform certain maintenance and monitoring functions on its closed landfill site for thirty years after closure. These costs will be paid through the General Fund each year as part of the annual budget. Total estimated costs based on the current actual costs are included in the long-term debt. The actual costs may vary based on actual events, inflations, changes in technology and applicable laws and regulations. During the year actual costs amounted to \$0.

#### **Other Commitments**

The Town has an agreement with the Town of Killingly where the Town of Brooklyn will pay a portion of capital costs associated with the capital improvements of the Killingly high school. The portion will be based on the number of students attending the Killingly school from Brooklyn. The assessment for the year ended June 30, 2019 was \$236,142.

**TOWN OF BROOKLYN, CONNECTICUT**  
 Notes to the Financial Statements

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**Business-Type Activities**

**General Obligation Bonds**

The Town issues general obligation bonds to provide financing for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations of the Town and pledge the full faith and credit of the Town. These bonds generally are issued as 20-year serial bonds with equal amounts of principal maturing each year. General obligation bonds outstanding as of June 30, 2019 consisted of the following:

Purpose	Year of Issue	Original Amount	Interest Rates	Final Maturity	Principal Outstanding June 30, 2019
Upgrades and improvements to the Town's sanitary sewer collection system.	2016	\$ 1,115,000	2.25%	2056	\$ 1,061,361

The annual debt service requirements of the Town's general obligation bonds are as follows:

Year(s)	Principal	Interest	Total
2020	\$ 18,690	\$ 23,881	\$ 42,571
2021	19,111	23,460	42,571
2022	19,541	23,030	42,571
2023	19,981	22,590	42,571
2024	20,430	22,141	42,571
2025-2029	109,256	103,599	212,855
2030-2034	122,113	90,742	212,855
2035-2039	136,484	76,371	212,855
2040-2044	152,525	60,330	212,855
2045-2049	170,495	42,360	212,855
2050-2054	190,559	22,296	212,855
2055-2056	82,176	2,781	84,957
Total	<u>\$ 1,061,361</u>	<u>\$ 513,581</u>	<u>\$ 1,574,942</u>

Interest paid and expensed on general obligation bonds for the year ended June 30, 2019 totaled \$24,292.

**NOTE 8 – SHORT-TERM OBLIGATIONS**

**Bond Anticipation Notes**

The Town uses bond anticipation notes to fund construction costs prior to issuance of bonds. The following table summarizes changes in the Town's short-term obligations for the year ended June 30, 2019:

	Beginning Balance	Additions	Reductions	Ending Balance
Bond Anticipation Notes	<u>\$ 3,891,000</u>	<u>\$ 4,414,650</u>	<u>\$ 3,891,000</u>	<u>\$ 4,414,650</u>

The outstanding bond anticipation note carries an interest rate of 2.39% and matures in August 2019. Total interest incurred and expensed on bond anticipation notes during the year was \$53,935.

# TOWN OF BROOKLYN, CONNECTICUT

## Notes to the Financial Statements

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### NOTE 9 - FUND BALANCE COMPONENTS

The components of fund balance for the governmental funds at June 30, 2019 are as follows:

	General Fund	Capital Nonrecurring Fund	Other Governmental Funds	Total
<b>Fund Balances:</b>				
Nonspendable:				
Prepaids	<u>\$ 4,845</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,845</u>
<b>Restricted for:</b>				
General Government	\$ 71,125	\$ -	\$ 129,636	\$ 200,761
Health and Human Services	-	-	287,446	287,446
Civic and Cultural	-	-	62,161	62,161
Education	-	-	146,282	146,282
Total Restricted	<u>\$ 71,125</u>	<u>\$ -</u>	<u>\$ 625,525</u>	<u>\$ 696,650</u>
<b>Committed to:</b>				
Public Safety	\$ 90,293	\$ -	\$ -	\$ 90,293
Total Committed	<u>\$ 90,293</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 90,293</u>
<b>Assigned:</b>				
Next Year's Budget	\$ -	\$ -	\$ -	\$ -
Total Assigned	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Unassigned:	<u>\$ 798,447</u>	<u>\$ (3,451,139)</u>	<u>\$ -</u>	<u>\$ (2,652,692)</u>

### NOTE 10 – RETIREMENT BENEFITS

#### **Connecticut State Teacher's Retirement System**

*Plan Description:* Teachers, principals, superintendents, or supervisors engaged in service of public schools are provided with pensions through the Connecticut State Teachers' Retirement System (the "System"). The System is a cost sharing multiple-employer defined benefit pension plan administered by the Connecticut State Teachers' Retirement Board (CTRB). Chapter 167a of the State Statutes grants authority to establish and amend the benefited terms to the CTRB Board. The CTRB issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov), or by writing to the State of Connecticut, Office of the State Comptroller, 55 Elm Street, Hartford, Connecticut 06106.

*Benefit Provisions:* The Plan provides retirement, disability and death benefits. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut.

*Normal Retirement:* Retirement benefits for the employees are calculated as 2% of the average annual salary times years of credited service (maximum benefit is 75% of average annual salary during the 3 highest years of salary).

*Early Retirement:* Employees are eligible after 25 years of credited service including 20 years of Connecticut service, or age 55 with 20 years of credited service including 15 years of Connecticut service with reduced benefit amounts.

## TOWN OF BROOKLYN, CONNECTICUT

### Notes to the Financial Statements

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**Disability Retirement:** Employees are eligible for service-related disability regardless of length of service. Five years of credited service is required for non-service-related disability or eligibility. Disability benefits are calculated as 2% per year of service times the average of the highest three years of pensionable salary, as defined per the plan, but not less than 15% of average annual salary, nor more than 50% of average annual salary.

**Contributions:** Per Connecticut General Studies Section 10-183z, contribution requirements of active employees and the State of Connecticut are approved, amended, and certified by the State Teachers Retirement Board and appropriated by the General Assembly.

**Employer (School Districts):** School District employers are not required to make contributions to the plan. The statutes require the State of Connecticut to contribute 100% of each school districts' required contributions, which are actuarially determined as an amount, that, when combined with employee contributions, is expected to finance the costs of the benefits earned by employees during the year, with any additional amount to finance any unfunded accrued liability.

**Employees:** Participants are required to contribute 7% of their annual salary to the System as required by the CGS Section 10-183b(7). For the year ended June 30, 2019, the certified teachers' contribution to the Connecticut Teachers Retirement Board was \$426,898. Covered payroll for the town for the year ended June 30, 2019 was approximately \$4,796,617.

**Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions:** At June 30, 2019 the Town reports no amounts for its proportionate share of the net pension liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the Town were as follows:

Town's proportionate share of the net pension liability	\$	-
State's proportionate share of the net pension liability associated with the Town		<u>18,317,166</u>
Total	\$	<u>18,317,166</u>

The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. At June 30, 2019, the Town had no proportionate share of the net pension liability.

For the year ended June 30, 2019, the Town recognized benefits expense and contribution revenue of \$1,770,313 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized \$2,055,778 for pension expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

## TOWN OF BROOKLYN, CONNECTICUT

### Notes to the Financial Statements

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**Actuarial Assumptions:** The total pension liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.75 Percent
Salary increases, including inflation	3.25-6.50 Percent
Long-term investment rate of return, net of pension investment expense, including inflation.	8.00 Percent

Mortality rates were based on the RPH-2014 White Collar Table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

Future cost-of-living increases for members who retired prior to September 1, 1992, are made in accordance with increases in the Consumer Price Index, with a minimum of 3% and a maximum of 5% per annum. For teachers who were members of the Teachers' Retirement System before July 1, 2007, and retire on or after September 1, 1992, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 6% per annum. If the return on assets in the previous year was less than 8.5%, the maximum increase is 1.5%. For teachers who were members of the Teachers' Retirement System after July 1, 2007, pension benefit adjustments are made that are consistent with those provided for Social Security benefits on January 1 of the year granted, with a maximum of 5% per annum. If the return on assets in the previous year was less than 11.5%, the maximum increase is 3%, and if the return on the assets in the previous year was less than 8.5%, the maximum increase is 1.0%.

The long-term expected rate of return on pension investments was determined using a log-normal distributions analysis in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Large Cap U.S. Equities	21.00%	5.80%
Developed Non-U.S. Equities	18.00%	6.60%
Emerging Markets (Non-U.S.)	9.00%	8.30%
Real Estate	7.00%	5.10%
Private Equity	11.00%	7.60%
Alternative Investments	8.00%	4.10%
Core Fixed Income	7.00%	1.30%
High Yield Bonds	5.00%	3.90%
Emerging Market Bond	5.00%	3.70%
Inflation Linked Bond Fund	3.00%	1.00%
Cash	<u>6.00%</u>	0.40%
Total	<u>100.00%</u>	

## TOWN OF BROOKLYN, CONNECTICUT

### Notes to the Financial Statements

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*Discount Rate:* The discount rate used to measure the total pension liability was 8.0%. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the current contribution rate and that State contributions will be made at the actuarially determined rates in future years. Based on those assumptions, the pension's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Net Pension Liability to Changes in the Discount Rate:* The Town's proportionate share of the net pension liability is \$0 and therefore the change in the discount rate would only impact the amount recorded by the State of Connecticut.

#### **Defined Benefit Pension Plan**

The Town is the administrator of a single-employer public employee retirement systems ("PERS"), the Town of Brooklyn Employees Retirement Plan, established and administered by the Town to provide pension benefits for its regular and former employees (excluding teachers covered under the CT State Teachers' Retirement System ("TRS"). The plan considered to be part of the Town of Brooklyn's financial reporting entity and is included in the Town's financial statements as a pension trust fund. Separate stand-alone financial reports are not issued. Benefits may be changed by the Board of Finance.

*Eligibility* – All employees working at least 20 hours per week or more than five months per year are eligible after completion of one year of continuous service.

*Normal Retirement* – Normal Retirement age is; age 65, if employee is under age 55 on the date included in the plan; 10<sup>th</sup> anniversary of the date of participation, if employee is between the ages of 55 and 59; age 70, if employee is at least age 60 on the date included in the plan.

*Early Retirement* – Employees are eligible for early retirement at age 55 with 10 years of credited service, subject to reduced benefits.

*Benefits Provided* - The normal retirement benefit is calculated at 1.5 percent of the participant's average monthly earnings during the final 120 months of employment multiplied by years of service (for Highway Workers; effective July 1, 1998, the average monthly earnings are calculated during the final 60 months. Effective June 30, 2001, the average monthly earnings are calculated during the final 36 months). Participants are 100% vested after 5 years of continuous service. Benefits and contributions are established by the Town and may be amended by the Town. The Town has not given any post-retirement benefit increases. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

#### *Plan Membership*

As of the date of the latest actuarial valuation, membership consisted of the following:

Inactive plan members or beneficiaries receiving payments	45
Inactive plan members entitled but not yet receiving payments	18
Active Members	<hr/> 71
Total Members	<hr/> 134

#### *Funding Policy*

The Plan Sponsor uses the Projected Unit Credit Actuarial Cost Method to calculate the plan liabilities. The Funding Policy has two parts:

- 1) Normal
- 2) Amortization of the Unfunded Actuarial Liability (UAL)

# TOWN OF BROOKLYN, CONNECTICUT

## Notes to the Financial Statements

Each year the Plan Sponsor pays the Normal Cost plus an amortization of the plan's UAL. For the July 1, 2018 Actuarial Valuation, an open amortization period of 15 years was used.

### *Summary of Significant Accounting Policies*

**Basis of Accounting** - The Town of Brooklyn Pension Plan's financial statements are prepared using the accrual basis of accounting. Plan member and employer contributions are recognized as revenues in the period in which employee services are performed. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions, and pension expenses, information about the fiduciary net position of the plan and additions/deductions to/from the Town's fiduciary net position have been determined on the same basis as they are reported by the Town's Pension Plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

**Investment Policy** – The Town's pension plans policy in regard to the allocation of invested assets is established and may be amended by the Board of Finance at any time. It is the policy of the Board of Finance to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The pension plans investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the target asset allocation of the pension plan as of June 30, 2019:

Target Allocation and Expected Rate of Return

Asset Class	Target Allocation	Long-Term		Weighting
		Expected Real Rate of Return		
U.S. Large Cap	30.00%	4.50%		1.35%
U.S. Mid/Small Cap	12.00%	5.00%		0.60%
Emerging Market Equities	4.00%	6.25%		0.25%
Developed International Equities	14.00%	5.25%		0.74%
International Bonds	4.00%	1.50%		0.06%
Intermediate Govt/Corporate	11.00%	2.00%		0.22%
Multisector Bonds	12.00%	2.50%		0.30%
Nontraditional Bonds	8.00%	2.50%		0.20%
High-Yield Bonds	4.00%	3.25%		0.13%
Inflation/Cash	1.00%	0.00%		0.00%
	100.00%			3.85%
Long-Term Inflation Expectation				2.60%
Long-Term Expected Nominal Return				6.45%

**Long-Term Expected Rate of Return** – The long term expected rate of return on pension plan investments was determined using a building block method in which best-estimate ranges of expected future real rates of return are developed. Best estimates of the real rates of return for each major asset class are included in the pension plan's target asset allocation.

The information above is based on geometric means and does not reflect additional returns through investment selection, asset allocation and rebalancing. An expected rate of return of 7.0% was used.

# TOWN OF BROOKLYN, CONNECTICUT

## Notes to the Financial Statements

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### *Net Pension Liability*

The components of the net pension liability of the Town at June 30, 2019, were as follows:

	Town
Total pension liability	\$ 6,947,031
Plan fiduciary net position	<u>5,009,661</u>
Net pension liability (asset)	1,937,370
Plan fiduciary net position as a percentage of total pension liability	72.11%
Covered payroll	2,638,617
Net pension liability as a % of covered payroll	73.42%

### *Actuarial Methods and Significant Assumptions*

The following actuarial methods and assumptions were used in the July 1, 2018 valuation and projected forward to a measurement date of June 30, 2019:

<b>Actuarial cost method</b>	Entry Age Normal
<b>Amortization method</b>	Level Cost
<b>Asset valuation method</b>	15 years, open
Smoothing period	5 year
Recognition method	20% per year
<b>Inflation</b>	2.60%
<b>Payroll growth</b>	3.85%
<b>Investment rate of return</b>	7.0%, net of investment and admin fees
<b>Retirement age</b>	The earlier of age 55 with 10 years of service or age 70
<b>Post-retirement mortality</b>	RP-2014 Adjusted to 2006 Total Dataset Mortality Table Projected to valuation date with Scale MP-2018

Changes of assumptions include; a change in the rate of compensation increase from 4.00% to 3.85%, a change in the mortality table, and a change in inflation from 2.75% to 2.60%.

*Discount Rate* – GASB permits alternative methods to evaluate the sufficiency of the plan's net fiduciary position. Based on the plan's current net pension liability and current contribution policy, the plan's projected fiduciary net position will be sufficient to cover projected benefit payments and administrative expenses indefinitely. Therefore, since the fund is not projected to run out of money, we have used the 7.00% interest rate assumption to discount the plan.

*Sensitivity Analysis* – The following presents the net pension liability of the Town, calculated using the current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	6.00%	7.00%	8.00%
Net Pension Liability	\$ 2,784,876	\$ 1,937,370	\$ 1,220,734

# TOWN OF BROOKLYN, CONNECTICUT

## Notes to the Financial Statements

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2018	\$ 6,549,002	\$ 4,914,975	\$ 1,634,027
Changes for the year:			
Service Cost	217,378	-	217,378
Interest	462,267	-	462,267
Differences Between Expected and Actual Experience	(107,862)	-	(107,862)
including Changes in Assumptions	156,953	-	156,953
Employer Contributions	-	158,933	(158,933)
Member Contributions	-	-	-
Net Investment Income	-	270,028	(270,028)
Benefit Payments	(330,707)	(330,707)	-
Administrative Expenses	-	(3,568)	3,568
Net Changes	<u>398,029</u>	<u>94,686</u>	<u>303,343</u>
Balance at June 30, 2019	<u>\$ 6,947,031</u>	<u>\$ 5,009,661</u>	<u>\$ 1,937,370</u>
Plan fiduciary net position as a percentage of the total pension liability			72.11%
Covered Payroll			\$ 2,638,617
Net pension liability as a percentage of covered payroll			73.42%

For the year ended June 30, 2019, the total pension expense recognized was \$461,434. As of June 30, 2019, the Town reported deferred inflows and outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings	\$ 37,526	\$ -
Differences between expected and actual experience	81,675	122,246
Changes of assumptions	<u>246,737</u>	-
Total	<u>\$ 365,938</u>	<u>\$ 122,246</u>

Amounts reported as deferred outflows and inflows of resources related to pension will be recognized in the pension expense as follows:

### Year ended June 30:

2020	\$ 95,016
2021	34,194
2022	51,550
2023	50,476
2024	7,327
Thereafter	<u>5,129</u>
	<u><u>\$ 243,692</u></u>

# TOWN OF BROOKLYN, CONNECTICUT

## Notes to the Financial Statements

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### Volunteer Firefighters Service Awards Program

**Plan Description** – The Town is the administrator of a single-employer deferred compensation plan, The Brooklyn Fire Department Service Awards Program. The Awards Program is open to all Firefighter employees including Volunteer firefighters as long as they have completed one year of firefighting service and are of age eighteen. The Assets of the Plan are not accumulated in a trust and are subject to claims of the Town's general creditors. The Assets are reported in the General Fund financial statements.

**Benefits Provided** – The monthly pension benefits are \$10 per month for each year of firefighting service with a maximum of 30 years of service. A year of firefighting service credit is based on the attainment of point. Normal retirement is age 65 and early retirement is not permitted. Participants are 100% vested after 10 years of service. Effective March 1, 2008, both participation in the plan and the accrual of any additional service are frozen. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

#### *Plan Membership*

As of the date of the latest actuarial valuation, memberships consisted of the following:

Inactive plan members or beneficiaries receiving payments	27
Inactive plan members entitled but not yet receiving payments	2
Active Members	<u>54</u>
Total Members	<u><u>83</u></u>

**Contributions** – Plan members are not required to make contributions. Employer contribution rates are determined actuarially and approved by the Board of Finance. For the fiscal year ended June 30, 2019, contributions were \$98,497 for the Plan.

#### *Net Pension Liability*

The components of the net pension liability at June 30, 2019, were as follows:

	Fire Service
Total pension liability	\$ 1,289,212
Plan fiduciary net position	<u>-</u>
Net pension liability (asset)	<u><u>\$ 1,289,212</u></u>
Plan fiduciary net position as a percentage of total pension liability	0.00%

#### *Actuarial Methods and Significant Assumptions*

The following actuarial methods and assumptions were used in the January 1, 2018 valuation and projected forward to a measurement date of June 30, 2019:

<b>Inflation</b>	2.60% (Previously 2.75%)
<b>Investment rate of return</b>	3.51% (3.87% previously) net of investment and admin fees
<b>Retirement age</b>	Age 65
<b>Post-retirement mortality</b>	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018.

**Discount Rate** – The discount rate used to measure the total pension liability was 3.51%. The discount rate is based solely upon municipal bond yields. This is the yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (equivalent quality on another rating scale).

**TOWN OF BROOKLYN, CONNECTICUT**  
 Notes to the Financial Statements

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*Change in the Net Pension Liability*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	\$	\$	\$
Balance at June 30, 2018	\$ 1,250,306	\$ -	\$ 1,250,306
Changes for the year:			
Service Cost	-	-	-
Interest	46,996	-	46,996
Differences Between Expected and Actual Experience			
including Changes in Assumptions	64,470	-	64,470
Benefit Payments	<u>(72,560)</u>	<u>-</u>	<u>(72,560)</u>
Net Changes	<u>38,906</u>	<u>-</u>	<u>38,906</u>
Balance at June 30, 2019	<u>\$ 1,289,212</u>	<u>\$ -</u>	<u>\$ 1,289,212</u>

**Sensitivity Analysis** – The following presents the net pension liability of the Town, calculated using the current discount rate, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1% point lower or 1% point higher:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	2.51%	3.51%	4.51%
Net Pension Liability	\$ 1,500,064	\$ 1,289,212	\$ 1,122,405

For the year ended June 30, 2019, the total pension expense recognized was \$104,306. As of June 30, 2019, the Town reported deferred inflows and outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	\$	\$
Differences between projected and actual earnings	\$ 4,235	\$ -
Differences between expected and actual experience	218,222	-
Changes of assumptions	<u>106,338</u>	<u>-</u>
Total	<u>\$ 328,795</u>	<u>\$ -</u>

Amounts reported as deferred outflows and inflows of resources related to pension will be recognized in the pension expense as follows:

Year ended June 30:

2020	\$ 59,974
2021	59,675
2022	59,460
2023	59,086
2024	58,490
Thereafter	<u>32,110</u>
	<u>\$ 328,795</u>

# **TOWN OF BROOKLYN, CONNECTICUT**

## **Notes to the Financial Statements**

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### **NOTE 11 - OTHER POSTEMPLOYMENT BENEFITS**

**Plan Description:** The Town allows certain retired employees of the Board of Education and their spouses to remain on the Town's health insurance plan. Administrators and Teachers age 50 with 25 years of service, or age 55 with 20 years of service, or age 60 with 10 years of service are eligible.

**Funding Policy:** The policy is to contribute the employer portion of retiree benefits annually. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 75.

**Benefit Provisions:** For retired administrators, the Board pays 100% of premiums for medical and dental insurance for the first five years after retirement. For teachers, and administrators with more than five years of retirement, the retiree is responsible for 100% of the premiums.

**Employees Covered by Benefit Terms:** At June 30, 2018, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	3
Active plan members	<u>74</u>
	<u><u>77</u></u>

**Total OPEB Liability:** The Town's total OPEB liability of \$1,043,871 was measured as of June 30, 2019 and was determined by an actuarial valuation as July 1, 2018.

**Actuarial Assumptions and Other Inputs:** The total OPEB liability in the July 1, 2018 valuation was determined using the following assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

<b>Measurement Date</b>	June 30, 2019 for June 30, 2019 Reporting Date
<b>Actuarial Cost Method</b>	Entry Age Normal
<b>Amortization Method</b>	Level Percentage of Salary
<b>Salary Increases</b>	3.85%
<b>Discount Rate</b>	3.51% as of June 30, 2019 and 3.87% as of June 30, 2018, which is based on the 20-year AA municipal bond index.
<b>Mortality Rates</b>	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with Scale MP-2018.
<b>Inflation</b>	2.60%
<b>Healthcare Cost Trend Rates</b>	7.00% reducing by 0.5% each year to an ultimate rate of 4.6% per year for 2023 and later. Dental is assumed to increase by 4.00% per year.

# TOWN OF BROOKLYN, CONNECTICUT

## Notes to the Financial Statements

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### *Changes in the Total OPEB Liability:*

	<u>Total OPEB Liability</u>
Balance at 6/30/18	\$ 1,692,214
Changes for the year:	
Service Cost	63,452
Interest	67,688
Changes of Benefit Terms	(62,839)
Difference Between Expected and Actual Experience	(564,484)
Changes in Assumptions	(138,748)
Benefit Payments	<u>(13,412)</u>
Net Changes	<u>(648,343)</u>
Balance at 6/30/19	<u>\$ 1,043,871</u>

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate:* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.51%) or 1-percentage-point higher (4.51%) than the current discount rate:

	1%	Current	1%
	Decrease	Discount Rate	Increase
	2.51%	3.51%	4.51%
Total OPEB Liability	\$ 1,161,646	\$ 1,043,871	\$ 942,616

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates:* The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6.00% decreasing to 3.60%) or 1-percentage-point higher (8.00% decreasing to 5.60%) than the current healthcare cost trend rates:

	Healthcare Cost Trend Rates		
	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 912,998	\$ 1,043,871	\$ 1,201,861

*OPEB Expense:* For the year ended June 30, 2019, the Town recognized OPEB expense of \$2,100. As of June 30, 2019, deferred inflows and outflows of resources related to OPEB are reported as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 559,334
Changes of assumptions	<u>-</u>	<u>178,481</u>
Total	<u>\$ -</u>	<u>\$ 737,815</u>

## TOWN OF BROOKLYN, CONNECTICUT

### Notes to the Financial Statements

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Amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year ended June 30:

2020	\$ (58,281)
2021	(58,281)
2022	(58,281)
2023	(58,281)
2024	(58,281)
Thereafter	(446,410)
	<u>\$ (737,815)</u>

#### **Connecticut Teachers' Retirement System - OPEB**

*Plan Description* - Teachers, principals, superintendents or supervisors engaged in service of public schools are provided with benefits, including retiree health insurance, through the Connecticut Teachers' Retirement System—a cost sharing multiemployer defined benefit pension plan administered by the TRB. Chapter 167a of the State Statutes grants authority to establish and amend the benefit terms to the TRB. TRS issues a publicly available financial report that can be obtained at [www.ct.gov](http://www.ct.gov).

*Benefit Provisions* - The Plan covers retired teachers and administrators of public schools in the State who are receiving benefits from the Plan. The Plan provides healthcare insurance benefits to eligible retirees and their spouses. Any member that is currently receiving a retirement or disability benefit through the Plan is eligible to participate in the healthcare portion of the Plan. Subsidized Local School District Coverage provides a subsidy paid to members still receiving coverage through their former employer and the TRB Sponsored Medicare Supplemental Plans provide coverage for those participating in Medicare, but not receiving Subsidized Local School District Coverage.

Any member that is not currently participating in Medicare Parts A & B is eligible to continue healthcare coverage with their former employer. A subsidy of up to \$110 per month for a retired member plus an additional \$110 per month for a spouse enrolled in a local school district plan is provided to the school district to first offset the retiree's share of the cost of coverage, any remaining portion is used to offset the district's cost. The subsidy amount is set by statute, and has not increased since July of 1996. A subsidy amount of \$220 per month may be paid for a retired member, spouse or the surviving spouse of a member who has attained the normal retirement age to participate in Medicare, is not eligible for Part A of Medicare without cost, and contributes at least \$220 per month towards coverage under a local school district plan. Employees are eligible to retire at age 60 with 20 years of credited service in Connecticut, or 35 years of credited service including at least 25 years of service in Connecticut. Any member that is currently participating in Medicare Parts A & B is eligible to either continue health care coverage with their former employer, if offered, or enroll in the plan sponsored by the system. If they elect to remain in the Plan with their former employer, the same subsidies as above will be paid to offset the cost of coverage.

*Contributions* - Per Connecticut General Statutes Section 10-183z (which reflects Public Act 79-436 as amended), contribution requirements of active employees and the State of Connecticut are amended and certified by the TRB and appropriated by the General Assembly. The State pays for one third of plan costs through an annual appropriation in the General Fund.

School district employers are not required to make contributions to the Plan. The State of Connecticut's estimated allocated contribution to the Plan on behalf of the Town was \$49,117.

## TOWN OF BROOKLYN, CONNECTICUT

### Notes to the Financial Statements

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The cost of providing plan benefits is financed on a pay-as-you-go basis as follows: active teachers' pay for one third of the Plan costs through a contribution of 1.25% of their pensionable salaries, and retired teachers pay for one third of the Plan costs through monthly premiums, which helps reduce the cost of health insurance for eligible retired members and dependents.

*Actuarial Assumptions* - The total OPEB liability was determined by an actuarial valuation as of June 30, 2018 using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Inflation	2.75%
Real Wage Growth	0.50%
Wage Inflation	3.25%
Salary increases	3.25-6.50%, including inflation
Long-term investment rate of return	3.00%, net of OPEB plan investment expense, including inflation

Municipal bond index rate:

Measurement Date	3.87%
Prior Measurement Date	3.56%

The projected fiduciary net position is projected to be depleted in 2019.

Single equivalent interest rate

Measurement Date	3.87%, net of OPEB plan investment expense, including price inflation
Prior Measurement Date	3.56%, net of OPEB plan investment expense, Including price inflation

Healthcare cost trend rates:

Pre-Medicare	5.95% for 2018 decreasing to an ultimate Rate of 4.75% by 2025
Medicare	5.00% for 2018 decreasing to an ultimate Rate of 4.75% by 2028

Mortality rates were based on the RPH-2014 White Collar table with employee and annuitant rates blended from ages 50 to 80, projected to the year 2020 using the BB improvement scale.

*Long-Term Rate of Return* - The long-term expected rate of return on plan assets is reviewed as part of the GASB 75 valuation process. Several factors are considered in evaluation the long-term rate of return assumption, including the Plan's current asset allocations and a log-normal distribution analysis using the best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) for each major asset class.

The long-term expected rate of return was determined by weighing the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

## TOWN OF BROOKLYN, CONNECTICUT

### Notes to the Financial Statements

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The target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Expected 10-Year Geometric Real Rate of Return	Standard Deviation
U.S. Treasuries (Cash Equivalents)	100.0%	0.27%	2.74%
Price inflation		2.75%	
Expected rate of return (Rounded nearest 0.25%)		3.00%	

*Discount Rate* - The discount rate used to measure the total OPEB liability was 3.87%. The projection of cash flows used to determine the discount rate was performed in accordance with GASB 75. The projection's basis was an actuarial valuation performed as of June 30, 2018. In addition to the actuarial methods and assumptions of the June 30, 2018 actuarial valuation, the following actuarial methods and assumptions were used in the projection of cash flows:

- Total payroll for the initial projection year consists of the payroll of the active membership present on the valuation date. In subsequent projection years, total payroll was assumed to increase annually at a rate of 3.25%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- No future employer contributions were assumed to be made.

Based on those assumptions, the plan's fiduciary net position was projected to be depleted in 2019 and, as a result, the Municipal Bond Index Rate was used in the determination of the single equivalent rate.

*Sensitivity of the Net OPEB Liability to Changes in Healthcare Cost Trend Rates* - The following presents the total OPEB liability, calculated using current cost trend rates, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than current healthcare cost trend rates:

	1% Lower Trend Rates	Current Trend Rates	1% Higher Trend Rates
Initial Healthcare Cost Trend Rate	4.95%	5.95%	6.95%
Ultimate Healthcare Cost Trend Rate	3.75%	4.75%	5.75%
Total OPEB Liability	\$ 3,068,648	\$ 3,661,726	\$ 4,449,018

## TOWN OF BROOKLYN, CONNECTICUT

### Notes to the Financial Statements

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*Sensitivity of the Net OPEB Liability to Changes in Discount Rates* - The following presents the net OPEB liability, calculated using the current discount rate, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease (2.87%)	Current Discount Rate (3.87%)	1% Increase (4.87%)
Net OPEB liability	\$ 4,348,041	\$ 3,661,726	\$ 3,114,007

*Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions:* At June 30, 2019 the Town reports no amounts for its proportionate share of the net OPEB liability, and related deferred outflows and inflows due to the statutory requirement that the State pay 100% of the required contribution. The amount recognized by the Town as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the Town were as follows:

Town's proportionate share of the net OPEB liability	\$ -
State's proportionate share of the net OPEB liability associated with the Town	<u>3,661,726</u>
Total	<u>\$ 3,661,726</u>

The net OPEB liability was measured as of June 30, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. At June 30, 2019, the Town had no proportionate share of the net OPEB liability.

For the year ended June 30, 2019, the Town recognized OPEB expense and revenue of \$49,117 in the governmental funds for on-behalf amounts for the benefits provided by the State. In the government-wide financial statements, the Town recognized (\$1,216,423) for OPEB expense related to actuarial liabilities for on-behalf amounts for the benefits provided by the State.

### NOTE 12 – RISK MANAGEMENT

The Town is exposed to various risks of loss involving torts, theft of, damage to, and destruction of assets, errors and omissions, injuries of employees, and natural disasters for which the Town carries commercial insurance. Coverage has not been significantly reduced and settled claims have not exceeded commercial coverage in any of the last three fiscal years.

The Town currently is a member of the Connecticut Interlocal Risk Management Agency (“CIRMA”), a public entity risk pool for some of its insurance. The Town is liable only for contributions to the pool. Members do not retain the risk of loss, as they have transferred the risk by purchasing coverage with no deductible retention. A separate agreement states limits on the member’s obligations to pay indemnification obligations and expenses should CIRMA be unable to do so.

### NOTE 13 – LITIGATION AND CONTINGENCIES

**Litigation** - The Town is not a defendant in any lawsuits that, in the opinion of Town Management, in consultation with the Town Attorney, will have an adverse, material effect on the Town’s financial position.

## TOWN OF BROOKLYN, CONNECTICUT

### Notes to the Financial Statements

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**Grants** - The Town participates in several Federal and State assisted grants programs. These programs are subject to financial and compliance audits by the grantors or their representatives. The audits of certain of these programs for or including the year ended June 30, 2019 have not yet been conducted. Accordingly, the Town's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

**School Building Grants** – Section 10-283(a)(3)(A) of the Connecticut General Statutes states that if the Town abandons, sells, leases, demolishes or otherwise redirects the use of a school building project authorized on or after July 1, 1996, paid partially with State funding, to other than a public school, will owe a portion of the funding back to the State. For projects with a cost of over two million dollars, the contingency will be amortized over twenty years. For smaller projects, the contingency will be amortized over ten years.

## NOTE 14 – UPCOMING PRONOUNCEMENTS

### GASB Pronouncements Issued, But Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements that have effective dates that may impact future financial presentations. Management has not currently determined what, if any, impact implementation of the following statements may have on the financial statements:

GASB Statement No. 87 – *Leases* - This statement improves the accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

GASB Statement No. 89 - *Accounting for Interest Cost Incurred before the End of a Construction Period* - The objectives of this statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred. As a result, interest cost before the end of a construction period will not be included in the historical cost of the capital asset. The requirements of this statement are effective for reporting periods beginning after December 15, 2019.

## NOTE 15 – SUBSEQUENT EVENTS

On August 7, 2019, the Town issued \$6,612,300 of general obligation bond anticipation notes with an interest rate of 1.89% per year. The notes are due on August 6, 2020. The town used the proceeds to refund a \$4,414,650 general obligation bond anticipation note and interest of \$105,217 due August 7, 2019 and to provide \$2,431,900 for various capital projects.

Subsequent to year-end the financial markets have been severely impacted by the effects of the COVID-19 epidemic. The value of the pension trust assets has decreased significantly, while the overall long-term impact on local and state government cannot yet be determined by management.

**TOWN OF BROOKLYN, CONNECTICUT**  
Notes to the Financial Statements

**NOTE 16 - PRIOR PERIOD RESTATEMENT**

	Governmental Activities	Business-Type Activities	General Fund	WPCA Fund	School Building Committee	Capital Nonrecurring Fund	Small Cities	Town Aid Road Fund	Special Education Grants	Cafeteria Fund	Recreation Fund	Open Space	Memorial Scholarship	LOSAP Pension Trust Fund	Student Activity Funds
Fund Balance/Net Position at June 30, 2018	\$ 26,325,667	\$ -	\$ 1,469,730	\$ 618,495	\$ 306,094	\$ (4,583,587)	\$ 293,717	\$ 76,173	\$ 408,006	\$ 80,232	\$ 55,847	\$ 120,925	\$ 25,608	\$ 64,532	\$ -
Adjust Small Cities Loan Repaid in 2006	(6,885)	-	-	-	-	-	(6,885)	-	-	-	-	-	-	-	-
Adjust Interfund Pooled Cash Balances	(453,729)	(64,556)	(543,682)	-	-	521,765	769	(4,534)	(408,006)	(22,818)	2,686	91	-	7,322	1,790
Adjust Old Due To/From Balances	643,669	-	560,974	-	(306,094)	263,088	-	125,201	-	-	-	-	500	-	(18,940)
Other Various Adjustments	(1,061,996)	-	(1,061,996)	-	-	-	-	-	-	-	-	-	-	-	-
Reclassify Capital Assets to Enterprise Fund	(580,490)	580,490	-	-	-	-	-	-	-	-	-	-	-	-	-
Add Missing Capital Assets from Previous Years	-	1,711,001	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassify Debt to Enterprise Fund	1,079,640	(1,079,640)	-	-	-	-	-	-	-	-	-	-	-	-	-
Reclassify WPCA Fund to an Enterprise Fund	(618,495)	618,495	-	(618,495)	-	-	-	-	-	-	-	-	-	-	-
Close Deferred Sewer Tax for Enterprise Fund	(11,502)	11,502	-	-	-	-	-	-	-	-	-	-	-	-	-
Restate Beginning Liabilities Balance in LOSAP Fund	-	-	-	-	-	-	-	-	-	-	-	-	-	18,286	-
Reclassify LOSAP Funds not held in a Trust to General Fund	90,140	-	90,140	-	-	-	-	-	-	-	-	-	-	(90,140)	-
Restate Beginning LOSAP NPL to Remove Assets not in a Trust	(64,356)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restate Beginning Net Position as a Result of GASB 84	-	-	-	-	-	-	-	-	-	-	-	-	-	-	62,594
Adjusted Beginning July 1, 2018	25,341,663	1,777,292	515,166	-	-	(3,798,734)	287,601	196,840	-	57,414	58,533	121,016	26,108	-	45,444

**TOWN OF BROOKLYN, CONNECTICUT**

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Schedule of Revenues, Expenditures and Changes in Fund Balance

Budget and Actual (Budgetary Basis)

For the Year Ended June 30, 2019

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	Budgeted Amounts		<u><b>Actual Budgetary Basis</b></u>	<u>Variance</u>
	<u>Original</u>	<u>Amended</u>		
<b>REVENUES</b>				
<b>Property Taxes</b>				
Current Year	\$ 15,261,005	\$ 15,261,005	<b>\$ 15,189,051</b>	\$ (71,954)
Prior Years	167,550	167,550	<b>140,530</b>	(27,020)
Interest and Lien Fees	70,000	70,000	<b>83,735</b>	13,735
Supplemental Motor Vehicle Taxes	215,000	215,000	<b>302,096</b>	87,096
<b>Total Property Taxes</b>	<b>15,713,555</b>	<b>15,713,555</b>	<b>15,715,412</b>	1,857
<b>Intergovernmental</b>				
Education Assistance	6,984,219	6,984,219	<b>6,946,653</b>	(37,566)
Mashantucket Grant	191,703	191,703	<b>191,703</b>	-
PILOT - State Owned Property	79,919	79,919	<b>79,919</b>	-
PILOT - Disability	1,720	1,720	<b>1,317</b>	(403)
PILOT - Veterans Exemption	5,039	5,039	<b>5,120</b>	81
Homeland Security	8,000	8,000	-	(8,000)
Motor Vehicle Fines	4,000	4,000	<b>2,390</b>	(1,610)
Telephone Tax	12,493	12,493	<b>12,246</b>	(247)
Earth Day Grant	-	-	<b>415</b>	415
D.U.I. Grant	15,000	15,000	-	(15,000)
Municipal Revenue Sharing	10,379	10,379	<b>10,379</b>	-
<b>Total Intergovernmental</b>	<b>7,312,472</b>	<b>7,312,472</b>	<b>7,250,142</b>	(62,330)
<b>Local Revenues</b>				
Health Department Rent	32,714	32,714	<b>33,212</b>	498
Comm. Center Rental Fee	250	250	<b>560</b>	310
Recreation Fees	228,300	228,300	<b>211,097</b>	(17,203)
Pistol Permits	3,000	3,000	<b>3,295</b>	295
Town Clerk Fees	50,000	50,000	<b>51,035</b>	1,035
Conveyance Tax	80,000	80,000	<b>97,369</b>	17,369
Miscellaneous Income	1,000	1,000	<b>60,473</b>	59,473
Copier Fees	9,000	9,000	<b>6,885</b>	(2,115)
Apartment Inspections	500	500	<b>385</b>	(115)
Brooklyn Fair Tpr. Reimbursement	5,000	5,000	<b>6,506</b>	1,506
Building Permits	75,000	75,000	<b>100,334</b>	25,334
Fire Marshal Fees	1,500	1,500	<b>1,165</b>	(335)
Zoning Board of Appeals	500	500	-	(500)
Bingo Permits	-	-	<b>165</b>	165
Planning and Zoning Fees	15,000	15,000	<b>9,210</b>	(5,790)
Wetland Fees	3,750	3,750	<b>1,290</b>	(2,460)
Regulation Fees	-	-	<b>8</b>	8

See accountant's report.

**TOWN OF BROOKLYN, CONNECTICUT**

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Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2019

	Budgeted Amounts		<b>Actual Budgetary Basis</b>	<b>Variance</b>
	<u>Original</u>	<u>Amended</u>		
<b>Local Revenues (Continued)</b>				
Transfer Station Fees	\$ 75,000	\$ 75,000	\$ 90,601	\$ 15,601
Insurance Dividend	9,000	9,000	-	(9,000)
Dog License/Fees	1,750	1,750	<b>2,125</b>	375
<b>Total Local Revenues</b>	<b>591,264</b>	<b>591,264</b>	<b>675,715</b>	<b>84,451</b>
<b>Investment Income</b>	<b>13,000</b>	<b>13,000</b>	<b>21,631</b>	<b>8,631</b>
<b>Use of Fund Balance</b>	<b>223,039</b>	<b>210,539</b>	<b>-</b>	<b>(210,539)</b>
<b>Total Revenues</b>	<b>23,853,330</b>	<b>23,840,830</b>	<b>23,662,900</b>	<b>(177,930)</b>
<b>EXPENDITURES</b>				
<b>General Government</b>				
Board of Finance	33,100	43,600	<b>42,131</b>	1,469
Board of Selectmen	30,812	30,812	<b>24,099</b>	6,713
Administration	285,229	288,629	<b>270,656</b>	17,973
Revenue Collector	101,557	102,057	<b>107,332</b>	(5,275)
Assessor	139,984	139,984	<b>139,504</b>	480
Board of Assessment	450	450	-	450
Recording	124,070	124,070	<b>123,825</b>	245
Elections	32,360	32,360	<b>27,506</b>	4,854
Legal	19,500	19,000	<b>25,729</b>	(6,729)
Probate	9,455	9,455	<b>9,454</b>	1
Town Hall	52,721	40,677	<b>39,100</b>	1,577
Central Supplies	64,136	84,646	<b>85,032</b>	(386)
Ethics	3,000	3,000	<b>1,000</b>	2,000
<b>Total General Government</b>	<b>896,374</b>	<b>918,740</b>	<b>895,368</b>	<b>23,372</b>
<b>Public Safety</b>				
Canine Control	25,846	24,246	<b>24,159</b>	87
Patrol Services	240,850	204,050	<b>200,621</b>	3,429
Fire Marshal	54,503	65,653	<b>64,507</b>	1,146
Fire Facilities	462,328	423,029	<b>422,559</b>	470
Emergency Services	30,070	34,870	<b>36,456</b>	(1,586)
Homeland Security	6,250	3,550	<b>1,758</b>	1,792
<b>Total Public Safety</b>	<b>819,847</b>	<b>755,398</b>	<b>750,060</b>	<b>5,338</b>
<b>Public Works</b>				
Roads and Drainage	555,422	540,617	<b>538,374</b>	2,243
Maintenance and Equipment	90,500	90,500	<b>85,359</b>	5,141
Snow Removal	96,200	93,550	<b>85,114</b>	8,436

See accountant's report.

**TOWN OF BROOKLYN, CONNECTICUT**

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Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2019

	Budgeted Amounts		<b>Actual Budgetary Basis</b>	<b>Variance</b>
	<u>Original</u>	<u>Amended</u>		
<b>Public Works (Continued)</b>				
Garage Maintenance	\$ 21,078	\$ 18,533	\$ 20,688	\$ (2,155)
Engineering	20,102	20,102	20,102	-
Storm Water Management	22,000	22,000	-	22,000
Resource Recovery	288,810	353,490	337,795	15,695
Building Official	76,817	76,872	76,650	222
<b>Total Public Works</b>	<b>1,170,929</b>	<b>1,215,664</b>	<b>1,164,082</b>	<b>51,582</b>
<b>Health and Human Services</b>				
Health	76,587	80,988	80,920	68
Cemeteries	5,000	5,000	5,000	-
<b>Total Health and Human Services</b>	<b>81,587</b>	<b>85,988</b>	<b>85,920</b>	<b>68</b>
<b>Civic and Cultural</b>				
Library	136,795	136,795	136,795	-
Transit District	14,359	14,359	14,359	-
Special Programs	5,750	5,750	5,176	574
Recreation	332,927	329,607	328,913	694
Park Maintenance	113,418	123,156	114,918	8,238
Community Center	22,242	22,242	19,488	2,754
Clifford B Green Building	24,620	53,160	53,627	(467)
<b>Total Civic and Cultural</b>	<b>650,111</b>	<b>685,069</b>	<b>673,276</b>	<b>11,793</b>
<b>Development and Planning</b>				
Planning and Zoning	15,444	26,454	26,589	(135)
Zoning Board of Appeal	1,000	1,000	288	712
Agriculture Commission	2,200	2,200	1,630	570
Conservation Commission	2,300	2,300	719	1,581
Inland Wetlands Commission	5,850	5,850	964	4,886
Land Use Admin/Planner	107,984	112,884	112,203	681
Economic Development Commission	6,150	6,150	1,066	5,084
Open Space	8,205	8,205	8,205	-
<b>Total Development and Planning</b>	<b>149,133</b>	<b>165,043</b>	<b>151,664</b>	<b>13,379</b>
<b>Debt and Sundry</b>				
Contingency	290,625	290,625	-	290,625
Fringe Benefits	624,252	574,552	571,974	2,578
Municipal Insurance	137,000	136,479	128,492	7,987
Long-Term Debt Service	38,200	38,000	37,478	522
Short-Term Debt Service	524,064	504,064	501,077	2,987
<b>Total Debt and Sundry</b>	<b>1,614,141</b>	<b>1,543,720</b>	<b>1,239,021</b>	<b>304,699</b>

See accountant's report.

**TOWN OF BROOKLYN, CONNECTICUT**

Page 4 of 4

Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Budgetary Basis)  
For the Year Ended June 30, 2019

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	Budgeted Amounts		<b>Actual Budgetary Basis</b>	<b>Variance</b>
	<u>Original</u>	<u>Amended</u>		
	\$	\$		
<b>Capital Outlay</b>	\$ 195,774	\$ 195,774	\$ 184,390	\$ 11,384
<b>Board of Education</b>	18,275,434	18,275,434	<b>18,069,575</b>	205,859
<b>Total Expenditures</b>	<b>23,853,330</b>	<b>23,840,830</b>	<b>23,213,356</b>	<b>627,474</b>
<b>Excess (Deficiency) of Revenues over Expenditures - Budgetary Basis</b>	\$ -	\$ -	<b>449,544</b>	<b>\$ 449,544</b>
<b>Adjustments to Generally Accepted Accounting Principles (GAAP):</b>				
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Teachers' Retirement and OPEB			<b>1,819,430</b>	
Expenditures from Teachers' Retirement and OPEB			(1,819,430)	
Payments on Behalf of the Town not Recorded on a Budgetary Basis:				
Revenues from Excess Cost Grant			<b>422,456</b>	
Expenditures from Excess Cost Grant			(422,456)	
<b>Excess (Deficiency) of Revenues and Other Financing Sources over Expenditures and Other Financing Uses - GAAP Basis</b>			<b>\$ 449,544</b>	

**Notes to Required Supplementary Information:** This budget is adopted on a basis consistent with Generally Accepted Accounting Principles (modified accrual basis) with the following exceptions: 1. The Town does not recognize as income or expenditures payments made for the teachers' retirement by the State of Connecticut on the Town's behalf; 2. The excess cost grant for special education costs is net with expenditures; 3. Encumbrances are treated as expenditures against the budget in the year committed; 4. Revenues and expenditures from capital leasing and for renewing or refunding long-term debt are included in the budget as the net revenue or expenditure expected.

See accountant's report.

**TOWN OF BROOKLYN, CONNECTICUT**  
 Town of Brooklyn Employee Retirement Plan  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 Last Six Fiscal Years

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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>						
Service Cost	\$ 217,378	\$ 209,621	\$ 173,002	\$ 166,748	\$ 171,727	\$ 179,884
Interest	462,267	438,180	408,747	386,937	375,535	353,196
Changes in Benefit Terms	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(107,862)	-	147,897	-	(106,688)	-
Changes of Assumptions	156,953	-	134,931	-	135,436	-
Benefit Payments, Including Refunds of Member Contributions	(330,707)	(292,856)	(266,165)	(252,302)	(230,131)	(224,129)
<b>Net Change in Total Pension Liability</b>	<b>398,029</b>	<b>354,945</b>	<b>598,412</b>	<b>301,383</b>	<b>345,879</b>	<b>308,951</b>
<b>Total Pension Liability - Beginning</b>	<b>6,549,002</b>	<b>6,194,057</b>	<b>5,595,645</b>	<b>5,294,262</b>	<b>4,948,383</b>	<b>4,639,432</b>
<b>Total Pension Liability - Ending (a)</b>	<b>\$ 6,947,031</b>	<b>\$ 6,549,002</b>	<b>\$ 6,194,057</b>	<b>\$ 5,595,645</b>	<b>\$ 5,294,262</b>	<b>\$ 4,948,383</b>
 <b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 158,933	\$ 355,128	\$ 302,944	\$ 295,082	\$ 256,246	\$ 251,168
Contributions - Member	-	-	-	-	-	-
Net Investment Income	282,027	374,138	403,008	(9,590)	188,347	129,412
Benefit Payments, Including Refunds of Member Contributions	(330,896)	(292,856)	(266,165)	(252,302)	(230,131)	(224,129)
Administrative Expenses	(15,378)	(15,548)	(12,351)	(15,281)	(18,810)	(12,604)
Other	-	-	-	-	(46,417)	439,783
<b>Net Change in Pension Fiduciary Net Position</b>	<b>94,686</b>	<b>420,862</b>	<b>427,436</b>	<b>17,909</b>	<b>149,235</b>	<b>583,630</b>
 <b>Plan Fiduciary Net Position - Beginning</b>	<b>4,914,975</b>	<b>4,494,113</b>	<b>4,066,677</b>	<b>4,048,768</b>	<b>3,899,533</b>	<b>3,315,903</b>
<b>Plan Fiduciary Net Position - Ending (b)</b>	<b>\$ 5,009,661</b>	<b>\$ 4,914,975</b>	<b>\$ 4,494,113</b>	<b>\$ 4,066,677</b>	<b>\$ 4,048,768</b>	<b>\$ 3,899,533</b>
<b>Net Pension Liability - Ending: (a) - (b)</b>	<b>\$ 1,937,370</b>	<b>\$ 1,634,027</b>	<b>\$ 1,699,944</b>	<b>\$ 1,528,968</b>	<b>\$ 1,245,494</b>	<b>\$ 1,048,850</b>
 <b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>72.11%</b>	<b>75.05%</b>	<b>72.56%</b>	<b>72.68%</b>	<b>76.47%</b>	<b>78.80%</b>
 <b>Covered Payroll</b>	<b>\$ 2,638,617</b>	<b>\$ 2,616,636</b>	<b>\$ 2,515,996</b>	<b>\$ 2,108,519</b>	<b>\$ 2,022,560</b>	<b>\$ 2,197,494</b>
 <b>Net Pension Liability as a Percentage of Covered Payroll</b>	<b>73.42%</b>	<b>62.45%</b>	<b>67.57%</b>	<b>72.51%</b>	<b>61.58%</b>	<b>47.73%</b>

See accountant's report.

**TOWN OF BROOKLYN, CONNECTICUT**

Town of Brooklyn Employee Retirement Plan  
 Schedule of Contributions  
 Last Six Fiscal Years

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	2019	2018	2017	2016	2015	2014
Actuarially Determined Employer Contribution (ADEC)	\$ 355,128	\$ 355,128	\$ 302,944	\$ 295,082	\$ 310,080	\$ 310,080
Contributions in Relation to the ADEC	<u>158,933</u>	<u>355,128</u>	<u>302,944</u>	<u>295,082</u>	<u>256,246</u>	<u>251,168</u>
Contribution Deficiency (Excess)	<u>\$ 196,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,834</u>	<u>\$ 58,912</u>
Covered Payroll	2,638,617	2,616,636	2,515,996	2,108,519	2,022,560	2,197,494
Contributions as a Percentage of Covered Payroll	6.02%	13.57%	12.04%	13.99%	12.67%	11.43%

**Notes to Schedule**

Valuation Date: 7/1/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Cost
Remaining amortization period	15 yrs, Open
Asset valuation method	5-year Smoothed
Salary increases	3.85%
Investment rate of return	7.00%
Normal Retirement	Earlier of age 55 with 10 years of service or age 70
Mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality Table projected to valuation date with MP-2018.

See accountant's report.

**TOWN OF BROOKLYN, CONNECTICUT**

Town of Brooklyn Employee Retirement Plan  
Schedule of Investment Returns  
Last Six Fiscal Years

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	2019	2018	2017	2016	2015	2014
Annual Money-Weighted Rate of Return, Net of Investment Expense	5.65%	8.22%	9.78%	-0.24%	3.62%	16.70%

See accountant's report.

**TOWN OF BROOKLYN, CONNECTICUT**  
 Town of Brooklyn Fire Department Service Award Plan  
 Schedule of Changes in Net Pension Liability and Related Ratios  
 Last Six Fiscal Years

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	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Total Pension Liability</b>						
Service Cost	\$ -	\$ -	\$ 40,725	\$ -	\$ -	\$ -
Interest	46,996	31,828	27,198	36,559	39,931	41,254
Differences Between Expected and Actual Experience	-	299,044	-	(40,143)	(51,752)	-
Changes of Assumptions	64,470	69,314	(48,550)	56,099	-	-
Benefit Payments, Including Refunds of Member Contributions	<u>(72,560)</u>	<u>(77,160)</u>	<u>(80,227)</u>	<u>(77,843)</u>	<u>(78,360)</u>	<u>(74,472)</u>
<b>Net Change in Total Pension Liability</b>	<u>38,906</u>	<u>323,026</u>	<u>(60,854)</u>	<u>(25,328)</u>	<u>(90,181)</u>	<u>(33,218)</u>
<b>Total Pension Liability - Beginning</b>	<u>1,250,306</u>	<u>927,280</u>	<u>988,134</u>	<u>1,013,462</u>	<u>1,103,643</u>	<u>1,136,861</u>
<b>Total Pension Liability - Ending</b>	<u><u>\$ 1,289,212</u></u>	<u><u>\$ 1,250,306</u></u>	<u><u>\$ 927,280</u></u>	<u><u>\$ 988,134</u></u>	<u><u>\$ 1,013,462</u></u>	<u><u>\$ 1,103,643</u></u>

See accountant's report.

**TOWN OF BROOKLYN, CONNECTICUT**  
 Town of Brooklyn Fire Department Service Award Plan  
 Schedule of Contributions  
 Last Six Fiscal Years

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	2019	2018	2017	2016	2015	2014
Actuarially Determined Employer Contribution (ADEC)	\$ 95,072	\$ 103,956	\$ 101,174	\$ 79,551	\$ 79,551	\$ 75,544
Contributions in Relation to the ADEC	<u>98,497</u>	<u>102,000</u>	<u>80,110</u>	<u>80,124</u>	<u>80,046</u>	<u>75,544</u>
Contribution Deficiency (Excess)	<u>\$ (3,425)</u>	<u>\$ 1,956</u>	<u>\$ 21,064</u>	<u>\$ (573)</u>	<u>\$ (495)</u>	<u>\$ -</u>

**Notes to Schedule**

Valuation Date: 1/1/2018

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level Cost
Remaining amortization period	17 yrs, Closed
Asset valuation method	Market Value
Investment rate of return	3.87%
Normal Retirement	Age 65
Mortality	RP-2014 Mortality Table

See accountant's report.

**TOWN OF BROOKLYN, CONNECTICUT**

State Teacher's Retirement System  
Proportionate Share of Net Pension Liability  
Last Five Fiscal Years

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**Schedule of Proportionate Share of Net Pension Liability**

	2019	2018	2017	2016	2015
Town's percentage of the net pension liability	0.00%	0.00%	0.00%	0.00%	0.00%
Town's proportionate share of the net pension liability	\$ -	\$ -	\$ -	\$ -	\$ -
State of Connecticut's proportionate share of the net pension liability associated with the Town	<u>18,317,166</u>	<u>1,036,642</u>	<u>1,093,665</u>	<u>16,094,784</u>	<u>14,876,402</u>
Total	<u>\$ 18,317,166</u>	<u>\$ 1,036,642</u> *	<u>\$ 1,093,665</u> *	<u>\$ 16,094,784</u>	<u>\$ 14,876,402</u>
Town's covered payroll	\$ 4,796,617	\$ 5,783,213	\$ 6,054,495	\$ 5,820,974	\$ 5,802,009
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll.	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	57.69%	55.93%	52.26%	59.50%	61.51%

\* For the fiscal years ended June 30, 2018 and June 30, 2017, incorrect census data was provided to the actuaries.

**Notes to Schedule**

Changes in benefit terms	Beginning January 1, 2018, member contributions increased from 6% to 7% of salary.
Changes in assumptions	In 2016, rates of withdrawal, disability, retirement, mortality and assumed rates of salary increase were adjusted to more closely reflect actual and anticipated experience. These assumptions were recommended as part of the Experience Study for the System for the five-year period ended June 30, 2015.
Actuarial cost method	Entry Age
Amortization method	Level percent of salary, closed
Remaining amortization period	17.6 years
Asset valuation method	4 year smoothed market
Inflation	2.75%
Salary increases	3.25% - 6.50% average, including inflation
Investment rate of return	8.0% net of investment expense, including inflation

See accountant's report.

**TOWN OF BROOKLYN, CONNECTICUT**  
 Schedule of Changes in Total OPEB Liability and Related Ratios  
 Last Two Fiscal Years\*

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	2019	2018
<b>Total OPEB Liability</b>		
Service Cost	\$ 63,452	\$ 65,016
Interest	67,688	62,330
Changes of Benefit Terms	(62,839)	-
Differences Between Expected and Actual Experience	(564,484)	(41,786)
Changes of Assumptions	(138,748)	(60,182)
Benefit Payments, Including Implicit Cost	<u>(13,412)</u>	<u>(18,261)</u>
<b>Net Change in Total OPEB Liability</b>	<b>(648,343)</b>	<b>7,117</b>
<b>Total OPEB Liability - Beginning</b>	<b>1,692,214</b>	<b>1,685,097</b>
<b>Total OPEB Liability - Ending (a)</b>	<b>\$ 1,043,871</b>	<b>\$ 1,692,214</b>
<b>Covered-Employee Payroll</b>	<b>\$ 5,985,269</b>	<b>\$ 5,687,333</b>
<b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	<b>17.44%</b>	<b>29.75%</b>

\* This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

**Notes to Schedule**

Measurement Date	June 30, 2019
Valuation Date	July 1, 2018
Inflation Rate	2.60%
Actuarial Cost Method	Individual Entry Age Normal
Salary Increases	3.85%
Healthcare Cost Trend Rates	7.00% reducing by 0.5% each year to an ultimate rate of 4.6% per year for 2023 and later. Dental is assumed to increase by 4.00% per year.

See accountant's report.

**TOWN OF BROOKLYN, CONNECTICUT**

State Teacher's Retirement System  
Proportionate Share of Net OPEB Liability  
Last Two Fiscal Years

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**Schedule of Proportionate Share of Net OPEB Liability**

	2019	2018
Town's percentage of the net OPEB liability	0.00%	0.00%
Town's proportionate share of the net OPEB liability	\$ -	\$ -
State of Connecticut's proportionate share of the net OPEB liability associated with the Town	<u>3,661,726</u>	<u>266,837</u>
Total	<u>\$ 3,661,726</u>	<u>\$ 266,837</u> *
Town's covered-employee payroll	<u>\$ 4,796,617</u>	<u>\$ 5,783,213</u>
Town's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll.	<u>0.00%</u>	<u>0.00%</u>
Plan fiduciary net position as a percentage of the total OPEB liability	<u>1.49%</u>	<u>1.79%</u>

\* For the year ended June 30, 2018, incorrect census data was provided to the actuaries.

**Notes to Schedule**

Changes in Benefit Terms	Effective July 1, 2018, Medicare Advantage Plan was added to available options, changed the base plan to the Medicare Advantage Plan for the purposes of determining retiree subsidies and/or cost sharing amounts, and introduced a two-year waiting period for re-enrollment in a System-sponsored Plan for those who cancel their coverage or choose not to enroll after the effective date.
Changes of Assumptions	<p>The expected rate of return on assets was changed from 2.75% to 3.00% to reflect the anticipated return on cash and other high quality short-term fixed income investments.</p> <p>The discount rate was increased from 3.56% to 3.87% to reflect the change in the Municipal Bond Index Rate.</p> <p>Changes were also made to the assumed per capita health care claim costs, the assumed age related percentage increases in expected annual per capita health care claim costs, long-term health care cost trend rates, the percentage of retired members who are not currently participating in the Plan but are expected to elect coverage in the future, the percentage of participating retirees who are expected to enroll in the Medicare Supplement Plan and the Medicare Advantage Plan, the post-disability mortality table, which was updated to extend the period of projected mortality improvements from 2017 to 2020, and the percentage of deferred vested members who will become ineligible for future health care benefits.</p>
Actuarial Cost Method	Entry age
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	30 years, open
Asset Valuation Method	Market Value of Assets
Investment Rate of Return	3.00%, net of investment related expense

See accountant's report.

**TOWN OF BROOKLYN, CONNECTICUT**

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2019

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**SPECIAL REVENUE FUNDS**

	<u>Small Cities Block Grant Fund</u>	<u>Town Aid Road Fund</u>	<u>Special Education Grants Fund</u>	<u>Cafeteria Fund</u>	<u>Recreation Fund</u>	<u>Open Space Land Acquisition Fund</u>	<u>Memorial Scholarship Fund</u>	<u>Total</u>
<b>Assets</b>								
Cash and Cash Equivalents	\$ 70,379	\$ -	\$ -	\$ 80,134	\$ -	\$ 73,010	\$ 3,658	\$ 227,181
Investments	-	-	-	-	-	48,421	22,681	71,102
Receivables, Net	208,790	-	1,464	37,517	-	-	-	247,771
Inventory	-	-	-	3,954	-	-	-	3,954
Due from Other Funds	8,277	-	89,922	-	63,857	8,205	-	170,261
<b>Total Assets</b>	<b>\$ 287,446</b>	<b>\$ -</b>	<b>\$ 91,386</b>	<b>\$ 121,605</b>	<b>\$ 63,857</b>	<b>\$ 129,636</b>	<b>\$ 26,339</b>	<b>\$ 720,269</b>
<b>Liabilities and Fund Balances</b>								
Liabilities:								
Accounts Payable and								
Accrued Items	\$ -	\$ -	\$ 9,032	\$ 1,662	\$ 1,696	\$ -	\$ -	\$ 12,390
Due to Other Funds	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	82,354	-	-	-	-	82,354
Total Liabilities	-	-	91,386	1,662	1,696	-	-	94,744
Fund Balances:								
Restricted	287,446	-	-	119,943	62,161	129,636	26,339	625,525
Committed	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-
Total Fund Balances	287,446	-	-	119,943	62,161	129,636	26,339	625,525
<b>Total Liabilities and Fund Balances</b>	<b>\$ 287,446</b>	<b>\$ -</b>	<b>\$ 91,386</b>	<b>\$ 121,605</b>	<b>\$ 63,857</b>	<b>\$ 129,636</b>	<b>\$ 26,339</b>	<b>\$ 720,269</b>

See accountant's report.

**TOWN OF BROOKLYN, CONNECTICUT**  
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Nonmajor Governmental Funds  
 For the Year Ended June 30, 2019

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<b>SPECIAL REVENUE FUNDS</b>									
	Small Cities Block Grant <u>Fund</u>	Town Aid Road <u>Fund</u>	Special Education Grants <u>Fund</u>	Cafeteria <u>Fund</u>	Recreation <u>Fund</u>	Open Space Land Acquisition <u>Fund</u>	Memorial Scholarship <u>Fund</u>		Total
<b>Revenues</b>									
Intergovernmental Revenues	\$ -	\$ 242,277	\$ 728,855	\$ 250,931	\$ -	\$ -	\$ -	\$ -	\$ 1,222,063
Licenses, Permits and Charges for Services	-	-	-	117,646	79,400	-	-	-	197,046
Investment Income	140	-	-	-	-	415	231	786	
Other Revenue	-	-	-	-	-	-	-	-	-
<b>Total Revenues</b>	<b>140</b>	<b>242,277</b>	<b>728,855</b>	<b>368,577</b>	<b>79,400</b>	<b>415</b>	<b>231</b>	<b>1,419,895</b>	
<b>Expenditures</b>									
Current:									
Public Works	-	439,117	-	-	-	-	-	-	439,117
Health and Human Services	295	-	-	-	-	-	-	-	295
Civic and Cultural	-	-	-	-	75,772	-	-	-	75,772
Education	-	-	728,855	306,048	-	-	-	-	1,034,903
Capital Outlay	-	-	-	-	-	-	-	-	-
<b>Total Expenditures</b>	<b>295</b>	<b>439,117</b>	<b>728,855</b>	<b>306,048</b>	<b>75,772</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,550,087</b>
Excess/(Deficiency) of Revenues Over Expenditures	(155)	(196,840)	-	62,529	3,628	415	231	(130,192)	
<b>Other Financing Sources/(Uses)</b>									
Transfers In	-	-	-	-	-	8,205	-	-	8,205
Transfers Out	-	-	-	-	-	-	-	-	-
<b>Total Other Financing Sources/(Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,205</b>	<b>-</b>	<b>-</b>	<b>8,205</b>
Net Change in Fund Balances	(155)	(196,840)	-	62,529	3,628	8,620	231	(121,987)	
Fund Balances at Beginning of Year, Restated	287,601	196,840	-	57,414	58,533	121,016	26,108	747,512	
<b>Fund Balances at End of Year</b>	<b>\$ 287,446</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 119,943</b>	<b>\$ 62,161</b>	<b>\$ 129,636</b>	<b>\$ 26,339</b>	<b>\$ 625,525</b>	

See accountant's report.

**TOWN OF BROOKLYN, CONNECTICUT**

Schedule of Debt Limitation

June 30, 2019

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Total Tax Collections, Including Interest and Lien Fees - Primary Government - Prior Fiscal Year	\$15,120,902
Total Tax Collections, Including Interest and Lien Fees - Coterminous Government - Prior Fiscal Year	52,182

**Reimbursement for Revenue Loss on:**

Tax Relief for Elderly and Disabled - Prior Fiscal Year	1,231
Base	<u>\$ 15,174,315</u>

	General Purposes <small>(2.25 x base)</small>	Schools <small>(4.50 x base)</small>	Sewers <small>(3.75 x base)</small>	Urban Renewal <small>(3.25 x base)</small>	Pension Deficit <small>(3.00 x base)</small>
--	---	---	--	--	--

**Debt Limitation:**

Statutory Debt Limits by Function	<u>\$ 34,142,209</u>	<u>\$ 68,284,418</u>	<u>\$ 56,903,681</u>	<u>\$ 49,316,524</u>	<u>\$ 45,522,945</u>
-----------------------------------	----------------------	----------------------	----------------------	----------------------	----------------------

**Indebtedness:**

Bonds Payable					
Town**	1,848,232	2,566,418	1,061,361	-	-
Total Indebtedness	<u>1,848,232</u>	<u>2,566,418</u>	<u>1,061,361</u>	<u>-</u>	<u>-</u>

Debt Limitation in Excess of Debt*	<u>\$ 32,293,977</u>	<u>\$ 65,718,000</u>	<u>\$ 55,842,320</u>	<u>\$ 49,316,524</u>	<u>\$ 45,522,945</u>
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\*\*Includes \$4,414,650 of Bond Anticipation Notes

\*In no event shall total debt exceed seven times annual receipts from base. The maximum amount permitted under this formula would be approximately \$106,220,205

See accountant's report.

**TOWN OF BROOKLYN, CONNECTICUT**  
 Schedule of Property Taxes Levied, Collected, and Outstanding  
 For the Year Ended June 30, 2019

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	Outstanding July 1, 2018	Current Levy	Lawful Corrections		Collectible Taxes	Collections During the Year				Transfers to Suspense	Outstanding June 30, 2019
			Additions	Deductions		Taxes	Interest	Liens	Total		
<u>List of 10/1:</u>											
2017	\$ 15,763,218	\$ 26,354	\$ 157,683	\$ 15,631,889	\$ 15,478,962	\$ 46,879	\$ 24,510	\$ 15,550,351	\$	-	\$ 152,927
2016	\$ 176,861	-	2,961	49,247	130,575	92,602	22,703	6,995	122,300	-	37,973
2015	33,598	-	3,367	954	36,011	13,997	4,004	1,011	19,012	-	22,014
2014	27,544	-	-	305	27,239	2,674	1,810	501	4,985	-	24,565
2013	4,687	-	-	70	4,617	900	838	24	1,762	-	3,717
2012	2,855	-	-	-	2,855	785	873	68	1,726	-	2,070
2011	1,467	-	-	-	1,467	-	-	-	-	-	1,467
2010	1,380	-	1	-	1,381	-	-	-	-	-	1,381
2009	1,353	-	-	-	1,353	-	-	-	-	-	1,353
2008	932	-	-	-	932	-	-	-	-	-	932
2007	826	-	-	-	826	-	-	-	-	-	826
2006	764	-	-	-	764	-	-	-	-	-	764
2005	720	-	-	-	720	-	-	-	-	-	720
2004	1,615	-	-	-	1,615	-	-	-	-	-	1,615
2003	691	-	-	-	691	-	-	-	-	-	691
	<b>\$ 255,293</b>	<b>\$ 15,763,218</b>	<b>\$ 32,683</b>	<b>\$ 208,259</b>	<b>\$ 15,842,935</b>	<b>15,589,920</b>	<b>77,107</b>	<b>33,109</b>	<b>15,700,136</b>	<b>\$</b>	<b>\$ 253,015</b>
Net Grand List - October 1, 2017			Total Suspense Collections		6,761	8,308	1,254	16,323			
Tax Rate: 28.09 mills			Total Collections		<b>\$15,596,681</b>	<b>\$ 85,415</b>	<b>\$ 34,363</b>	<b>\$ 15,716,459</b>			

See accountant's report.

**TOWN OF BROOKLYN, CONNECTICUT**  
 Schedule of Changes in Fund Balance by Project  
 Capital Nonrecurring Fund  
 For the Year Ended June 30, 2019

Page 1 of 2

	Beginning Fund Balance	Restated Beginning Fund Balance	Net Transfers In (Out)	Revenues and New Debt	Current Year Expenditures	Ending Fund Balance	Eliminating Deficits Per GASB 54	Reported Fund Balance
<b>Restricted Fund Balance:</b>								
<b>General Government</b>								
JAG Grant	\$ 72	\$ (72)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Restricted Fund Balance</b>	<b>72</b>	<b>(72)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Committed Fund Balance:</b>								
<b>General Government</b>								
Building Office Software	2,970	(2,970)	-	-	-	-	-	-
Mortlake Generator	(19,974)	(2,026)	(22,000)	305	-	305	(22,000)	22,000
Lilli Ann Apartment	(38,000)	38,000	-	-	-	-	-	-
East Brooklyn Drainage	(10,737)	(2,263)	(13,000)	180	-	180	(13,000)	13,000
EB Fire Truck	260	(260)	-	-	-	-	-	-
Tech Needs	(99,290)	(4,210)	(103,500)	8,435	-	1,435	(96,500)	96,500
Library Wall	(2,206)	2,206	-	-	-	-	-	-
Transfer Station Canopies	(35,706)	35,706	-	-	-	-	-	-
Mortlake Truck - 2014/2015	59,531	(59,531)	-	-	-	-	-	-
Financial Software	(14,502)	14,502	-	-	-	-	-	-
P & Z Regs - 2014/2015	10,382	(10,382)	-	-	-	1,168	(1,168)	1,168
Sidewalks - 2014/2015	12,179	(12,179)	-	-	-	-	-	-
Repairs/Replacements	25,000	(25,000)	-	-	-	-	-	-
Mortlake Drainage	9,300	(9,300)	-	-	-	-	-	-
Town Computers	-	-	-	-	-	17,274	(17,274)	17,274
STEAP Generator	(6,200)	6,200	-	-	186,874	186,874	-	-
<b>Highway</b>								
Chipper	7,064	(7,064)	-	-	-	-	-	-
Highway Garage	(182,119)	22,119	(160,000)	12,218	-	2,218	(150,000)	150,000
Highway Truck	(280,576)	(49,424)	(330,000)	4,575	-	4,575	(330,000)	330,000
Leaf Shredder/Vac	-	-	-	-	-	12,200	(12,200)	12,200
South Main Resurface	1,768	(1,768)	-	-	-	-	-	-
Backhoe - 2014/2015	40,228	(40,228)	-	-	-	-	-	-
Payloader - 2014/2015	(23,905)	23,905	-	-	-	-	-	-
<b>Recreation</b>								
Disc Golf	569	(569)	-	-	-	-	-	-
Baseball Fields - Riverside Park	(137,938)	137,938	-	-	-	-	-	-
Field at BMS	282	(282)	-	-	-	-	-	-
Sander Attachment	521	(521)	-	-	-	-	-	-
Last Green Valley	(223)	223	-	-	-	-	-	-
Truck 17/18	(6,799)	(34,201)	(41,000)	568	-	568	(41,000)	41,000

See accountant's report.

**TOWN OF BROOKLYN, CONNECTICUT**  
 Schedule of Changes in Fund Balance by Project  
 Capital Nonrecurring Fund  
 For the Year Ended June 30, 2019

Page 2 of 2

	<b>Beginning Fund Balance</b>	<b>Restated Beginning Fund Balance</b>	<b>Net Transfers In (Out)</b>	<b>Revenues and New Debt</b>	<b>Current Year Expenditures</b>	<b>Ending Fund Balance</b>	<b>Eliminating Deficits Per GASB 54</b>	<b>Reported Fund Balance</b>
<b>Committed Fund Balance (Continued):</b>								
<b>Education</b>								
School North Wall Repair	(748,362)	122,463	(625,899)	104,440	-	8,675	(530,134)	530,134
Asbestos Removal	14,592	(14,592)	-	-	-	-	-	-
Kitchen Equipment Replacement	3,952	(3,952)	-	-	-	-	-	-
Rose Wing Roof - 2014/2015	(57,317)	(42,683)	(100,000)	1,386	-	1,386	(100,000)	100,000
Fire Alarm System Repairs	(308,460)	21,960	(286,500)	20,971	-	3,971	(269,500)	269,500
Security Needs - 2014/2015	10,000	(10,000)	-	-	-	-	-	-
BES and BMS Roof Project	(1,448,061)	3,430	(1,444,631)	12,891	514,631	12,891	(930,000)	930,000
Tractor	30	(30)	-	-	-	-	-	-
Key System	2,403	(2,403)	-	-	-	-	-	-
HVAC Upgrade	8,000	(213,000)	(205,000)	2,842	-	2,842	(205,000)	205,000
School Parking Lot Paving	-	-	-	-	-	50,000	(50,000)	50,000
BMS N Lot Paving	-	-	-	-	-	9,700	(9,700)	9,700
BMS F Lot Paving	-	-	-	-	-	63,500	(63,500)	63,500
Rose Lot Paving	-	-	-	-	-	39,950	(39,950)	39,950
School Tech Upgrade	-	-	-	-	-	88,854	(88,854)	88,854
Solar Project	-	-	-	-	-	12,150	(12,150)	12,150
Prince Hill Playscape	-	-	-	-	-	75,000	(75,000)	75,000
School Controls Project	-	-	-	-	-	192,630	(192,630)	192,630
Technology Upgrade	7,632	(7,632)	-	-	-	-	-	-
<b>Total Committed Fund Balance</b>	<b>(3,203,712)</b>	<b>(127,818)</b>	<b>(3,331,530)</b>	<b>168,811</b>	<b>701,505</b>	<b>788,346</b>	<b>(3,249,560)</b>	<b>3,249,560</b>
<b>Unassigned Fund Balance</b>	<b>(1,379,947)</b>	<b>912,743</b>	<b>(467,204)</b>	<b>280,514</b>	<b>-</b>	<b>14,889</b>	<b>(201,579)</b>	<b>(3,249,560)</b>
<b>Total Fund Balance</b>	<b>\$ (4,583,587)</b>	<b>\$ 784,853</b>	<b>\$ (3,798,734)</b>	<b>\$ 449,325</b>	<b>\$ 701,505</b>	<b>\$ 803,235</b>	<b>\$ (3,451,139)</b>	<b>\$ (3,451,139)</b>

See accountant's report.

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## **TOWN OF BROOKLYN, CONNECTICUT**

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Federal Single Audit

For the Year Ended June 30, 2019

# **TOWN OF BROOKLYN, CONNECTICUT**

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**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**

Independent Auditor's Report

To the Board of Finance  
Town of Brooklyn, Connecticut

We have audited, 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 the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brooklyn, Connecticut (the "Town"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 11, 2020.

**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 opinion 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.

Our consideration of internal control was for the limited purpose described in first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2019-01 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-03 and 2019-02 to be significant deficiencies.

## **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*.

## **The Town of Brooklyn, Connecticut's Response to Findings**

The Town's response to findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 result 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 "King, King & Associates".

King, King & Associates, CPAs

Winsted, CT

March 11, 2020

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**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 UNIFORM GUIDANCE**

Independent Auditor's Report

To the Board of Finance  
Town of Brooklyn, Connecticut

**Report on Compliance for Each Major Federal Program**

We have audited the Town of Brooklyn, CT's (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, 2019. The Town's major federal programs are identified in the summary of auditors' 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 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 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, 2019.

## **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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

## **Report on Schedule of Expenditures of Federal Awards Required by 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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated March 11, 2020, 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 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.

*King, King & Associates*

King, King & Associates, CPAs

Winsted, CT

March 11, 2020

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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Federal Grantor/Pass-Through Grantor/ Program Title or Cluster Title	FEDERAL CFDA NUMBER	TOTAL EXPENDED
<b>United States Department of Agriculture</b>		
<i>Passed Through the State of Connecticut Department of Education:</i>		
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 48,707
National School Lunch Program - USDA Commodities	10.555	22,962
National School Lunch Program	10.555	<u>158,786</u>
		\$ 230,455
Summer EBT Children Demo Program	10.580	<u>1,571</u>
		<u><b>232,026</b></u>
<b>Total United States Department of Agriculture</b>		
<b>United States Department of Education</b>		
<i>Passed Through the State of Connecticut Department of Education:</i>		
Title I, Part A Cluster:		
Title I Grants to Local Educational Agencies	84.010	<u>251,777</u>
		<u>251,777</u>
Special Education Cluster:		
Special Education - Preschool Grants	84.173	10,525
Special Education - Grants to States	84.027	<u>246,588</u>
		<u>257,113</u>
Title II - Improving Teacher Quality Grants	84.367	37,177
Title IV - Student Support and Academic Enrichment	84.424	<u>7,125</u>
		<u>553,192</u>
		<b>Total Expenditures of Federal Awards \$ <u>785,218</u></b>

See notes to schedule.

**TOWN OF BROOKLYN, CONNECTICUT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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### **Basis of Presentation**

The accompanying schedule of expenditures of federal awards (“Schedule”) includes the federal grant activity of the Town of Brooklyn, Connecticut (“Town”) under programs of the federal government for the year ended June 30, 2019. The information in the 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.

### **Summary of Significant Accounting Policies**

Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The financial statements for the governmental fund types contained in the Town’s basic financial statements are prepared on the modified accrual basis of accounting. The government-wide financial statements and the financial statements for the business-type activities are prepared on the full accrual basis of accounting.

- Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period.
- Expenditures are generally recorded when the related fund liability is incurred, if measurable.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

### **Noncash Awards**

Donated commodities in the amount of \$22,962 are included in the Department of Agriculture’s National School Lunch Program, CFDA #10.555. This amount represents the market value of commodities received.

### **Indirect Costs**

The Town of Brooklyn has elected not to use the 10% de minimis indirect cost rate provided under Section 200.414 of the Uniform Guidance.

### **Other Federal Assistance**

The following is a summary of loan program activity for the year ended June 30, 2019.

#### **US Department of Agriculture: Drinking Water and Wastewater Loan Programs:**

<b>Issue Date</b>	<b>Interest Rate</b>	<b>Original Amount</b>	<b>Balance Beginning</b>	<b>Issued</b>	<b>Retired</b>	<b>Balance Ending</b>
2016	2.25%	\$ 1,115,000	\$ 1,079,640	\$ -	\$ 18,279	\$ 1,061,361

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**I. SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

We audited the financial statements of the Town of Brooklyn, Connecticut as of and for the year ended June 30, 2019 and issued our unmodified report thereon dated March 11, 2020.

Internal control over financial reporting:

- |   |                                     |     |                          |               |
|---|-------------------------------------|-----|--------------------------|---------------|
| • Material weakness(es) identified?       | <input type="checkbox"/>            | Yes | <input type="checkbox"/> | No            |
| • Significant deficiency(ies) identified? | <input checked="" type="checkbox"/> | Yes | <input type="checkbox"/> | None Reported |

Noncompliance material to financial statements noted?

Yes  No

*Federal Awards*

Internal control over major programs:

- |   |                          |     |                                     |               |
|---|--------------------------|-----|-------------------------------------|---------------|
| • Material weakness(es) identified?       | <input type="checkbox"/> | Yes | <input checked="" type="checkbox"/> | No            |
| • Significant deficiency(ies) identified? | <input type="checkbox"/> | Yes | <input checked="" type="checkbox"/> | None Reported |

We have issued an unmodified opinion relating to compliance for major Federal programs.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of the Uniform Guidance?

Yes  No

**Identification of Major Programs**

84.010 Title I

84.173, 84.027 Special Education Cluster

**Dollar Threshold**

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

**Low-Risk Auditee**

The Town of Brooklyn, Connecticut did not qualify as a low-risk auditee.

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**II. FINANCIAL STATEMENT FINDINGS**

- We issued reports, dated March 11, 2020, on internal control over financial reporting and on compliance and other matters based on our 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 material weaknesses and significant deficiencies, described below as findings 2019-01, 2019-02, and 2018-03.

**FINDING 2019-01**

**Criteria**

The Town should have internal controls over financial reporting that provides reasonable assurance that the accounting records can be relied upon and used to prepare the basic financial statements and related notes in conformity with accounting principles generally accepted in the United States of America.

**Condition**

Material adjustments and numerous prior period adjustments were needed for the accounting records to be in accordance with GAAP.

**Context**

Several years ago, the Town implemented new accounting software. Due to turnover of personnel, staff did not have the expertise to properly maintain the accounting system. The Town engaged consultants to assist staff with the accounting system and has had turnover at the Finance Director position.

**Effect**

Material adjustments and numerous prior period adjustments needed to be made to the accounting records.

**Cause**

There has been turnover in the Finance Director position multiple times, and controls and procedures were not in place to ensure accurate financial reporting. In addition, the new accounting software was not implemented effectively for the Town's needs.

**Recommendation**

We recommend that the Town acquire staff with the necessary skills to maintain the accounting records in accordance with GAAP. Procedures need to be implemented to ensure accurate financial reporting.

**Views of Responsible Officials and Planned Corrective Actions**

The Town has hired a new Finance Director who will begin in March of 2020. The Town will also continue to use the outside consultant to assist them with maintaining the financial records.

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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## **FINDING 2019-02**

### **Criteria**

The Town should maintain effective policies and procedures related to monitoring.

### **Condition**

There are deficiencies in monitoring related to the following areas:

- The WPCA should be subject to the same monitoring as the Town's other funds.
- Bank reconciliations should be prepared and then reviewed by another individual.
- Fixed Assets and Compensated Absence reports should be reviewed for accuracy for inclusion in the financial statements.
- Invoices should be available for review and show evidence of management approval.
- Budget vs. Actual reports should be reviewed periodically for reasonableness.

### **Context**

There has been turnover at the Finance Director position multiple times over the last couple of years. Effective policies and procedures were not in place to ensure proper monitoring of activities.

### **Effect**

Internal controls related to monitoring are weakened.

### **Cause**

There has been turnover in the Finance Director position multiple times, and controls and procedures were not in place.

### **Recommendation**

We recommend that the Town put into place policies and procedures to effectively monitor the Towns activities.

### **Views of Responsible Officials and Planned Corrective Actions**

The Town has hired a new Finance Director who will begin in March of 2020. The Town will also continue to use the outside consultant to assist them with developing and implementing effective internal control procedures.

## **FINDING 2018-03**

### **Condition**

The Town and the Board of Education do not have a formal accounting manual documenting the procedures for fiscal operations adopted by the respective board. A written, approved, accounting manual is necessary to ensure that transactions are treated in a standardized manner and that proper internal controls exist in the accounting system.

### **Recommendation**

We recommend that operating guidelines for fiscal activities be prepared and approved, including a description of each significant fiscal procedure such as invoice paying, processing receipts, maintenance of accounts receivable and accounts payable subsidiary records, and payroll procedures.

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**Views of Responsible Officials and Planned Corrective Actions**

The Board of Education has hired a consultant and begun developing an accounting manual documenting the accounting policies and procedures and the Town will begin developing a manual.

**III. FEDERAL AWARD - FINDINGS AND QUESTIONED COSTS**

- No findings or questioned costs are reported relating to federal award programs.

**TOWN OF BROOKLYN, CONNECTICUT**  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2019

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**Prior Year Material Weaknesses**

**Finding 2017-001 – Material Weakness in Internal Control over Financial Reporting**

This finding has been repeated and enhanced as 2019-01.

**Finding 2017-002 – Material Weakness in Monitoring Activities**

This finding has been repeated and enhanced as 2019-01 and 2019-02.

**Finding 2017-003 – Material Weakness over General Ledger Maintenance**

This finding has been repeated and enhanced as 2019-01.

**Finding 2018-001 – Material Weakness over General Ledger Maintenance**

This finding has been repeated and enhanced as 2019-01 and 2019-02.

**Prior Year Significant Deficiencies**

**Finding 2018-002 – Significant Deficiency over Disbursements**

This finding has been repeated and enhanced as 2019-02.

**Finding 2018-003 – Significant Deficiency over Accounting Manuals**

This finding has been repeated as 2018-03.

**Prior Year State Single Audit Findings**

**Finding 2017-004 – Special Reporting Activities**

This finding has been corrected.

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# **TOWN OF BROOKLYN, CONNECTICUT**

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State Single Audit

For the Year Ended June 30, 2019

# **TOWN OF BROOKLYN, CONNECTICUT**

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**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**

Independent Auditor's Report

To the Board of Finance  
Town of Brooklyn, Connecticut

We have audited, 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 the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Brooklyn, Connecticut (the "Town"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 11, 2020.

**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 opinion 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.

Our consideration of internal control was for the limited purpose described in first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as item 2019-01 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2018-03 and 2019-02 to be significant deficiencies.

## **Compliance and Other Matters**

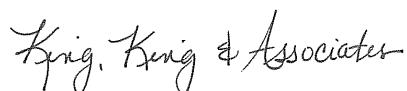
As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect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

## **The Town of Brooklyn's Response to Findings**

The Town of Brooklyn's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town of Brooklyn's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 result 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.



King, King & Associates, CPAs  
Winsted, CT  
March 11, 2020

**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**

**Independent Auditor's Report**

To the Board of Finance  
Town of Brooklyn, CT

**Report on Compliance for Each Major State Program**

We have audited the Town of Brooklyn, CT's (Town) 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, 2019. The Town's major state programs are identified in the summary of auditors' 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, 2019.

## **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.

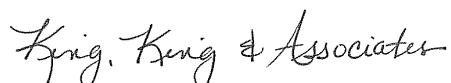
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 Schedule of Expenditures of State Financial Assistance Required by the 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, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements. We have issued our report thereon dated March 11, 2020, 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.



King, King & Associates, CPAs  
Winsted, CT  
March 11, 2020

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2019**

State Grantor/Pass-Through Grantor/Program Title	State Grant Program Core-CT Number	Expenditures
<b>Department of Transportation</b>		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	\$ 219,559
Town Aid Road - STO	13033-DOT57131-43459	219,558
<b>Department of Justice</b>		
Judicial Fines and Fees	34001-JUD95162-40001	2,390
<b>Department of Economic and Community Development</b>		
Small Town Economic Assistance Program	12052-ECD46000-42411-149	186,874
<b>Department of Education</b>		
Talent Development	11000-SDE64370-12552	4,000
Healthy Foods Initiative	11000-SDE64370-16212	6,612
Child Nutrition State Match	11000-SDE64370-16211	3,470
Adult Education	11000-SDE64370-17030	33,884
School Breakfast Program	11000-SDE64370-17046	5,796
Magnet Schools	11000-SDE64370-17057	20,800
<b>Office of Policy and Management</b>		
Payment in Lieu of Taxes (PILOT) on State-Owned Property	11000-OPM20600-17004	79,919
Reimbursement of Property Taxes - Disability Exemption	11000-OPM20600-17011	1,317
Municipal Grants-in-aid	12052-OPM20600-43587	10,379
Property Tax Relief for Veterans	11000-OPM20600-17024	5,120
<b>Office of Early Childhood</b>		
School Readiness Quality Enhancement	11000-OEC64845-16158	3,881
School Readiness - Competitive	11000-OEC64845-16274	<u>113,400</u>
<b>Total State Financial Assistance Before Exempt Programs</b>		<b>\$ 916,959</b>
<b>EXEMPT PROGRAMS</b>		
<b>Office of Policy and Management</b>		
Mashantucket Pequot and Mohegan Fund	12009-OPM20600-17005	191,703
<b>Department of Administrative Services</b>		
School Construction	13010-DAS27635-40901	514,631
<b>Department of Education</b>		
Educational Cost Sharing	11000-SDE64370-17041-82010	6,946,653
Excess Cost Student Based	11000-SDE64370-17047	<u>422,456</u>
<b>Total Exempt Programs</b>		<b><u>8,075,443</u></b>
<b>Total State Financial Assistance</b>		<b><u>\$ 8,992,402</u></b>

See notes to schedule.

**TOWN OF BROOKLYN, CONNECTICUT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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The accompanying schedule of expenditures of state financial assistance includes state grant activity of the Town of Brooklyn, Connecticut under programs of the State of Connecticut for the fiscal year ended June 30, 2019. 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, education, public safety, public works, health and welfare, and culture and recreation.

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Brooklyn, 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 financial statements contained in the Town of Brooklyn, Connecticut's annual report are prepared on the modified accrual basis of accounting. The following is a summary of such basis:

Revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period.

Expenditures are recorded when the related fund liability is incurred, if measurable.

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 Expenditure of State Financial Assistance.

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**I. SUMMARY OF AUDITOR'S RESULTS**

*Financial Statements*

We audited the financial statements of the Town of Brooklyn, Connecticut as of and for the year ended June 30, 2019 and issued our unmodified report thereon dated March 11, 2020.

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

*State Financial Assistance*

Internal control over major programs:

- Material weakness(es) identified?  Yes  No
- Significant deficiency(ies) identified?  Yes  None Reported

We have issued an unmodified opinion relating to compliance for major State programs.

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:

<b><u>State Grantor and Program</u></b>	<b><u>State Core - CT Number</u></b>	<b><u>Expenditures</u></b>
<b>Department of Transportation</b>		
Town Aid Road Grants - Municipal	12052-DOT57131-43455	\$ 219,559
Town Aid Road - STO	13033-DOT57131-43459	\$ 219,558
Note - While these grants have different State Core CT Numbers, they are considered one major program for testing purposes.		
<b>Department of Economic and Community Development</b>		
Small Town Economic Assistance Program	12052-ECD46000-42411-149	\$ 186,874
<b>Department of Education</b>		
Adult Education	11000-SDE64370-17030	\$ 33,884
Dollar threshold used to distinguish between type A and type B programs		\$ 100,000

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**II. FINANCIAL STATEMENT FINDINGS**

- We issued reports, dated March 11, 2020, on internal control over financial reporting and on compliance and other matters based on our 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 material weaknesses and significant deficiencies, described below as findings 2019-01, 2019-02, and 2018-03.

**FINDING 2019-01**

**Criteria**

The Town should have internal controls over financial reporting that provides reasonable assurance that the accounting records can be relied upon and used to prepare the basic financial statements and related notes in conformity with accounting principles generally accepted in the United States of America.

**Condition**

Material adjustments and numerous prior period adjustments were needed for the accounting records to be in accordance with GAAP.

**Context**

Several years ago, the Town implemented new accounting software. Due to turnover of personnel, staff did not have the expertise to properly maintain the accounting system. The Town engaged consultants to assist staff with the accounting system and has had turnover at the Finance Director position.

**Effect**

Material adjustments and numerous prior period adjustments needed to be made to the accounting records.

**Cause**

There has been turnover in the Finance Director position multiple times, and controls and procedures were not in place to ensure accurate financial reporting. In addition, the new accounting software was not implemented effectively for the Town's needs.

**Recommendation**

We recommend that the Town acquire staff with the necessary skills to maintain the accounting records in accordance with GAAP. Procedures need to be implemented to ensure accurate financial reporting.

**Views of Responsible Officials and Planned Corrective Actions**

The Town has hired a new Finance Director who will begin in March of 2020. The Town will also continue to use the outside consultant to assist them with maintaining the financial records.

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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## **FINDING 2019-02**

### **Criteria**

The Town should maintain effective policies and procedures related to monitoring.

### **Condition**

There are deficiencies in monitoring related to the following areas:

- The WPCA should be subject to the same monitoring as the Town's other funds.
- Bank reconciliations should be prepared and then reviewed by another individual.
- Fixed Assets and Compensated Absence reports should be reviewed for accuracy for inclusion in the financial statements.
- Invoices should be available for review and show evidence of management approval.
- Budget vs. Actual reports should be reviewed periodically for reasonableness.

### **Context**

There has been turnover at the Finance Director position multiple times over the last couple of years. Effective policies and procedures were not in place to ensure proper monitoring of activities.

### **Effect**

Internal controls related to monitoring are weakened.

### **Cause**

There has been turnover in the Finance Director position multiple times, and controls and procedures were not in place.

### **Recommendation**

We recommend that the Town put into place policies and procedures to effectively monitor the Towns activities.

### **Views of Responsible Officials and Planned Corrective Actions**

The Town has hired a new Finance Director who will begin in March of 2020. The Town will also continue to use the outside consultant to assist them with developing and implementing effective internal control procedures.

## **FINDING 2018-03**

### **Condition**

The Town and the Board of Education do not have a formal accounting manual documenting the procedures for fiscal operations adopted by the respective board. A written, approved, accounting manual is necessary to ensure that transactions are treated in a standardized manner and that proper internal controls exist in the accounting system.

### **Recommendation**

We recommend that operating guidelines for fiscal activities be prepared and approved, including a description of each significant fiscal procedure such as invoice paying, processing receipts, maintenance of accounts receivable and accounts payable subsidiary records, and payroll procedures.

**TOWN OF BROOKLYN, CONNECTICUT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**Views of Responsible Officials and Planned Corrective Actions**

The Board of Education has hired a consultant and begun developing an accounting manual documenting the accounting policies and procedures and the Town will begin developing a manual.

**III. STATE FINANCIAL ASSISTANCE FINDINGS AND QUESTIONED COSTS**

- No findings or questioned costs are reported relating to State Financial Assistance Programs.

**TOWN OF BROOKLYN, CONNECTICUT**  
**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2019**

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**Prior Year Material Weaknesses**

**Finding 2017-001 – Material Weakness in Internal Control over Financial Reporting**

This finding has been repeated and enhanced as 2019-01.

**Finding 2017-002 – Material Weakness in Monitoring Activities**

This finding has been repeated and enhanced as 2019-01 and 2019-02.

**Finding 2017-003 – Material Weakness over General Ledger Maintenance**

This finding has been repeated and enhanced as 2019-01.

**Finding 2018-001 – Material Weakness over General Ledger Maintenance**

This finding has been repeated and enhanced as 2019-01 and 2019-02.

**Prior Year Significant Deficiencies**

**Finding 2018-002 – Significant Deficiency over Disbursements**

This finding has been repeated and enhanced as 2019-02.

**Finding 2018-003 – Significant Deficiency over Accounting Manuals**

This finding has been repeated as 2018-03.

**Prior Year State Single Audit Findings**

**Finding 2017-004 – Special Reporting Activities**

This finding has been corrected.